GTI HOLDINGS LIMITED
共享集團有限公司

(a company incorporated in the Cayman Islands with limited liability)
(in provisional liquidation for the purpose of restructuring)
(Stock Code: 3344)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

HIGHLIGHTS

- Turnover decreased by approximately 34% to approximately HK$217 million.
- Loss for the period was approximately HK$80 million for the period under review.
- The Directors did not recommend the payment of an interim dividend for the period under review.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of GTI Holdings Limited (the "**Company**") hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period of 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	NOTES	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Revenue	4	**217,434**	331,565
Cost of sales		**(209,429)**	(344,631)
Gross profit/(loss)		**8,005**	(13,066)
Interest revenue		**1,575**	281
Other income	5	**1,758**	621
Other gains and losses	6	**(4,341)**	(4,752)
Share of result of associate		**–**	(2,669)
Selling and distribution expenses		**(192)**	(11,134)
Administrative expenses		**(21,804)**	(59,040)
Loss from operations		**(14,999)**	(89,759)
Finance costs	7	**(64,804)**	(42,040)
Loss before tax		**(79,803)**	(131,799)
Income tax	8	**(328)**	(583)
Loss for the period	9	**(80,131)**	(132,382)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(15,472)**	203
Share of foreign currency translation reserve of an associate		**(63)**	–
		(15,535)	203
Total comprehensive loss for the period		**(95,666)**	(132,179)

	NOTES	2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(72,536)**	(128,124)
Non-controlling interests		**(7,595)**	(4,258)
		(80,131)	(132,382)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(88,071)**	(127,894)
Non-controlling interests		**(7,595)**	(4,285)
		(95,666)	(132,179)
Loss per share			
Basic and diluted (HK cents)	*11*	**(1.15)**	(2.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTE	As at 30.6.2020 HK$'000 (Unaudited)	As at 31.12.2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**95,108**	108,983
Right-of-use assets		**12,753**	13,031
Deposit paid for acquisition of land use right and property, plant and equipment		**12,572**	12,572
Goodwill		**6**	6
Intangible assets		**17,592**	18,353
Investment in an associate		**13,923**	13,923
Derivative financial instruments		**37,520**	37,520
Trade and other receivables, deposits and prepayments		**33,366**	27,693
		222,840	232,081
Current assets			
Inventories		**4,230**	3,408
Trade and other receivables, deposits and prepayments	*12*	**305,091**	203,395
Bank balances and cash		**4,693**	3,242
		314,014	210,045
Assets classified as held for sale		**6,783**	9,054
		320,797	219,099

	NOTE	As at 30.6.2020 HK$'000 (Unaudited)	As at 31.12.2019 HK$'000 (Audited)
Current liabilities			
Trade and other payables	*13*	**408,522**	280,823
Contract liabilities		**533**	533
Tax liabilities		**10,709**	9,526
Bank and other borrowings – due within one year		**535,518**	425,414
Lease liabilities		**2,295**	2,618
Amounts due to related party		**–**	5,095
		957,577	724,009
Liabilities associated with assets classified as held for sale		**23,456**	23,456
		981,033	747,465
Net current liabilities		**(660,236)**	(528,366)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(437,396)**	(296,285)
Non-current liabilities			
Bank and other borrowings – due after one year		**146,371**	186,141
Lease liabilities		**–**	1,285
Deferred tax liabilities		**9,345**	8,751
		155,716	196,177
NET LIABILITIES		**(593,112)**	(492,462)
Capital and reserves			
Share capital		**62,988**	62,988
Share premium and reserves		**(662,449)**	(569,528)
Deficit attributable to owners of the Company		**(599,461)**	(506,540)
Non-controlling interests		**6,349**	14,078
TOTAL DEFICIT		**(593,112)**	(492,462)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2019 audited annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

2. GOING CONCERN BASIS

Appointment of provisional liquidators

On 26 May 2020, the Company filed a winding up petition (the "Petition") together with an application for the appointment of joint provisional liquidators (the "JPLs") of the Company with the Grand Court of the Cayman Islands.

On 28 May 2020 (Cayman time), upon the hearing at the Cayman Court of the JPL Application, an order (the "Order") in favour of the Company was granted and Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Ms. Claire Marie Loebell of R&H Restructuring (Cayman) Ltd. were appointed as the JPLs (for restructuring purposes) on a light touch approach for restructuring purposes.

The Order provides that for so long as JPLs are appointed to the Company, no suit, action or other proceeding, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Cayman Court and subject to such terms as the Cayman Court may impose.

The Order also provides that, for the avoidance of any doubt, no payment or disposition of the Company's property or any transfer of shares or any alteration in the status of the Company's members shall be made or effected without the direct or indirect approval of the JPLs but no such payment or other disposition or transfer of shares or alteration in the status of the Company's members made or effected by or with the authority or approval of the JPLs in carrying out their duties and functions and in the exercise of their powers under the Order shall be avoided by virtue of the provisions of section 99 of the Companies Law of the Cayman Islands.

The Group incurred a loss attributable to owners of the Company of approximately HK$73 million for the six months ended 30 June 2020 and as at 30 June 2020, the Group had current liabilities and net liabilities of approximately HK$660 million and HK$593 million, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due given that (i) the Group will be able to successfully complete the debt restructuring with the creditors; (ii) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position and the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of this unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2019, except for the adoption of the following amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform* Amendment to
IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the interim condensed financial information.

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the interim condensed financial information as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Coronavirus Disease 2019 ("Covid-19") pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the interim condensed financial information.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed financial information.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments has been modified as four, namely (i) Production, sale and trading of textile products, (ii) Trading of petroleum and chemical products, (iii) Provision of financial services and others, and (iv) RMB banknotes clearing up services.

Segment profit/loss represents the profit/loss before tax of each segment without allocation of central administration costs, directors' salaries, finance costs, interest revenue, other income and other gains and losses not attributable to segment profit/loss. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources among segments, all assets and liabilities are allocated to operating segments on the basis of the revenue earned by individual reportable segments. Segment assets exclude equity investments at fair value through other comprehensive income, investment at fair value through profit or loss, tax recoverable, deposits and prepayments, assets classified as held for sale, bank balances and cash, and unallocated corporate assets while segment liabilities exclude bank and other borrowings, bank overdrafts, amounts due to former related parties/related parties, current and deferred tax liabilities, obligations under a finance leases, liabilities associated with assets classified as held for sale, and unallocated corporate liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Six months ended 30 June 2020

	RMB banknotes clearing up services *HK$'000* (Unaudited)	Production, sale and trading of textile products *HK$'000* (Unaudited)	Trading of petroleum and chemical products *HK$'000* (Unaudited)	Provision of financial services and others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
REVENUE					
Recognised at a point in time	**13,271**	**3,537**	**200,626**	**–**	**217,434**
SEGMENT PROFIT/(LOSS)	**5,905**	**(2,549)**	**(19)**	**–**	**3,337**
Unallocated expenses					**(17,328)**
Interest revenue					**1,575**
Other income					**1,758**
Other gains and losses					**(4,341)**
Finance costs					**(64,804)**
Loss before tax					**(79,803)**

Six months ended 30 June 2019

	RMB banknotes clearing up services *HK$'000* (Unaudited)	Production, sale and trading of textile products *HK$'000* (Unaudited)	Trading of petroleum *HK$'000* (Unaudited)	Provision of financial services and others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
REVENUE					
Recognised at a point in time	15,863	75,107	235,149	–	326,119
Recognised over time	–	–	–	5,446	5,446
	15,863	75,107	235,149	5,446	331,565
SEGMENT LOSS	(5,659)	(61,794)	(1,393)	(2,381)	(71,227)
Unallocated expenses					(19,064)
Interest revenue					281
Other income					621
Other gains and losses					(370)
Finance costs					(42,040)
Loss before tax					(131,799)

The following is an analysis of the Group's assets by reportable segments:

As at 30 June 2020

	RMB banknotes clearing up services	**Production, sale and trading of textile products**	**Trading of petroleum and chemical products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
ASSETS				
Segment assets	**341,396**	**125,721**	**35,848**	**502,965**
Assets classified as held for sale				**6,783**
Investment in associates				**13,923**
Unallocated corporate assets				**19,966**
CONSOLIDATED TOTAL ASSETS				**543,637**

As at 31 December 2019

	RMB banknotes clearing up services	Production, sale and trading of textile products	Trading of petroleum and chemical products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	
ASSETS				
Segment assets	219,454	158,154	28,188	405,796
Assets classified as held for sale				9,054
Investment in associates				13,923
Unallocated corporate assets				22,407
CONSOLIDATED TOTAL ASSETS				451,180

5. OTHER INCOME

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from sales of scrap materials	**–**	223
Sundry income	**1,758**	398
	1,758	621

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/gain on fair value changes of investment at fair value through profit or loss	**–**	(370)
Gain/(loss) on disposal of property, plant and equipment	**(4,341)**	–
Allowance for impairment loss of trade receivables	**–**	(9,413)
Gain on fair value changes on modification of other borrowings	**–**	5,031
	(4,341)	(4,752)

7. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**64,804**	41,703
Lease interests	**–**	337
	64,804	42,040

8. INCOME TAX

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax – underprovision in prior years	**–**	–
– PRC Enterprise Income Tax	**328**	583
	328	583

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2020 and 2019. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for that period.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2018 onwards.

No provision for Cambodia Income Tax has been made as the Group had no assessable profits for the six months ended 30 June 2020 and 2019.

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of goods sold	**209,429**	344,631
Depreciation	**5,504**	12,506
Depreciation of right-of-use assets	**4,365**	2,277
Directors' emoluments	**2,700**	2,096

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: HK$Nil).

11. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK$136,536,000 (2019: approximately HK$128,124,000) and the number of 6,298,816,169 (2019: 6,164,249,000 – weighted average) ordinary shares in issue during the period.

Diluted loss per share

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding during any time in both periods.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for trade receivables, presented based on the invoice date at the end of the reporting period.

	30.6.2020 ***HK$'000*** **(Unaudited)**	31.12.2019 *HK$'000* (Audited)
Aged:		
0-30 days	**5,688**	5,295
31-60 days	**2,631**	2,449
61-90 days	**3,563**	3,317
91-120 days	**1,240**	1,156
Over 120 days	**41,794**	38,899
	54,916	51,116

13. TRADE AND OTHER PAYABLES

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	30.6.2020 ***HK$'000*** **(Unaudited)**	31.12.2019 *HK$'000* (Audited)
Aged:		
0-60 days	**9,963**	9,133
61-90 days	**610**	560
Over 90 days	**54,136**	49,623
	64,709	59,316

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's consolidated revenue for the six months ended 30 June 2020 decreased by approximately 34.4% from approximately HK$331,565,000 in the corresponding period last year to HK$217,434,000 while the net loss for the period reduced to HK$80,131,000 as compared with HK$132,382,000 for the corresponding period last year.

Trading of petroleum and chemical products

Trading of chemical products was the major source of the revenue of the Group during the six months ended 30 June 2020. Due to the unfavourable market condition, the Group did not engage in the trading of petroleum for the period under review. The revenue from trading of chemical products was approximately HK$200,626,000, representing a decrease by approximately 14.7% from approximately HK$235,149,000 in the first half of 2019, and accounted for approximately 92.2% of the Group's revenue.

Textile business

During the six months ended 30 June 2020, the revenue from the textile business was approximately HK$3,537,000, which represented approximately 2% of the Group's revenue. Compared to the same period last year, the revenue from the textile business dropped by more than 96%. The overall segment loss from textile business improved from loss of approximately HK$61,794,000 in the same period last year to approximately HK$2,549,000. During the current period under review, the production in Cambodia was stopped because the factory was suspended operation under court order due to the uncertainty in the economic growth of China during the period under review, the Group placed less emphasis on the production and sale of yarn in the PRC. Accordingly, it resulted in the drop in revenue by more than 90% to approximately HK$3.6 million.

Despite that the Group had implemented the restructuring of the textile business and stringent cost saving measures for the improvement of performance in textile business, the lack of banking facilities in Hong Kong throughout the six months ended 30 June 2020 affected the flexibility of the operation and ability of the Group to improve the performance in short run.

RMB banknotes clearing up services business

Our Group's equity interest in Zhongcheng Huiyu Technology Services Company Limited, which, together with its subsidiaries, were principally engaged in the provision of financial outsourcing services of RMB banknotes clearing up services in Mainland China. They offer one-stop professional financial outsourcing services for the branches of the People's Bank of China and its local commercial banks in Mainland China. During the six months ended 30 June 2020, the revenue from RMB banknotes clearing up services business was approximately HK$13,271,000. Despite the reduction in revenue by 16.3% which affected by COVID-19 outbreak, the Group had gained approximately HK$5,905,000 on this business segment.

Prospects

The economic outlook for the remaining half of the year will remain highly uncertain. In light of the current situation of Covid-19 pandemic in the Mainland China, business activities are still subject to additional challenges.

The PRC banknotes clearing service will continue to experience the backlog created by the pandemic and the management will strive to streamline the operation to save costs. In addition, the management of the Company is considering developing a new line of service on digital currency and related services.

The textile business in Anhui can only be improved when the pandemic is lifted and the management of the Company expect severe setback over the next few months. On the other hand, the Group's operation since July 2020 on the surgical mask production business will enrich business and bring much prospect for the remainder of the year. Trading in chemicals will remain a challenging area, where the market remains unstable but management will continuously maintain a steady and cautious approach.

From the financial perspective, the financial restructuring will further proceed subject to the supervision of the provisional liquidator. The management of the Company will minimize all non-core assets and liabilities so that the Group will restore into a healthier financial position.

FINANCIAL REVIEW

Turnover

During the six months ended 30 June 2020, the turnover of the Group decreased by approximately 34.4% from approximately HK$331,565,000 to HK$217,434,000.

The trading of chemical products became the major contributor of turnover of the Group and it represented approximately over 92% of the Group's total revenue during the period under review. The trading of chemical products was mainly carried out in the Mainland China.

For the six months ended 30 June 2020, the turnover from the textile business was approximately HK$3,537,000 which accounted for approximately 2% of the turnover of the Group owing to the fact that textile business had ceased its production of cotton and yarns since the closedown of the factory in Cambodia, and only the Anhui factory remains in operation.

During the period under review, the revenue from RMB banknotes clearing up services business, which was acquired last year, was approximately HK$13,271,000 and represented approximately 6% of the Group's total revenue.

Cost of sales and gross profit or loss margin

The cost of sales decreased by approximately 39.2% from HK$344,631,000 in the corresponding period last year to approximately HK$209,429,000 during the period under review. There had been a gross profit margin of approximately HK$8 million as compared to gross loss HK$13 million in the corresponding period, because of the contribution made by mainly the RMB banknote clearing up services.

Other gains and losses

During the period under review, other loss derived from the disposal of plant and machinery.

Selling and distribution costs

Selling and distribution costs mainly included transportation cost, accessories and packing expenses. During the period under review, with the suspended operation in Cambodia, the Group's overall selling and distribution costs decreased significantly to HK$192,000, representing approximately 0.1% of the Group's revenue.

Administrative expenses

Administrative expenses decreased by approximately 70% to approximately HK$21,804,000 during the period under review. It mainly consisted of staff costs which covered employees' salaries and welfare and directors' remuneration, depreciation and legal and professional fees. It represented approximately 10% of the Group's revenue.

Finance costs

Finance costs were mainly comprised of interests on bank and other borrowings which increased to approximately HK$64,804,000 for the period under review. The finance costs increased as compared to HK$42,040,000 for the corresponding period last year as a result of the issuance of new bonds and other borrowings and the higher borrowing rate for some short-term borrowings raised during the period under review.

Borrowings

As at 30 June 2020, the Group had outstanding bank and other borrowings of approximately HK$681,889,000, in which approximately HK$146,371,000 was classified as falling due more than one year and the remaining balance of approximately HK$535,518,000 was classified as falling due within one year. The total bank and other borrowings increased by approximately HK$70,334,000 when comparing with the balance as at 31 December 2019 as a result of increase of other borrowings during the period under review in order to support the working capital of the Group.

Liquidity and financial resources

As at 30 June 2020, the Group's bank balances and cash increased from approximately HK$3,242,000 as at 31 December 2019 to HK$4,693,000 as at 30 June 2020. The Group's total assets was approximately HK$543,637,000 as at 30 June 2020.

The Group will continue to focus on improving the net cash from operating activities and asset restructuring and to meet its funding requirements in its usual course of operation by improving profitability, procuring the disposal of non-core or idle assets and implementing tighter control over costs, working capital and capital expenditure.

The sales and purchases of the Group were denominated in Hong Kong dollar, US dollar and Renminbi. The Group will remain concerned about the fluctuations in exchange rate of foreign currencies such as US dollar and Renminbi. To mitigate the foreign currency risk, the Group will consider entering into appropriate hedging arrangements from time to time.

Important Events after the Reporting Period

No important event which materially affecting the Group has taken place since 30 June 2020 and up to the date of this announcement except the followings:

1. The Group has completed the acquisition of the surgical mask production business in July 2020. On 7 July 2020, Profit Earn Development Limited ("Profit Earn") entered into a conditional acquisition agreement in relation to an acquisition of 6,666 ordinary shares (the "Sale Shares") in the capital of Titok Investment Limited (大拓投資有限公司) with Yang Laosi *(羊老四), representing 66% of the entire issued share capital in Titok Investment Limited, pursuant to which Profit Earn has agreed to acquire, and Yang Laosi has agreed to sell, the Sale Shares for a consideration of HK$12,716,559 in accordance with the terms and conditions of the acquisition agreement. Please refer to the announcement of the Company dated 7 July 2020 for further details.

2. The Group has signed a restructuring funding agreement in August 2020. On 19 August 2020, the Company as borrower, Mega Yield Enterprise Development Limited, and the joint provisional liquidators of the Company entered into a funding agreement in relation to the provision of loan by the lender to facilitate the preparation and implementation of the restructuring plan of the Company. Please refer to the announcement of the Company dated 19 August 2020 for further details.

Capital Commitments

The Group did not have any capital commitments as at 30 June 2020.

Dividend Policy

The declaration of dividends is subject to the discretion of the Directors and is expected to take into account various factors such as the Group's financial results, shareholders' interests, general business conditions and strategies, the Group's capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by the Group's subsidiaries to the Company, taxation considerations, possible effects on the Group's creditworthiness, statutory and regulatory restrictions and any other factors as the Directors may deem relevant. Taking into account the accumulated losses of the Company, the Board of Directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interest of its shareholders (the "Shareholders") and enhance its corporate value. The Company has complied with the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance and confirms that it has complied with all code provisions of the CG Code during the period under review.

The Board reviews the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil) to the shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. As at the date of this announcement, the Audit Committee consists of three members, all of whom are independent non-executive Directors, namely Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu.

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2020. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on both the websites of the Company (www.gtiholdings.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2020 containing all the information required by the Listing Rules will be despatched to shareholders and published on the aforesaid websites in due course.

By Order of the Board
GTI Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Poon Sum
Chairman & Executive Director

Hong Kong, 31 August 2020

As at the date of this announcement, the Board comprises (i) Mr. Poon Sum (Chairman), Mr. Ng Kwok Hung Perry and Mr. Hao Xiangbin and Mr. Huang Bin as executive Directors; (ii) Mr. Sui Fuxiang as non-executive Director; and (iii) Mr. Chan Shu Kin, Dr. Tse Kwok Sang and Mr. Chiu Wai Piu as independent non-executive Directors.

The English transliteration of the Chinese name(s) in this announcement, where indicated with "", is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*