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GTI HOLDINGS LIMITED

共享集團有限公司

(In Liquidation)

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

HIGHLIGHTS

- Turnover increased by approximately 539.9% to approximately HK\$651.7 million.
- Loss for the period was approximately HK\$64.5 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 31 DECEMBER 2021

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 31 December 2021, together with the unaudited comparative figures for the corresponding period of 31 December 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

		For the six months ended 31 December	
		2021	2020
	NOTES	HK\$'000 (Unaudited)	HK\$'000 (Unaudited and restated)
Revenue	4	651,697	101,842
Cost of sales		<u>(624,989)</u>	<u>(94,094)</u>
Gross profit		26,708	7,748
Interest income		–	1,000
Other income	5	2,578	1,828
Other gains and losses	6	(38,843)	(271,103)
Share of results of associates		–	(624)
Selling and distribution expenses		(307)	(918)
Administrative expenses		<u>(21,515)</u>	<u>(116,892)</u>
Loss from operations		(31,379)	(378,961)
Finance costs	7	<u>(31,164)</u>	<u>(177,775)</u>
Loss before tax		(62,543)	(556,736)
Income tax expense	8	<u>(1,935)</u>	<u>(4,455)</u>
Loss for the period	9	(64,478)	(561,191)
Other comprehensive (expense)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		10,805	27,959
Share of foreign currency translation reserve of an associate		–	(1,975)
Reclassification of translation reserve to profit or loss upon disposal of a subsidiary		<u>–</u>	<u>63</u>
		<u>10,805</u>	<u>26,047</u>
Total comprehensive expense for the period		<u>(53,673)</u>	<u>(535,144)</u>

		For the six months ended 31 December	
		2021	2020
	<i>NOTES</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Loss for the period attributable to:			
Owners of the Company		(73,288)	(567,896)
Non-controlling interests		8,810	6,705
		<u>(64,478)</u>	<u>(561,191)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(64,310)	(543,920)
Non-controlling interests		10,637	8,776
		<u>(53,673)</u>	<u>(535,144)</u>
Loss per share			
<i>Basic and diluted (HK cents)</i>	<i>11</i>	<u>(1.16)</u>	<u>(9.02)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2021*

		As at 31.12.2021	As at 30.06.2021
	<i>NOTE</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		72,053	68,434
Right-of-use assets		11,345	16,489
Deposit paid for acquisition of land use right and property, plant and equipment		13,317	13,317
Goodwill		1,581	1,582
Intangible assets		12,561	12,561
Derivative financial instruments		13,691	12,969
Trade and other receivables, deposits and prepayments		5,000	5,000
		<u>129,548</u>	<u>130,352</u>
Current assets			
Inventories		5,230	5,367
Trade and other receivables, deposits and prepayments	12	891,076	231,527
Bank balances and cash		22,177	22,988
		<u>918,483</u>	<u>259,882</u>
Current liabilities			
Trade and other payables	13	871,041	204,174
Taxation payable		6,286	2,310
Bank and other borrowings		1,270,684	1,246,366
Lease liabilities		3,270	2,517
		<u>2,151,281</u>	<u>1,455,367</u>
Net current liabilities		<u>(1,232,798)</u>	<u>(1,195,485)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,103,250)</u>	<u>(1,065,133)</u>

	As at 31.12.2021 <i>NOTE</i> HK\$'000 (Unaudited)	As at 30.06.2021 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Lease liabilities	3,670	3,277
Deferred tax liabilities	8,435	7,303
	<u>12,105</u>	<u>10,580</u>
NET LIABILITIES	<u><u>(1,115,355)</u></u>	<u><u>(1,075,713)</u></u>
Capital and reserves		
Share capital	62,988	62,988
Share premium and reserves	(1,206,353)	(1,153,560)
Deficit attributable to owners of the Company	<u>(1,143,365)</u>	<u>(1,090,572)</u>
Non-controlling interests	<u>28,010</u>	<u>14,859</u>
TOTAL DEFICIT	<u><u>(1,115,355)</u></u>	<u><u>(1,075,713)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 2021 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 eighteen months period ended 30 June 2021.

2. BASIS OF PREPARATION

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.

Winding up order against the Company and appointment of Joint and Several Liquidators (“JSLs”)

On 22 November 2021, the Company was ordered to be wound up by the High Court of The Hong Kong Special Administrative Region (the “High Court”) under HCCW 51/2020 and the Official Receiver was appointed as the Provisional Liquidator of the Company.

On 20 January 2023, pursuant to an order granted by the High Court, Ms. CHUA Suk Lin, Ivy and Mr. LAU Kwok Hung, both of Crowe (HK) CPA Limited be appointed the JSLs of the Company with a Committee of Inspection.

Winding up order by the Grand Court of the Cayman Islands and appointment of Joint Official Liquidators (“JOLs”)

On 22 February 2022, the Grand Court of the Cayman Islands ordered the Company be wound up and Messrs Osman Mohammed Arab and Lai Wing Lun, both of RSM Corporate Advisory (Hong Kong) Limited, and Mr Owen Walker of R&H Restructuring (Cayman) Ltd., were appointed as the JOLs of the Company with the power to act jointly and severally.

Resumption guidance

On 17 November 2021, the Company has been notified by the Stock Exchange of the following resumption guidance (the “Resumption Guidance”) for the Company:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate its compliance with Rule 13.24; and
- (iii) announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

On 29 November 2021, the Company received another letter from the Stock Exchange, pursuant to which, the Stock Exchange imposes the following additional resumption guidance for the resumption of trading in the shares of the Company:

- (iv) have the winding up order against the Company withdrawn or dismissed and liquidators (provisional or not) discharged.

The Stock Exchange also stated in its letter dated 17 November 2021 that, under Rule 6.01A(1) of the Listing Rules, it may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expired on 3 April 2023 (the “Deadline”) and the Company submitted a request for extension on 31 March 2023.

On 21 April 2023, the Company received a letter from the Listing Committee of the Stock Exchange (the “Listing Committee”) stating that the Listing Committee has considered the Company’s case and decided to reject the Company’s request for extending the resumption deadline, and cancel the Company’s listing under Rule 6.01A of the Listing Rules (the “Delisting Decision”).

On 2 May 2023, the Company submitted an application requesting the Delisting Decision to be referred to the Listing Review Committee for review pursuant to Chapter 2B of the Listing Rules.

Proposed restructuring of the Group

On 31 March 2023, the Company, the JSLs and Mega Yield Enterprise Development Limited (the Investors”) entered into a restructuring agreement (the “Restructuring Agreement”) to implement a restructuring of the Company by regularizing the business of the Group through, inter alia, (i) implementation of a capital reorganization involving share consolidation and capital reduction; (ii) subscription of shares of the Company (the “Shares”) to be issued by the Company to the Investors, (iii) disposal of excluded subsidiaries of the Group; and (iv) implementation of a creditors scheme (the “Scheme”) with the creditors of the Company, which will fully and finally discharge all claims of the Company’s creditors against the Company as at the effective date of the Scheme.

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK\$73,288,000 for the six months ended 31 December 2021 and as at 31 December 2021, the Group had current liabilities and net liabilities of approximately HK\$1,232,798,000 and HK\$1,115,355,000, 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; and (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 INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to IFRSs that are mandatorily effective for the current period.

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by International Accounting Standards Board (the "IASB") for the first time which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRS Standards in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim financial statements.

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 and (iii) RMB banknotes clearing up services.

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

Six months ended 31 December 2021

	Production, sale and trading of textile products <i>HK\$’000</i> (Unaudited)	Trading of petroleum and chemical products <i>HK\$’000</i> (Unaudited)	RMB banknotes clearing up services <i>HK\$’000</i> (Unaudited)	Total <i>HK\$’000</i> (Unaudited)
REVENUE				
Recognised at a point in time	<u>32,270</u>	<u>605,654</u>	<u>13,773</u>	<u>651,697</u>
SEGMENT PROFIT	<u>1,691</u>	<u>1,512</u>	<u>3,687</u>	6,890
Unallocated expenses				(38,269)
Finance costs				<u>(31,164)</u>
Loss before tax				<u>(62,543)</u>

Six months ended 31 December 2020

	Production, sale and trading of textile products <i>HK\$'000</i> (Unaudited and restated)	Trading of petroleum and chemical products <i>HK\$'000</i> (Unaudited and restated)	RMB banknotes clearing up services <i>HK\$'000</i> (Unaudited and restated)	Total <i>HK\$'000</i> (Unaudited and restated)
REVENUE				
Recognised at a point in time	3,903	79,215	18,724	101,842
SEGMENT (LOSS)/PROFIT	<u>(19,963)</u>	<u>(1,055)</u>	<u>336</u>	<u>(20,682)</u>
Unallocated expenses				(89,380)
Interest income				1,000
Other income				1,828
Other gains and losses				(271,103)
Finance costs				(177,775)
Share of results of associates				<u>(624)</u>
Loss before tax				<u>(556,736)</u>

5. OTHER INCOME

	For the six months ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited and restated)
Sundry income	<u>2,578</u>	<u>1,828</u>
	<u>2,578</u>	<u>1,828</u>

6. OTHER GAINS AND LOSSES

	For the six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Loss on deconsolidation of subsidiaries	–	(14,489)
Loss on disposal/deregistration of subsidiaries	–	(244,294)
Loss on disposal of investments in associates	–	(568)
Loss on disposal/written off of property, plant and equipment	–	(731)
Fair value gain in derivative financial instruments	–	1,766
Impairment losses recognised in respect of property, plant and equipment	–	(204)
Impairment losses recognised on trade and other receivables, net	(38,843)	(333)
Impairment losses recognised on right-of-use assets	–	(313)
Impairment losses recognised on investments in associates	–	(11,937)
	<u>–</u>	<u>(11,937)</u>
	<u>(38,843)</u>	<u>(271,103)</u>

7. FINANCE COSTS

	For the six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Interest on bank and other borrowings	31,164	177,378
Interest on promissory note payable	–	244
Interest on lease liabilities	–	153
	<u>–</u>	<u>153</u>
	<u>31,164</u>	<u>177,775</u>

8. INCOME TAX

	For the six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Hong Kong Profits Tax:		
– Current tax	–	157
PRC Enterprise Income Tax:		
– Current tax	1,935	45
Deferred tax	–	4,253
	<u>–</u>	<u>4,253</u>
	<u>1,935</u>	<u>4,455</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 31 December 2021 and 2020. 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 31 December	
	2021	2020
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited and restated)
Cost of goods sold	624,989	94,094
Amortisation of intangible assets	–	2,894
Depreciation of property, plant and equipment	4,787	1,445
Directors’ emoluments	1,037	919
	<u>630,813</u>	<u>100,352</u>

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: 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\$73,288,000 (six months ended 2020: approximately HK\$567,896,000) and the number of 6,298,816,169 (2020: 6,298,816,169 – 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.

	31.12.2021 <i>HK\$'000</i> (Unaudited)	30.06.2021 <i>HK\$'000</i> (Audited)
Aged:		
0-30 days	119,912	1,453
31-60 days	88,664	1,114
61-90 days	126,038	5,568
91-120 days	122,248	2,635
Over 120 days	28,498	48,869
	485,360	59,639

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:

	31.12.2021 <i>HK\$'000</i> (Unaudited)	30.06.2021 <i>HK\$'000</i> (Audited)
Aged:		
0-60 days	117,930	627
61-90 days	76,074	4,554
Over 90 days	417,067	50,750
	611,071	55,931

14. COMPARATIVE FIGURES

As the 2020/21 2nd interim report covered a financial period of twelve months from 1 January 2020 to 31 December 2020, in order to conform with the financial period of 2021/22 interim report, comparative figures for the condensed consolidated statement of profit and loss and corresponding notes have been restated to cover six months period from 1 July 2020 to 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business review

GTI Holdings Limited (In Liquidation) (the “Company”) was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liabilities on 9 June 2004. The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries (the “Group”) are principally engaged in sales and trading of textile products (including surgical masks), trading of petroleum and chemical products, RMB banknotes clearing up services and others.

The Group’s consolidated revenue for the six months period ended 31 December 2021 compared with the six months period ended 31 December 2020 increased by 539.9% from approximately HK\$101,842,000 for the six months period ended 31 December 2020 to approximately HK\$651,697,000 for the six months period ended 31 December 2021, while the net loss for the period ended 31 December 2021 decreased to approximately HK\$64,478,000 as compared to approximately HK\$561,191,000 for the six months period ended 31 December 2020.

Textile business

During the six months period ended 31 December 2021, the revenue from the textile business was approximately HK\$32,270,000. Compared to the six months period ended 31 December 2020, the revenue from the textile business increased significantly by 726.8%. The overall segment resulting from textile business improved from the loss of approximately HK\$19,963,000 in last period to a gain of approximately HK\$1,691,000 in current period.

The Group had implemented the restructuring on and extension of the textile business by entering into the surgical mask industry through acquisition of Titok Investment Limited and Profit Fortune International Limited in September 2020 and April 2021 respectively, which has enriched the Group’s textile business and profile. The production and trading of surgical mask have generated revenue of approximately HK\$22,958,000 for the six months period ended 31 December 2021 since its operating license approved in May 2021.

The Group has also resumed on the production of garment products through the lease of factory in Hebei, the PRC. The production and trading of garment products generated revenue of approximately HK\$9,312,000 during the six months period ended 31 December 2021, compared with revenue of approximately HK\$3,903,000 for the six months period ended 31 December 2020.

Trading of petroleum and chemical products business

Trading of chemical products business was the major source of the revenue of the Group during the six months period ended 31 December 2021. Despite the unfavourable market condition and intensive oil price volatility during the period, the Group has approached more potential customers in the trading of petroleum for the six months period ended 31 December 2021, with revenue increased significantly from approximately HK\$79,215,000 for the six months period ended 31 December 2020 to approximately HK\$605,654,000 for the six months period ended 31 December 2021. The trading of petroleum and chemical products business remains as the Group's major source of revenue, representing over 92.9% of the Group's total revenue for the six months period ended 31 December 2021.

RMB banknotes clearing up services business

Our Group's subsidiary, Zhongcheng Huiyu Technology Services Company Limited, together with its subsidiaries ("Zhongcheng Huiyu"), were principally engaged in the provision of financial outsourcing services of RMB banknotes clearing up services in the PRC. We offer one-stop professional financial outsourcing services for the branches of the People's Bank of China and its local commercial banks in the PRC.

During the six months period ended 31 December 2021, the revenue from RMB banknotes clearing up services business was approximately HK\$13,773,000, as compared to approximately HK\$18,724,000 for the six months period ended 31 December 2020, representing a significant drop in revenue of 26.4%. Affected by the winding up of the Company, the customers of Zhongcheng Huiyu terminated their service contracts with the Group and this led to a drop in revenue since December 2021, this segment resulted a loss of approximately HK\$3,687,000 for the six months period ended 31 December 2021, compared to gain of approximately HK\$336,000 for the six months period ended 31 December 2020.

Prospects

Despite the uncertainties and challenges casted by the macroeconomic and political factors, during the period, the Board has reviewed the businesses of the Group with a view to improving the shareholders' returns, streamlining and strengthening the business operations.

As announced on 2 May 2023, the Company received a letter from the HKEX stating that the Listing Committee has considered the Company's case and decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "Delisting Decision"). The Company submitted an application requesting the Delisting Decision to be referred to the Listing Review Committee for review pursuant to Chapter 2B of the Listing Rules (the "LRC Review") on the same date.

Despite the impact of the winding up of the Company, the Group remained focus in continuing the existing business during the period. The Group started the production and trading of surgical mask in August 2021 and it's result was satisfactory due to the Outbreak's continuance in 2021. Also, since July 2021, the Group resumed its production and trading of garment products through lease of factories in the PRC in order to fulfill the criteria of resumption guidance imposed by the Stock Exchange. The Board will continue to seek business opportunity in order to increase the revenue for this segment.

During the period, the Group maintained its cautious and conservative approach on the trading of petroleum and chemical business in view of the uncertain economic conditions with the oil price volatility. The management will continue to seek business opportunity to expand any sort of natural resources and energy related business in the future.

The management expects that the RMB banknotes clearing up services business will be suspended until the Group's restructuring plan is concluded and the proposed scheme of arrangement between the Company and its creditors has been implemented. The management will assess whether the Group will resume this business only when the restructuring succeeds.

Looking forward, the Group will need to continue to implement cautious approach on the development of the existing businesses and seek for better business opportunities to mitigate the impacts of the market's current volatility and to improve the performance of the Group so as to pursue a satisfactory return to our shareholders. The financial restructuring will further proceed subject to the supervision of the JSLs. The management of the Company will minimise all non-core assets and liabilities so that the Group will restore into a healthier financial position.

FINANCIAL REVIEW

Turnover

The turnover of the Group increased by approximately 539.9% from approximately HK\$101,842,000 during the six months period ended 31 December 2020 to approximately HK\$651,697,000 for the six months period ended 31 December 2021.

The trading of chemical products became the major contributor of turnover of the Group and it represented approximately 92.93% of the Group's total revenue during the year under review. The trading of chemical products was mainly carried out in the Mainland China.

For the six months period ended 31 December 2021, the turnover from the textile business was approximately HK\$32,270,000 which accounted for approximately 4.95% of the turnover of the Group. The Group resumed its textile business through the lease of factory in Hebei, the PRC, and the Group also started the production and trading of surgical masks business acquired from the investor during the year. These businesses contributed revenue of approximately HK\$22,958,000 and HK\$9,312,000 respectively during the six months period ended 31 December 2021.

During the six months period ended 31 December 2021, the revenue from RMB banknotes clearing up services business was approximately HK\$13,773,000 and represented approximately 2.11% of the Group's total revenue.

Cost of sales and gross profit or loss margin

The cost of sales increased by approximately 564.22% from HK\$94,094,000 for the six months period ended 31 December 2020 to approximately HK\$624,989,000 during the six months period ended 31 December 2021. There had been a gross profit margin of approximately HK\$26.7 million as compared to gross profit HK\$7.7 million in the six months period ended 31 December 2020. The gross profit margin increased by HK\$19 million because of the contribution made by the production and trading of surgical masks business.

Other gains and losses

During the six months period ended 31 December 2021, other losses mainly attributed to the impairment of trade and other receivables amounted to HK\$38,843,000 (2020: HK\$333,000).

Selling and distribution costs

Selling and distribution costs mainly included transportation cost, accessories and packing expenses. During the six months period ended 31 December 2021, the Group's overall selling and distribution costs decreased to HK\$307,000, representing approximately 0.05% of the Group's revenue. The selling and distribution costs are low as the major customers are local customers and the cost of delivery is low.

Administrative expenses

Administrative expenses decreased by approximately 81.59% to approximately HK\$21,515,000 during the six months period ended 31 December 2021. It mainly consisted of staff costs which covered employees' salaries and welfare and directors' remuneration, depreciation of property, plant and equipment and legal and professional fees. It represented approximately 3.3% of the Group's revenue.

Finance costs

Finance costs mainly comprised of interests on bank and other borrowings which decreased to approximately HK\$31,164,000 for the six months period ended 31 December 2021.

Borrowings

As at 31 December 2021, the Group had outstanding bank and other borrowings of approximately HK\$1,270,684,000. The total bank and other borrowings increased by approximately HK\$24,318,000 when comparing with the balance as at 30 June 2021 as a result of accrued interest and the repayment of bank borrowings and exchange difference during the six months period ended 31 December 2021.

Liquidity and financial resources

As at 31 December 2021, the Group's bank balances and cash decreased from approximately HK\$22,988,000 as at 30 June 2021 to HK\$22,177,000 as at 31 December 2021. The Group's total assets were approximately HK\$1,048,031,000 as at 31 December 2021. 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.

Capital Commitments

The Group did not have any capital commitments as at 31 December 2021.

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 31 December 2021.

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 31 December 2021 (six months ended 31 December 2020: 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 31 December 2021.

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 31 December 2021.

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 31 December 2021 containing all the information required by the Listing Rules will be despatched to shareholders and published on the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Company’s shares on The Stock Exchange of Hong Kong Limited was suspended from 9:00 a.m. on 4 October 2021 and will remain suspended until further notice. Shareholders and other investors are advised to exercise caution when dealing in the shares of the Company.

The Joint and Several Liquidators were only appointed on 20 January 2023 and with limited information in relation to the Group who are not in a position to confirm the completeness, existence and accuracy of the historical result of the Group. The Joint and Several Liquidators do not accept or assume responsibility for these interim financial statements for the six months ended 31 December 2021 for any purpose or to any person to whom these interim financial statements are shown or into whose hands they may come.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
GTI Holdings Limited
(In Liquidation)
Tan Teng Hong
Executive Director

Hong Kong, 8 June 2023

According to the information available from the previous announcement made by the Company, immediately before the making of winding up order against the Company by the Court, the Board comprises (i) Mr. Ng Kwok Hung Perry, Mr. Hao Xiangbin and Mr. Tan Teng Hong as executive Directors; and (ii) Mr. Chan Shu Kin, Mr. Chung Lim Tung, Mr. Ng Ka Lun and Mr. Zhou Weijia (alias Zhou Yi) as independent non-executive Directors.

The affairs, business and property of the Company are being managed by the Joint and Several Liquidators who act as the agents of the Company only and are not subject to personal liability.