



高富集團控股有限公司 GT GROUP HOLDINGS LIMITED

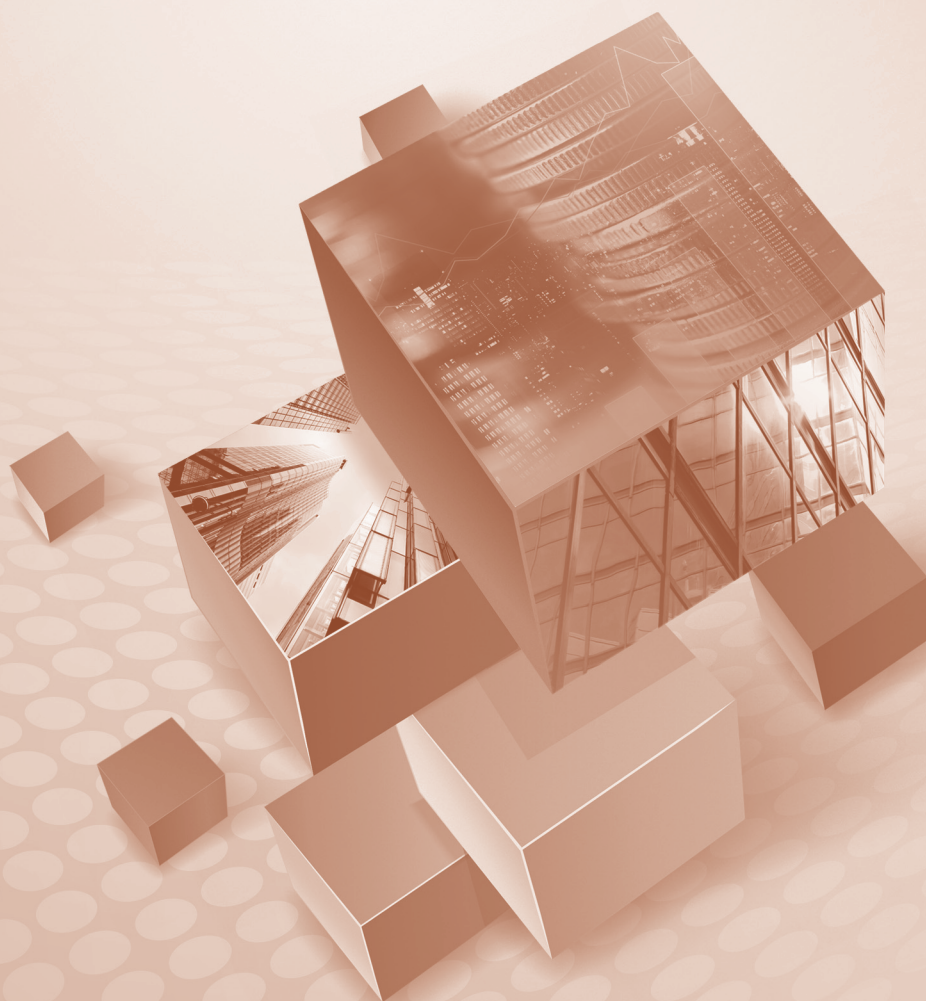
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)



2018
Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Li Dong (*Chairman*)
Ng Shin Kwan, Christine
Chan Ah Fei
Liang Shan

Independent Non-executive Directors

Wong Yun Kuen
Wong Shun Loy
Hu Chao

AUDIT COMMITTEE

Wong Shun Loy (*Chairman*)
Wong Yun Kuen
Hu Chao

NOMINATION COMMITTEE

Wong Yun Kuen (*Chairman*)
Wong Shun Loy
Hu Chao
Ng Shin Kwan, Christine

REMUNERATION COMMITTEE

Hu Chao (*Chairman*)
Wong Yun Kuen
Wong Shun Loy

COMPANY SECRETARY

Leung Ka Wai

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock code: 263)

REGISTERED OFFICE

Units 2502–5, 25th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Industrial Bank Company Limited, Hong Kong Branch

PRINCIPAL LEGAL ADVISERS

Reed Smith Richards Butler
P.C. Woo & Co.
Tsang, Chan & Wong

AUDITORS

Pan-China (H.K.) CPA Limited
Certified Public Accountants

SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.gtghl.com

Management Discussion and Outlook

INTERIM RESULTS

GT Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) recorded a loss attributable to the Company’s shareholders of approximately HK\$333,582,000 for the six months ended 30 June 2018 (2017: approximately HK\$581,939,000) and loss per share was approximately HK\$0.24 (2017: approximately HK\$0.42) due mainly to the recognition of realised and unrealised loss on investment of marketable securities from the Group’s securities investment operation.

BUSINESS REVIEW

During the period under review, the Group’s businesses included brokerage and securities businesses, provision of finance, property development and trading of goods. The Group recorded a negative turnover of approximately HK\$120,344,000 (2017: approximately HK\$324,468,000) with gross loss of approximately HK\$120,448,000 (2017: approximately HK\$325,213,000). The decrease in negative turnover and gross loss were primarily attributable to the decrease in net realised loss on investment in securities of approximately HK\$143,587,000 (2017: approximately HK\$331,791,000) from the Group’s securities investment operation.

Financing Operation

The interest income and operating profit generated by the financing operation were approximately HK\$22,268,000 (2017: approximately HK\$5,346,000) and approximately HK\$19,943,000 (2017: approximately HK\$5,055,000) respectively. Such an improvement was primarily attributable to a higher average balance of loans advance to customers as compared to that of the last corresponding period. It is the Group’s policy to adopt a prudent approach on and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

Brokerage and Securities Investment Operation

Taking into account the brokerage commission income and the net realised gain or loss on the securities investment of the Group’s securities brokerage division, a negative turnover of approximately HK\$142,504,000 was recorded for the period under review (2017: approximately HK\$329,540,000). Such a decrease in negative turnover was caused by the decrease in a net realised loss on investment in securities of approximately HK\$143,587,000 (2017: approximately HK\$331,791,000) during the period under review.

The overall performance of this operation for the period under review recorded a loss of approximately HK\$252,710,000 (2017: approximately HK\$559,777,000), mainly as a result of the recognition of an unrealised loss on investment in securities amounting to approximately HK\$105,141,000 (2017: approximately HK\$223,992,000). Such unrealised loss on investment in securities was attributable to the decrease in the market price of listed securities held by the Group for investment purpose. As at 30 June 2018, the market value of the Group’s listed securities portfolio amounted to approximately HK\$381,539,000 (at 31 December 2017: approximately HK\$835,012,000).

Management Discussion and Outlook

The Board would like to inform shareholders of the Company that all financial assets at fair value through profit or loss held as at 30 June 2018 represented shares listed in Hong Kong and the relevant information of the Group's financial assets at fair value through profit or loss which amounted to approximately HK\$381,539,000 as at 30 June 2018 is summarised below:

Name of securities	% of shareholding in the listed securities held by the Group as at 30 June 2018	Unrealised loss on financial assets at fair value through profit or loss as at 30 June 2018 HK\$'000	Fair value of the investment in listed securities as at 30 June 2018 HK\$'000
China Shandong Hi-Speed Financial Group Limited (stock code: 412)	2.63%	(42,093)	174,846
SFund International Holdings Limited (stock code: 1367)	2.32%	(35,380)	58,978
Imperial Pacific International Holdings Limited (stock code: 1076)	0.30%	(12,180)	34,800
CAA Resources Limited (stock code: 2112)	1.21%	(1,250)	31,287
Dongwu Cement International Limited (stock code: 695)	3.58%	–	26,516
Others		(14,238)	55,112
Total		(105,141)	381,539

The Hong Kong stock market has been volatile during the period and the board of directors of the Company (“the Board”) envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Trading Operation

The Group's trading operation remained inactive and did not generate any turnover for the period under review (2017: Nil). Although the Group has been placing its focus in the development of its other businesses in the past period, yet it will continue to explore suitable business opportunities on trading in the future.

Management Discussion and Outlook

Property Development

The Group's property development business consists of 40% of the entire issued share capital of China Sky Holdings Limited (the "China Sky" and together with its subsidiary, the "China Sky Group").

The China Sky Group is principally engaged in the development, construction and building management of the Development Project which is located in Chongqing, the People's Republic of China (the "PRC"). The "Development Project" comprises a residential and commercial complex known as "Jintang New City Plaza*" (金唐新城市廣場) (the "Plaza") which is situated at Long Tower Street* in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor area designated for residential use is 53,883.20 square meters; for shopping mall (商舖) is 36,012.85 square meters; for office premises is 40,865.48 square meters; for car parking areas and other uses is 56,512.26 square meters respectively. The terms for the grant of the land use right of the land are 52 years for the residential portion and 22 years for the commercial portion. After the completion of the Development Project, the Plaza is expected to be a new landmark area near the central business district of the Yubei Zone.

China Sky Group had engaged into a new property development project located in Chongqing, the PRC. The development project comprises 5 parcels of land with a total site areas of approximately 72,559 square meters. The project will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters. According to the China Sky Group, the new property development project is intended to be completed in year 2022.

The turnover of China Sky Group was approximately HK\$43,474,000 (2017: approximately HK\$191,399,000) mainly as a result of the sales of property units by China Sky Group and the total comprehensive expense of China Sky Group shared by the Group was approximately HK\$24,323,000 for the period under review (2017: total comprehensive income shared by the Group of approximately HK\$40,014,000). Due to the completion time gap between "Jintang New City Plaza" and the new project, contribution to the Group's result from China Sky Group is expected to diminish in the short to medium term.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2018, the Group had current assets of approximately HK\$1,051,938,000 (at 31 December 2017: approximately HK\$1,303,600,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK\$628,157,000 (excluding bank balances held under segregated trust accounts) (at 31 December 2017: approximately HK\$895,745,000). The Group's current ratio, calculated on the basis of current assets of approximately HK\$1,051,938,000 (at 31 December 2017: approximately HK\$1,303,600,000) over current liabilities of approximately HK\$726,310,000 (at 31 December 2017: approximately HK\$121,119,000), decrease to 1.45 from 10.76 as at 31 December 2017, the significant decrease in current ratio was mainly due to two loans amounted HK\$586,118,000 was reclassified from long-term loans payable into a short-term loans payable during the period. As at 30 June 2018, the Group had total loans payable of approximately HK\$966,714,000 (at 31 December 2017: approximately HK\$916,714,000) with the interest rate of between 8% to 17.13% per annum and no finance lease obligation (at 31 December 2017: Nil).

* For identification purposes only

Management Discussion and Outlook

As at 30 June 2018, the Group had total liabilities of approximately HK\$1,038,906,000 (at 31 December 2017: approximately HK\$1,019,833,000). The gearing ratio (calculated as total liabilities divided by total equity) was approximately 192.80% as at 30 June 2018 (at 31 December 2017: approximately 116.23%).

At the end of the review period, the equity attributable to the Company's shareholders amounted to approximately HK\$538,861,000 (at 31 December 2017: approximately HK\$877,425,000), and the consolidated net asset value was approximately HK\$0.38 per share of the Company (at 31 December 2017: approximately HK\$0.63 per share).

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi, US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken and is considered necessary by the Group.

Pledge of Assets

As at 30 June 2018, the Group has pledged the financial assets at fair value through profit or loss with aggregate carrying amount of approximately HK\$313,293,000 (at 31 December 2017: approximately HK\$704,294,000) to securities brokers to secure certain margin financing granted to the Group and pledged the equity interest of an associate with an aggregate carrying amount of approximately HK\$518,971,000 (at 31 December 2017: approximately HK\$543,294,000) to secure a loan from two financial institutions.

Capital Commitment

The Group had no capital commitment as at 30 June 2018 (at 31 December 2017: Nil).

Contingent Liability

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK\$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently investigated by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will have maximum penalty of HK\$10,000,000.

In addition, the subsidiary of the Company may also found liable to certain third parties for an aggregate amount of approximately HK\$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are time-barred and the time limitation had lapsed by 31 December 2016.

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group. The possible claims of HK\$8,000,000 was disclosed as contingent liabilities as at 30 June 2018 and 31 December 2017.

As explained above, the Group is subject to possible claims of HK\$8,000,000 and a possible maximum penalty of HK\$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

Management Discussion and Outlook

MATERIAL ACQUISITIONS AND DISPOSALS

- (1) Reference are made to the announcements and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018 and 15 August 2018. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 7 August 2017, an indirect wholly-owned subsidiary of the Company has entered into the Acquisition Agreement as amended by two supplemental agreements with the Vendor in relation to the Acquisition of the Sale Shares and the Sale Indebtedness at the total consideration of HK\$130,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The scope of business of the Target Group is included but not limited to property development, property leasing and ocean tourism project development in China.

On 4 July 2018, the ordinary resolution to approve the acquisition, as set out in the notice of extraordinary general meeting dated 31 May 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon for fulfillment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 31 May 2018.

- (2) Reference are made to the announcements and circular of the Company dated 1 September 2017, 22 September 2017, 3 November 2017, 1 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 25 June 2018, 6 July 2018 and 11 July 2018. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 1 September 2017, an indirect wholly-owned subsidiary of the Company has entered into the Sale and Purchase Agreement as amended by a supplemental agreement with the Vendor in relation to acquire the Sale Shares for the Consideration of HK\$196,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The target group is principally engaged in trading of computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC.

On 11 July 2018, the ordinary resolution to approve the acquisition, as set out in the notice of extraordinary general meeting dated 25 June 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon for fulfillment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 25 June 2018.

Save as disclosed above, there were no other material acquisitions and disposals during the six months ended 30 June 2018.

Management Discussion and Outlook

BUSINESS PROSPECTS

The Group expects that the global economic outlook for the remaining part of 2018 will remain to be volatile and the risk has shifted to downside in the short and medium term. The recently announced and anticipated tariff increases by the United States and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions. These could derail the recovery and depress short- and medium-term growth prospects, both through their direct impact on resource allocation and productivity and by raising uncertainty and taking a toll on investment. Besides the increase in trade tension discussed above, changing expectations about monetary policy (eg. increase in inflation rate and interest rate) and increasing political uncertainty will also cause the market reassessment of the fundamentals and risks.

Taking these views into consideration, the Group will adopt a prudent approach in identifying and considering its investment opportunities in second half of 2018 and the coming year. The Company's strategy will continue to identify suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

Report on Review of Interim Financial Information



PAN-CHINA (H.K.) CPA LIMITED Certified Public Accountants

天健(香港)會計師事務所有限公司

**TO THE BOARD OF DIRECTORS OF
GT GROUP HOLDINGS LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 44, which comprises the condensed consolidated statement of financial position of GT Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Pan-China (H.K.) CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2018

Chan Kin Wai

Practising Certificate Number P05342

11/F., Hong Kong Trade Centre
161–167 Des Voeux Road Central
Hong Kong

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018	2017
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	(120,344)	(324,468)
Cost of sales		(104)	(745)
Gross loss		(120,448)	(325,213)
Unrealised loss on financial assets at fair value through profit or loss		(105,141)	(223,992)
Other income	4	9,117	6,257
Share of (loss)/profit of associates	9	(12,162)	35,557
Administrative expenses		(46,639)	(38,217)
Finance costs		(58,309)	(36,331)
Loss before taxation		(333,582)	(581,939)
Income tax expense	5	—	—
Loss for the period, attributable to equity holders of the Company	4	(333,582)	(581,939)

		Six months ended 30 June	
		2018	2017
		(unaudited)	(unaudited)
Loss per share			
— Basic and diluted (HK\$ per share)	7	(0.24)	(0.42)

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018	2017
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period		(333,582)	(581,939)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of overseas operations		(1,959)	693
Share of other comprehensive (expense)/income of associates	9	(12,161)	4,457
Fair value change in available-for-sale financial assets		–	3,582
		(14,120)	8,732
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value change in financial assets at fair value through other comprehensive income		(25,727)	–
Recovery of cost of investment in financial assets at fair value through other comprehensive income	11(ii)(b)	23,418	–
Gain on disposal of financial assets at fair value through other comprehensive income, net	11(i) & (ii)(b)	21,563	–
		19,254	–
Other comprehensive income for the period (net of tax)		5,134	8,732
Total comprehensive expense for the period, attributable to equity holders of the Company		(328,448)	(573,207)

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	3,928	4,491
Interests in associates	9	518,971	543,294
Prepayment		700	700
Available-for-sale financial assets	10	–	42,943
Financial assets at fair value through other comprehensive income	11	–	–
Other assets	12	2,230	2,230
Trading right		–	–
		525,829	593,658
Current assets			
Trade and other receivables	13	74,793	65,241
Short-term loans receivable	14	331,600	315,059
Financial assets at fair value through profit or loss	15	381,539	835,012
Tax recoverable		123	123
Bank balances held under segregated trust accounts	16	17,265	27,432
Bank balances and cash		246,618	60,733
		1,051,938	1,303,600
Current liabilities			
Trade and other payables	17	72,192	103,119
Short-term loans payable	18	654,118	18,000
		726,310	121,119
Net current assets		325,628	1,182,481
Total assets less current liabilities		851,457	1,776,139

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Non-current liabilities			
Long-term loans payable	18	–	586,118
Notes payable	19	312,596	312,596
		312,596	898,714
Net assets			
		538,861	877,425
Capital and reserves			
Share capital	20	2,824,801	2,824,801
Reserves		(2,285,940)	(1,947,376)
Total equity			
		538,861	877,425

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Share capital	Special reserve	Other reserve	Translation reserve	Available-for-sale financial assets reserve	Fair value through other comprehensive income reserve	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2018	2,824,801	3,587	2,651	(12,539)	10,486	-	-	(1,951,561)	877,425
Impact on initial application of HKFRS9 (Note 2(i))	-	-	-	12,087	(10,486)	(39,547)	-	27,830	(10,116)
Restated balance at 1 January 2018	2,824,801	3,587	2,651	(452)	-	(39,547)	-	(1,923,731)	867,309
Loss for the period	-	-	-	-	-	-	-	(333,582)	(333,582)
Share of other comprehensive expense of associates	-	-	(12,161)	-	-	-	-	-	(12,161)
Exchange differences arising on translation of overseas operations	-	-	-	(1,959)	-	-	-	-	(1,959)
Fair value change in financial assets at fair value through other comprehensive income	-	-	-	-	-	(25,727)	-	-	(25,727)
Recovery of cost of investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	23,418	-	-	23,418
Gain on disposal of financial assets at fair value through other comprehensive income, net	-	-	-	-	-	21,563	-	-	21,563
Total comprehensive (expenses)/income for the period	-	-	(12,161)	(1,959)	-	19,254	-	(333,582)	(328,448)
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	20,293	-	(20,293)	-
Disposal of interest in a subsidiary	-	-	1,600	-	-	-	-	(1,600)	-
At 30 June 2018	2,824,801	3,587	(7,910)	(2,411)	-	-	-	(2,279,206)	538,861
At 1 January 2017	2,824,801	3,587	(9,176)	(12,827)	-	-	52,865	(1,437,600)	1,421,650
Loss for the period	-	-	-	-	-	-	-	(581,939)	(581,939)
Fair value charge in available-for-sale financial assets	-	-	-	-	3,582	-	-	-	3,582
Share of other comprehensive income of associates	-	-	4,457	-	-	-	-	-	4,457
Exchange differences arising on translation of overseas operations	-	-	-	693	-	-	-	-	693
Total comprehensive income/(expenses) for the period	-	-	4,457	693	3,582	-	-	(581,939)	(573,207)
At 30 June 2017	2,824,801	3,587	(4,719)	(12,134)	3,582	-	52,865	(2,019,539)	848,443

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss before taxation	(333,582)	(581,939)
Adjustments for:		
Interest paid	58,309	36,331
Bank interest income	(4)	(7)
Depreciation of property, plant and equipment	727	1,114
Dividends income	(6,113)	–
Share of loss/(profit) of associates	12,162	(35,557)
Gain on disposal of property, plant and equipment	–	(20)
Unrealised loss on financial assets at fair value through profit or loss	105,141	223,992
Realised loss on financial assets at fair value through profit or loss	141,606	330,025
Impairment loss on short-term loans receivable	965	–
Impairment loss on trade and other receivables	956	–
Operating cash flows before movements in working capital	(19,833)	(26,061)
(Increase)/decrease in trade and other receivables	(12,379)	20,115
Increase in short-term loans receivable	(28,247)	(14,575)
Decrease/(increase) in bank balances held under segregated trust accounts	10,167	(141)
Decrease in trade and other payables	(30,927)	(28,848)
Cash used in operations	(81,219)	(49,510)
Interest paid	(58,309)	(36,331)
Net cash used in operating activities	(139,528)	(85,841)

Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 30 June 2018

	Note	Six months ended 30 June	
		2018	2017
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(141,205)	(229,497)
Proceeds from disposal of financial assets at fair value through profit or loss		347,931	317,873
Proceeds from disposal of financial assets at fair value through other comprehensive income		41,275	–
Acquisition of available-for-sale financial assets		–	(23,302)
Proceeds from disposal of property, plant and equipment		–	20
Acquisition of property, plant and equipment		(164)	(1,476)
Interest income		4	7
Dividends received		6,113	–
Recovery of cost of investment in financial assets at fair value through other comprehensive income	11(ii)(b)	23,418	–
Net cash generated from investing activities		277,372	63,625
Cash flows from financing activities			
Proceeds from short-term loans payable		50,000	–
Repayment of short-term loans payable		–	(41,000)
Net cash generated from/(used in) financing activities		50,000	(41,000)
Net increase/(decrease) in cash and cash equivalents		187,844	(63,216)
Effect of foreign exchange rate changes		(1,959)	(30)
Cash and cash equivalents brought forward		60,733	118,901
Cash and cash equivalents carried forward, represented by bank balances and cash		246,618	55,655

The accompanying notes form an integral part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the statutory annual consolidated financial statements of GT Group Holdings Limited (the “Company”) for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditors have reported on those financial statements. The auditors’ report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual report of the Company for the year ended 31 December 2017, except for the adoption of new and amended standards effective for annual periods beginning on or after 1 January 2018 as set out below.

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of the above amendments to HKFRSs, except for HKFRS 9, has no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the interim condensed consolidated financial statements.

(i) Classification and measurement of financial instruments

The following tables summarise the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 January 2018:

Accumulated losses	HK\$'000
Accumulated losses as at 31 December 2017 (Audited)	(1,951,561)
Reclassify impairment loss made on investments from available-for-sale financial assets to fair value through other comprehensive income reserve ("FVTOCI" reserve) (Note 2(i)(a))	37,946
Remeasurement of the fair value for available-for-sale financial assets measured at cost under HKAS 39 now measured at FVTOCI under HKFRS 9 (Note 2(i)(b))	2,496
Recognition of expected credit loss on trade and other receivables (Note 2(ii))	(1,871)
Recognition of expected credit loss on short-term loans receivable (Note 2(ii))	(10,741)
<hr/>	
Restated balance as at 1 January 2018 (Unaudited)	(1,923,731)
<hr/>	
Available-for-sale financial assets reserve	HK\$'000
Balance as at 31 December 2017 (Audited)	10,486
Reclassify to FVTOCI reserve (Note 2(i)(a))	(10,486)
<hr/>	
Restated balance as at 1 January 2018 (Unaudited)	–
<hr/>	
FVTOCI reserve	HK\$'000
Balance as at 31 December 2017 (Audited)	–
Reclassify from available-for-sale financial assets reserve (Note 2(i)(a))	10,486
Reclassify from accumulated losses for impairment loss made on available-for-sale financial assets now measured at FVTOCI (Note 2(i)(a))	(37,946)
Reclassify from translation reserve (Note 2(i)(a))	(12,087)
<hr/>	
Restated balance as at 1 January 2018 (Unaudited)	(39,547)

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

Translation reserve	HK\$'000
Balance as at 31 December 2017 (Audited)	(12,539)
Reclassify to FVTOCI reserve (Note 2(i)(a))	12,087
<hr/>	
Restated balance as at 1 January 2018 (Unaudited)	(452)

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at FVTOCI; or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified as at amortised cost or FVTOCI as described above are classified as at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets:

Financial assets at FVTPL	Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
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Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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Financial assets at FVTOCI (equity investments)	Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.
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(a) As at 1 January 2018, the Group's listed equity investment in Aurelia Metals Limited ("Aurelia Metals") was reclassified from available-for-sale financial assets to financial assets at FVTOCI. The Group held Aurelia Metals for long term strategic purposes. Under HKFRS 9, the Group has designated these listed equity securities at the date of initial application as measured at FVTOCI. As a result, financial assets with a fair value of approximately HK\$19.6 million were reclassified from available-for-sale financial assets at fair value to financial assets at FVTOCI, the exchange loss of approximately HK\$12.1 million was reclassified from translation reserve to FVTOCI reserve, and the fair value gains of approximately HK\$10.5 million were reclassified from available-for-sale financial assets reserve to the FVTOCI reserve on 1 January 2018. The impairment loss previously recognised of approximately HK\$37.9 million was also reclassified from the accumulated losses to the FVTOCI reserve.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

- (b) As at 1 January 2018, the Group's unlisted equity investments in Joint Global Limited and Singularity Advisory (Cayman) Limited were reclassified from available-for-sale financial assets at cost to financial assets at FVTOCI. These unlisted equity investments have no quoted price in an active market. The Group intends to hold these unlisted equity investments for long term strategic purposes. In addition, the Group has designated these unlisted equity investments at the date of initial application as measured at FVTOCI. As at 1 January 2018, the difference between the previous carrying amount and the fair value of approximately HK\$2.5 million has been included in the opening accumulated losses.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amounts as at 1 January 2018 under HKAS 39 HK\$'000	Carrying amounts as at 1 January 2018 under HKFRS 9 HK\$'000
Trade and other receivables	Loans and receivables (Note 2(ii))	Amortised cost	65,241	63,370
Short-term loans receivable	Loans and receivables (Note 2(ii))	Amortised cost	315,059	304,318
Listed equity securities	FVTPL	FVTPL	835,012	835,012
Listed equity securities	Available-for-sale financial assets (at fair value) (Note 2(i)(a))	FVTOCI	19,641	19,641
Unlisted equity investments	Available-for-sale financial assets (at cost) (Note 2(i)(b))	FVTOCI	23,302	25,798
Bank balances held under segregated trust accounts	Loans and receivables	Amortised cost	27,432	27,432
Bank balances and cash	Loans and receivables	Amortised cost	60,733	60,733

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the Expected Credit Loss (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

HKFRS 9 requires the Group to recognise ECL for financial assets at amortised costs (including trade and other receivables, short-term loans receivable, bank balances held under segregated trust accounts and bank balances and cash). Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Financial assets measured at fair value, including equity securities measured at FVTPL and equity securities designated at FVTOCI, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For short-term loans receivable, as the contractual maturity dates are within 12 months or less, the 12-month ECLs equal to the lifetime ECLs.

For financial assets subject to ECL impairment, the carrying amounts in accordance with HKAS 39 have been remeasured upon transition to HKFRS 9 on 1 January 2018. The reconciliation of the carrying amounts in accordance with HKAS 39 and HKFRS 9 is as follows:

	HKAS 39 carrying amounts as at 1 January 2018 HK\$’000	Remeasurement (ECL allowance) HK\$’000	HKFRS 9 carrying amounts as at 1 January 2018 HK\$’000
Trade and other receivables	65,241	(1,871)	63,370
Short-term loans receivable	315,059	(10,741)	304,318
Bank balances held under segregated trust accounts	27,432	–	27,432
Bank balances and cash	60,733	–	60,733

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the accounting period of these financial statements. The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a significant impact on its results of operation and financial position.

3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover for the reporting periods is as follows:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net results from securities trading*	(143,587)	(331,791)
Commission and brokerage income	975	1,977
Interest income from provision of finance	22,268	5,346
	(120,344)	(324,468)

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK\$347,931,000 (2017: approximately HK\$317,873,000) less cost of sales and the weighted average cost of the investments sold of approximately HK\$491,518,000 (2017: approximately HK\$649,664,000).

For management purposes, the Group is currently organised into three operating divisions – trading of goods, provision of finance and brokerage and securities investment. These divisions are the basis on which the Group reports its primary segment information.

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

Segment turnover represents revenue generated from external customers; net gain/(loss) on investments held for trading activities are also included in segment revenue.

Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, share results of associates, central administration costs, directors' salaries, finance costs for loans payable and income tax credit or expense.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment Turnover and Results

Six months ended 30 June 2018

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
TURNOVER					
External sales	–	22,268	(142,612)	–	(120,344)
Inter-segment sales*	–	–	108	(108)	–
Total	–	22,268	(142,504)	(108)	(120,344)
RESULTS					
Segment results	–	19,943	(252,710)	–	(232,767)
Unallocated income					5,142
Unallocated corporate expenses					(35,486)
Finance costs					(58,309)
Share of loss of associates					(12,162)
Loss before taxation					(333,582)
Income tax expense					–
Loss for the period					(333,582)

* Inter-segment sales were charged at terms determined and agreed between the group companies.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment Turnover and Results *(Continued)*

Six months ended 30 June 2017

	Trading of goods HK\$'000 (unaudited)	Provision of finance HK\$'000 (unaudited)	Brokerage and securities investment HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
TURNOVER					
External sales	–	5,346	(329,814)	–	(324,468)
Inter-segment sales*	–	–	274	(274)	–
Total	–	5,346	(329,540)	(274)	(324,468)
RESULTS					
Segment results	–	5,055	(559,777)	–	(554,722)
Unallocated income					3,870
Unallocated corporate expenses					(30,313)
Finance costs					(36,331)
Share of profit of associates					35,557
Loss before taxation					(581,939)
Income tax expense					–
Loss for the period					(581,939)

* Inter-segment sales were charged at terms determined and agreed between the group companies.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

4. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Loss for the period has been arrived at after charging:		
Staff costs including directors' emoluments	13,190	12,014
Retirement benefits schemes contributions	383	352
Total staff costs	13,573	12,366
Depreciation of property, plant and equipment	727	1,114
Foreign exchange loss, net	–	1
Impairment loss on short-term loans receivable	965	–
Impairment loss on trade and other receivables	956	–
and after crediting:		
Interest income on:		
Bank deposits	4	7
Other loan and receivables	2,510	2,096
Total interest income	2,514	2,103
Dividend income	6,113	2,641
Foreign exchange gain, net	2	–
Gain on disposal of property, plant and equipment	–	20
Sundry income	488	1,493
	9,117	6,257

5. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as there were no assessable profits for the periods.

For the Group's subsidiary established in the People's Republic of China ("PRC"), PRC Enterprise Income Tax had not been recognised as there were no assessable profits.

6. DIVIDENDS

No dividends were declared during the period (six months ended 30 June 2017: Nil).

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	333,582	581,939

	Six months ended 30 June	
	2018	2017
	'000	'000
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,401,917	1,401,917

Diluted loss per share for the six months ended 30 June 2018 was the same as basic loss per share as the Company did not have dilutive potential ordinary shares for the six months ended 30 June 2018.

Basic and diluted loss per share for the six months ended 30 June 2017 have been presented as equal because the exercise prices of the Company's share options were higher than the average market price for the period and was therefore considered as anti-dilutive.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred costs for additions on office equipment of approximately HK\$164,000 (six months ended 30 June 2017: approximately HK\$1,476,000). There were no additions on motor vehicle (six months ended 30 June 2017: Nil) and leasehold improvement (six months ended 30 June 2017: Nil).

As at 30 June 2018, the Group has no property, plant and equipment (at 31 December 2017: Nil) which was held under a finance lease.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

9. INTERESTS IN ASSOCIATES

(a) Details of the Group's interests in associates:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Cost of investments in associates:		
— Unlisted	333,919	333,919
Amounts due from associates (Note 9(c)(i))	36,081	36,081
	370,000	370,000
Share of results of associates:		
— Post-acquisition profits and other comprehensive income, net of dividends received	135,061	159,384
— Bargain purchase	13,910	13,910
	148,971	173,294
	518,971	543,294

(b) Details of each of the Group's associates at 30 June 2018:

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Place of operation	Proportion of equity interest held by the Group		Principal activities
				Directly %	Indirectly %	
China Sky Holdings Limited ("China Sky") (Note i)	The British Virgin Islands ("BVI")	US\$100,000	Hong Kong	40	–	Investment holding
Kim Dynasty Realty & Development Co. Ltd. ("Jintang") (Note i)	The PRC	US\$3,500,000	The PRC	–	40	Property development, construction and building management
Success Quest Limited ("Success Quest") (Note ii)	BVI	US\$100	Hong Kong	50	–	Investment holding

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

9. INTERESTS IN ASSOCIATES *(Continued)*

(b) Details of each of the Group's associates at 30 June 2018: *(Continued)*

Notes:

(i) China Sky and its subsidiary — Jintang (“China Sky Group”)

The Group acquired 40% of total issued capital of China Sky at the consideration of HK\$370,000,000 in 2015. Jintang, the operating subsidiary of China Sky, is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

One of the property development projects comprises a residential and commercial complex known as “Jintang New City Plaza” (金唐新城市廣場) (the “Jintang Project”), of which the construction had been completed and substantial part of the properties project have been sold. The other property development project comprises 5 parcels of land with a total site area of approximately 72,559 square meters (“Tanzishi Project”). Tanzishi Project will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters. It is currently under construction and planned for completion in 2022.

(ii) Success Quest

In 2015, the Group acquired 50% of the total equity interest of Success Quest and 50% shareholders loan (in the principal amount of HK\$33,776,268) in Success Quest for a total consideration of approximately HK\$33,773,000.

The principal business activity of Success Quest was investment in Anton Capital Investment Vehicle (“Anton Capital”) and Anton Capital held 25% units on issue in George Street Property Trust which held 100% interest in properties located at Sydney, Australia. The acquisition was then a passive investment in an Australian property fund by the Group.

Given the Group does not control the majority composition of the board of Success Quest, the Group has no control over Success Quest. However, the directors of the Company consider that the Group does have significant influence over Success Quest and Success Quest is therefore classified as an associate of the Group. According to the terms stipulated in the trust deed of Anton Capital, Success Quest does not have control over the financial and operating policies of Anton Capital.

During the year 2016, the Australia properties were disposed and the Group's share of the proceeds from the disposal of the Australia properties was in turn distributed to the Group in year 2016 and 2017, of which approximately HK\$37,695,000 represents the full repayment of the outstanding balance of loan to Success Quest and approximately HK\$12,995,000 as a special dividend from Success Quest to the Group.

After the disposal of the Australia Properties and dividend distribution as stated in above, there is no business operation during the period.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

9. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of associates

Summarised consolidated financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in these condensed consolidated financial statements.

(i) China Sky Group

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Current assets	1,707,036	1,772,163
Non-current assets	6,926	7,642
Current liabilities	(438,542)	(1,065,632)
Non-current liabilities	(907,504)	(285,449)
Net assets	367,916	428,724
	Six months ended 30 June 2018 HK\$'000 (unaudited)	Six months ended 30 June 2017 HK\$'000 (unaudited)
Revenue	43,474	191,399
(Loss)/profit for the period	(30,404)	88,893
Other comprehensive (expense)/income for the period	(30,404)	11,141
Total comprehensive (expense)/income for the period	(60,808)	100,034
Proportion of the Group's ownership interests in China Sky Group	40%	40%
Share of total comprehensive (expense)/income of China Sky Group	(24,323)	40,014
Dividends received from China Sky Group during the period	–	–

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

9. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of associates *(Continued)*

(i) China Sky Group *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in China Sky Group recognised in the condensed consolidated financial statements:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Net assets of China Sky Group	367,916	428,724
Proportion of the Group's ownership interest in China Sky Group	40%	40%
Effect of fair value adjustments at acquisition	147,166	171,489
Amounts due from China Sky Group (Note)	335,724	335,724
	36,081	36,081
Carrying amount of the Group's interest in China Sky Group	518,971	543,294

Note:

Amounts due from China Sky Group of HK\$36,081,000 as at 30 June 2018 and 31 December 2017 are unsecured, non-interest bearing and repayable upon demand. The Group has no intention to exercise its right to demand repayment of these loans within the twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investment in associates as working capital of China Sky Group. Accordingly, the amount is classified as non-current asset and included in the Group's interests in associates for the purpose of presentation in the condensed consolidated statement of financial position.

(ii) Success Quest

As the Group's interest in Success Quest as at 30 June 2018 and 31 December 2017 was not material to the Group, no summarised financial information of Success Quest is presented.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Equity securities			
— Listed securities	(i)	—	19,641
— Unlisted securities	(ii)	—	23,302
		—	42,943

Available-for-sale financial assets represented the Group's investment in listed and unlisted securities. These investments were reclassified as financial assets at fair value through other comprehensive income upon adoption of HKFRS 9 on 1 January 2018, with details set out in note 11.

(i) Listed securities

The listed securities of the Group at 31 December 2017 represented the Group's listed investment in Aurelia Metals Limited ("Aurelia Metals") of which its shares are listed on the Australian Securities Exchange. They were measured at fair value based on the quoted market bid prices available on the relevant stock exchange at the end of the reporting period.

(ii) Unlisted securities

The unlisted securities of the Group at 31 December 2017 represented the Group's investments in unlisted securities in two private entities, namely Joint Global Limited ("Joint Global") and Singularity Advisory (Cayman) Limited ("Singularity"). They were measured at cost less impairment at the end of the reporting period.

- (a) In respect of the investment in Joint Global, full impairment of HK\$215,000,000 was made in prior year after taking into account the unaudited net asset value of Joint Global, and other relevant factors. Legal advice was being sought with a view to taking appropriate legal action against the rogue management of Joint Global for the recovery of the Group's loss.

In the year 2017, the Group was informed by its legal advisor that as Joint Global was a company incorporated in the Republic of Marshall Islands and might not have had a place of business in Hong Kong, legal action may not be taken in the Hong Kong jurisdiction for leave to commence in the name of Joint Global against its rogue management for wrongdoings. In this regard, further legal advice will be sought by the Group in the Republic of Marshall Islands. Shareholders will be informed in due course of any major development of the case.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

(ii) Unlisted securities *(Continued)*

- (b) In respect of the investment in Singularity, the Group entered into a subscription agreement on 27 January 2017 whereby the Group and another investor, which is an independent third party, subscribed for one and eleven additional ordinary share(s) in Singularity respectively for the subscription price of US\$3,000,000 (equivalent to approximately HK\$23,302,000) and US\$30,000,000 (equivalent to approximately HK\$233,020,000) respectively. The cash consideration of US\$3,000,000 was settled by the Group in February 2017. As at 31 December 2016, Singularity was owned as to one share and nine shares by the Group and the other investor respectively. Upon issue of the abovementioned additional shares in January 2017, Singularity was owned as to approximately 9.09% and 90.91% by the Group and the other investor respectively. Details of the transaction are set out in the announcement of the Company dated 27 January 2017.

In December 2017, Singularity and an independent third party entered into a sale and purchase agreement in relation to the disposal of its major assets, which were investments in convertible bonds with a principal amount of US\$90,000,000 (equivalent to approximately HK\$703,341,000) issued by XinRen Aluminum Holdings Limited (the "XinRen Bonds"), with the consideration of US\$102,813,000 (equivalent to approximately HK\$802,508,000). The disposal was completed in January 2018, and US\$3,613,600 (equivalent to approximately HK\$28,208,000), which represents part of the proceeds from the disposal net of the repayment of bank borrowing of Singularity, were distributed to the Group in February 2018.

Taking into account the unaudited net asset value of Singularity as at 31 December 2017, and other relevant factors, no impairment was made for the investment in Singularity as at 31 December 2017.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Equity securities			
— Listed securities	(i)	—	—
— Unlisted securities	(ii)	—	—
		—	—

Following adoption of HKFRS 9, with effective from 1 January 2018, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at fair value through other comprehensive income, of which the fair value changes recognised in other comprehensive income which will not be recycled to profit or loss on disposal.

(i) Listed securities

The listed securities recognised as financial assets at FVTOCI represent the Group's listed investment in Aurelia Metals. During the six months ended 30 June 2018, the Group disposed of all its listed investment in Aurelia Metals on-market at a total consideration of approximately AUD6,813,000 (equivalent to approximately HK\$41,275,000). A gain on disposal of financial assets at FVTOCI amounting to approximately AUD3,595,000 (equivalent to approximately HK\$21,634,000) was recognised in the other comprehensive income. A cumulative losses of approximately HK\$17,913,000 was transferred from FVTOCI reserve to accumulated losses upon disposal.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

(ii) Unlisted securities

The unlisted securities of the Group as at 30 June 2018 represented the Group's investment in unlisted equity securities in Joint Global.

- (a) As at 1 January 2018, the management of the Company considered that it would be highly unlikely that Joint Global could contribute any profit to the Group and that the Group would be able to recover the value of its investment in Joint Global. Legal advice was being sought with a view to taking appropriate legal action against the rogue management of Joint Global for the recovery of the loss suffered by the Group. Accordingly, the fair value of the investment in Joint Global as at 1 January 2018 is considered to be nil.

During the six months ended 30 June 2018, further legal advice would be sought by the Group in the Republic of Marshall Islands jurisdiction. Shareholders will be informed in due course of any major development of the case.

- (b) In respect of the investment in Singularity, as mentioned in Note 10(ii)(b) to this report, the Group received approximately US\$3,613,000 (equivalent to approximately HK\$28,208,000) distribution from Singularity in February 2018, of which US\$3,000,000 (equivalent to approximately HK\$23,418,000) was considered as the recovery of cost of investment. The remaining part of the distribution of approximately US\$613,000 (equivalent to approximately HK\$4,790,000) represented the return on investment and was recognised as dividend in the profit or loss during the six months ended 30 June 2018.

On 10 April 2018, the Group disposed of all the investment in Singularity to an independent third party and resulted in a loss on disposal of financial assets at FVTOCI amounting to approximately HK\$71,000 recognised in other comprehensive income. A cumulative loss of approximately HK\$2,380,000 was transferred from FVTOCI reserve to accumulated losses upon the disposal.

12. OTHER ASSETS

Other assets are statutory deposits paid to the Stock Exchange and Securities and Futures Commission in relation to the Group's licensed activities in the Hong Kong securities market.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade receivables	57,184	56,053
Less: Impairment	(3,654)	(1,492)
	53,530	54,561
Other receivables and prepayments	22,284	11,036
Less: Impairment	(1,021)	(356)
	21,263	10,680
	74,793	65,241

Details of trade receivables are as follows:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade receivables arising from securities brokerage business:		
— Margin account clients	54,863	53,543
— Cash account clients	2,024	2,213
— Others	297	297
	57,184	56,053

The settlement term of trade receivables arising from securities brokerage business is two days after the trade date.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

13. TRADE AND OTHER RECEIVABLES *(Continued)*

An aging analysis of the trade receivables, presented based on the transaction date, at the end of the reporting periods are as follows:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
0 to 60 days	24,011	9,515
61 to 90 days	1,812	8,770
Over 90 days	31,361	37,768
	57,184	56,053

14. SHORT-TERM LOANS RECEIVABLE

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Short-term loans receivable		
— Secured	114,220	90,559
— Unsecured	229,086	224,500
	343,306	315,059
Less: Allowance for ECLs on short-term loans receivable	(11,706)	–
	331,600	315,059

Loans receivable arise from the Group's money lending business. As at 30 June 2018, the Group has 9 (at 31 December 2017: 8) loans receivable, of which 2 (at 31 December 2017: 2) were secured and 7 (at 31 December 2017: 6) were unsecured. Loans receivable are bearing interests at the rates mutually agreed with the contracting parties, ranging from 13% to 14% (at 31 December 2017: 13% to 14%) per annum.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

14. SHORT-TERM LOANS RECEIVABLE *(Continued)*

Included in the two secured loans receivable, one of the loans with the principal amount of HK\$50,000,000 and outstanding principal amount of approximately HK\$39,396,000 as at 30 June 2018, is interest-bearing at 14% per annum, secured by a first mortgage given by a mortgagor over two residential properties in Shenzhen, the PRC and repayable on 25 January 2019.

The other secured loan with the principal amount of HK\$75,000,000 and outstanding principal amount of approximately HK\$74,824,000 as at 30 June 2018, which is interest-bearing at 13% per annum, secured by a first charge over securities accounts in the name of the borrower and such securities accounts were maintained with a subsidiary of the Company, which is a brokerage firm. The loan is repayable on 2 March 2019.

Included in the unsecured loans receivable, loans of approximately HK\$104,586,000 (at 31 December 2017: HK\$100,000,000) are guaranteed by guarantors.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss at the end of the reporting period represent equity securities listed on the Stock Exchange.

16. BANK BALANCES HELD UNDER SEGREGATED TRUST ACCOUNTS

As a subsidiary of the Company is principally engaged in the business of securities dealing and brokerage, it receives and holds money deposits by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade payables	17,237	42,614
Other payables and accruals	31,052	21,422
Securities accounts	23,903	39,083
	72,192	103,119

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

17. TRADE AND OTHER PAYABLES *(Continued)*

Details of trade payables are as follows:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Trade payables arising from securities brokerage business:		
— Cash account clients	12,436	22,036
— Margin account clients	4,801	20,578
	17,237	42,614

An aging analysis of the trade payables presented based on the transaction date, at the end of the reporting periods are as follows:

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
0 to 60 days	2,282	26,544
61 to 90 days	1,648	605
Over 90 days	13,307	15,465
	17,237	42,614

The settlement term of trade payables arising from securities brokerage business is two days after the trade date while for amounts due to cash and margin account clients are repayable on demand.

Included in trade payables arising from securities brokerage business of approximately HK\$17,265,000 (at 31 December 2017: approximately HK\$27,432,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

18. LOANS PAYABLE

	As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
Short-term loans payable (Notes (a), (b), (c) & (d))	654,118	18,000
Long-term loans payable (Notes (a) & (b))	–	586,118
	654,118	604,118

Notes:

At the end of the reporting period, the Group had loans payables as follows:

- (a) Loan from a financial institution with principal amount of US\$25,000,000 (equivalent to approximately HK\$195,373,000) which is interest-bearing at 8% per annum, guaranteed, secured by the equity interest in a subsidiary of the Company and an associate of the Group, and repayable in March 2019. The accrued interest as at 30 June 2018 was approximately US\$59,000 (equivalent to approximately HK\$463,000).
- (b) Loan from a financial institution with principal amount of US\$50,000,000 (equivalent to approximately HK\$390,745,000) which is interest-bearing at 17.13% per annum, guaranteed, secured by equity interest in a subsidiary of the Company and an associate of the Group, and repayable in March 2019. The accrued interest as at 30 June 2018 was approximately US\$797,000 (equivalent to approximately HK\$6,253,000).
- (c) Loan from an individual who is an independent third party, with principal amount of HK\$18,000,000 together with the accrued interest of approximately HK\$1,732,000, which is interest-bearing at 12% per annum, unsecured and repayable in June 2018. The Group is in the process of negotiating with the lender the extension of the repayment of the loan.
- (d) Loan from a financial institution who is an independent third party, with principal amount of HK\$50,000,000 together with the accrued interest of approximately HK\$33,000, which is interest-bearing at 12% per annum, unsecured and repayable in July 2018. Subsequent to the end of the reporting period, the principal and loan interests had been fully settled in July 2018.

The total loan interest payable of approximately HK\$8,481,000 as at 30 June 2018 (31 December 2017: approximately HK\$3,141,000) was included in other payables and accruals.

19. NOTES PAYABLE

On 21 September 2017, the Company entered into a notes subscription agreement with an independent third party (the "Subscriber") pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, 8% per annum notes in the principal amount of up to US\$40,000,000 (equivalent to approximately HK\$312,596,000), which is guaranteed, secured by the security interest provided by a substantial shareholder of the Company, and repayable in September 2019 (extendable to 2020 subject to mutual agreements).

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

19. NOTES PAYABLE *(Continued)*

The first interest payment date shall be the date falling six months from the date of the issuance of the notes and the subsequent interest payment dates shall be the dates falling every six months thereafter up to the maturity date.

In September 2017, the 8% per annum notes with principal of US\$40,000,000 were fully subscribed by the Subscriber.

According to the notes subscription agreement, the Group shall apply the proceeds from the issue of notes for expanding the lending and finance business of the Group.

20. SHARE CAPITAL

	2018		2017	
	Number of shares ('000)	HK\$'000 (unaudited)	Number of shares ('000)	HK\$'000 (audited)
Issued and fully paid:				
At 1 January 2018 and 2017	1,401,917	2,824,801	1,401,917	2,824,801
At 30 June 2018 and 31 December 2017	1,401,917	2,824,801	1,401,917	2,824,801

21. CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2018 (at 31 December 2017: Nil).

22. CONTINGENT LIABILITY

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK\$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently investigated by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will have maximum penalty of HK\$10,000,000.

In addition, the subsidiary of the Company may also found liable to certain third parties for an aggregate amount of approximately HK\$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are timebarred and the time limitation had lapsed by 31 December 2016.

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group. The possible claims of HK\$8,000,000 was disclosed as contingent liabilities as at 30 June 2018 and 31 December 2017.

As explained above, the Group is subject to possible claims of HK\$8,000,000 and a possible maximum penalty of HK\$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

Save as disclosed above, there were no other material contingent liabilities as at 30 June 2018.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

23. FAIR VALUE HIERARCHY

An analysis of the Group's financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting period by level of the fair value measurement hierarchy:

Financial assets	Fair values as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)		
Available-for-sale financial assets — Listed equity securities (Note)	–	19,641	Level 1	Quoted bid prices in active markets
Financial assets at fair value through profit or loss — Listed equity securities	381,539	835,012	Level 1	Quoted bid prices in active markets
Financial assets at fair value through other comprehensive income — Unlisted equity securities	–	–	Level 3	Discounted cash flow model

Note: Available-for-sale financial assets was reclassified to financial assets designated at fair value through other comprehensive income upon the adoption of HKFRS 9 at 1 January 2018.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

24. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business as shown below:

Key management personnel remuneration

Remunerations for key management personnel, including amounts paid to the Company's directors are as follows:

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term employee benefits	2,363	2,620
Retirement benefits schemes contributions	18	15
	2,381	2,635

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

The significant events took place subsequent to the end of the reporting period are as below:

- (1) Reference are made to the announcements and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018 and 15 August 2018. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 7 August 2017, an indirect wholly-owned subsidiary of the Company has entered into the Acquisition Agreement as amended by two supplemental agreements with the Vendor in relation to the Acquisition of the Sale Shares and the Sale Indebtedness at the total consideration of HK\$130,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The scope of business of the Target Group is included but not limited to property development, property leasing and ocean tourism project development in China.

On 4 July 2018, the ordinary resolution to approve the acquisition, as set out in the notice of extraordinary general meeting dated 31 May 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon the fulfilment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 31 May 2018.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2018

25. EVENTS AFTER THE END OF THE REPORTING PERIOD *(Continued)*

- (2) Reference are made to the announcements and circular of the Company dated 1 September 2017, 22 September 2017, 3 November 2017, 1 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 25 June 2018, 6 July 2018 and 11 July 2018. Terms used hereinafter shall have the same meaning as defined in the above announcements and circular.

On 1 September 2017, an indirect wholly-owned subsidiary of the Company has entered into the Sale and Purchase Agreement as amended by a supplemental agreement with the Vendor in relation to acquire the Sale Shares for the Consideration of HK\$196,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The target group is principally engaged in trading of computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC.

On 11 July 2018, the ordinary resolution to approve the acquisition, as set out in the notice of extraordinary general meeting dated 25 June 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon the fulfilment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 25 June 2018.

Save as disclosed above, there were no other significant events took place subsequent to the end of the reporting period.

Other Information

For the six months ended 30 June 2018

INTERIM DIVIDEND

The Company had no distributable reserve as at 30 June 2018. The board of directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Wong Yun Kuen	Beneficial owner	1,800	–	1,800	0.00%

Save as disclosed above, as at 30 June 2018, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information *(Continued)*

For the six months ended 30 June 2018

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 8 November 2006 (the "2006 Share Option Scheme") was expired on 7 November 2016. No share option was outstanding under the 2006 Share Option Scheme as all share options granted were lapsed in accordance with the terms of 2006 Share Option Scheme on 2 December 2017.

On 14 June 2016, the Company adopted a new share option scheme (the "2016 Share Option Scheme"). The primary purpose of the 2016 Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the 2016 Share Option Scheme are as disclosed in the circular of the Company dated 12 May 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the six months ended 30 June 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2018, the register of interest kept by the Company under section 336 of the SFO shown that the following shareholders had notified the Company or relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Wealth Success Limited	Beneficial owner	406,681,579 (Note 1, 2)	406,681,579	29%
Lai Leong	Interest held by controlled corporation	406,681,579 (Note 1, 2)	406,681,579	29%

Notes:

1. These shares are beneficially owned by Wealth Success Limited. Wealth Success Limited is wholly-owned by Mr. Lai Leong. Accordingly, Mr. Lai Leong is deemed to be interested in 406,681,579 shares under SFO.
2. Wealth Success Limited has provided on interest in the Shares as security to a person other than a qualified lender.

Save as disclosed above, the Company has not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2018 as required pursuant to section 336 of the SFO.

Other Information *(Continued)*

For the six months ended 30 June 2018

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2018.

REVIEW OF INTERIM REPORT

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

The interim results for the six months ended 30 June 2018 has not been audited but has been reviewed by Pan-China (H.K.) CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since 28 March 2018, the date of the 2017 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Dr. Kwong Kai Sing, Benny resigned as an executive director of the Company with effect from 18 April 2018. Details of the resignation of executive director of the Company was set out in the announcement of the Company dated 19 April 2018.
2. Mr. Feng Taiguo resigned as an executive director of the Company with effect from 8 June 2018. Details of the resignation of executive director of the Company was set out in the announcement of the Company dated 8 June 2018.
3. Mr. Wong Shun Loy, an independent non-executive director of the Company, has resigned as an independent director of Dazhou City Commercial Bank with effect from June 2018.

Other Information *(Continued)*

For the six months ended 30 June 2018

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018 except for:

- (i) the code provision A.2.1 of the CG Code, the Company does not have any individual with the title of Chief Executive Officer ("CEO"), the Chairman of the Company is Mr. Li Dong, who is responsible for overseeing all Board functions, while the role of CEO is performed collectively by the executive directors (excluding Mr. Li Dong) and senior management of the Company to overseeing the day-to-day operation of the Group and implementing the strategies and policies approved by the Board. The Board considers that under the current arrangement, the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Group; and
- (ii) the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Mr. Li Dong did not attend the annual general meeting held on 13 June 2018 (the "Meeting") as he had another business engagement. The executive director of the Company, who took the chair of the Meeting and other members of the Board together with the chairmen of the Audit, Nomination and Remuneration Committees and other members of each of Audit, Nomination and Remuneration Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Nomination and Remuneration Committees who attended the Meeting already of sufficient caliber and number for answering questions at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim financial report.

By Order of the Board
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

Hong Kong, 29 August 2018