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高富集團控股有限公司  
GT GROUP HOLDINGS LIMITED  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 263)

## DECISION OF THE STOCK EXCHANGE ON RULE 13.24

This announcement is made by GT Group Holdings Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company has received a letter dated 5 March 2021 from the Stock Exchange (the “**Letter**”) notifying the Company of its decision that the Company has failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares, and that the trading in the Company’s shares will be suspended under Rule 6.01(3) of the Listing Rules (the “**Decision**”).

Under Chapter 2B of the Listing Rules, the Company has the right to have the Decision referred to the Listing Committee for review. Any request for review must be made within 7 business days from the date of the Decision (i.e. by 17 March 2021).

In arriving at the Decision, the Stock Exchange has considered the following:

1. The Group’s current principal businesses include (i) trading of goods (the “**Trading Business**”); (ii) money lending (the “**Money Lending Business**”); and (iii) brokerage and securities investment (the “**Securities Business**”).
2. The Company is primarily engaged in the Trading Business and the Money Lending Business. Since the commencement of the Trading Business in 2019, the Company has conducted only six transactions at a thin gross profit margin. The number of customers and suppliers remained small. For the Money Lending Business, the number of loans was also small and a substantial portion of these loans was past due and impaired. The income generated from these businesses were not sufficient to cover the Company’s

corporate expenses, resulting in consecutive net losses in the past few years. The other businesses were also small in scale. There is no indication that the Company could substantially improve its businesses.

### **Trading Business**

3. This business is new to the Company, as opposed to a re-activation of its previous iron ore trading business. The products traded, including copper cathode, cosmetic products and iPhone, were different from and unrelated to its previous iron ore trading business. Further, both executive directors engaged in this business were appointed after the cessation of the iron ore trading business in 2009.
4. Since the commencement of this business in 2019, the Company has only conducted three trades of copper cathodes and three trades of cosmetic products and iPhones. All of these transactions were conducted on a back-to-back basis. The gross profit margin was thin (0.5%) and the segmental profit in 2020 was HK\$1 million only. The Company did not provide any concrete business plan or evidence to substantiate the expected growth (more than 12 times in 2021) of the Trading Business. The Stock Exchange is concerned that the Trading Business lacks substance and is not viable and sustainable.

### **Money Lending Business**

5. The Company maintained only a small number of loans in the past few years. It has only 15 loans in 2020. Further, a significant portion of these loans had become past due and were impaired. The Company has only been able to collect a small portion of the overdue balances. In light of the above, the Stock Exchange consider that the Money Lending Business lacks substance. In any event, the Company has no plan to further develop this business and expects that the revenue contribution of this business would be reduced in the next five years.

### **Securities Business**

6. This business comprises securities trading business and securities brokerage business. Under Rule 13.24(2), the securities trading business is excluded from the Rule 13.24 assessment.
7. The securities brokerage business has been operated at a minimal scale in the past five years. The Company's forecast also showed that this business would remain small in the next five years. Further, the Company did not provide any concrete development plan of this business. There is no indication that the securities brokerage business would be substantially improved and become viable and sustainable in near future.

### **Other Business**

8. The Company has fully impaired its investment in China Sky in 2020, being its sole investment vehicle involved in the property business. The Company did not provide any concrete plan to further develop this business.

## **Forecast**

9. The Company's forecast lacks credibility and support. The forecasted revenue figures, the underlying growth rates and other major assumptions are made primarily based on management's expectation without evidence to support. In addition, the Company has not provided any details as to the progress of its debt restructuring plan and it is uncertain whether the plan could be materialised.
10. In any event, under the forecast, the Company would still be recording a net loss of HK\$85 million in 2021, and would first record a net profit of HK\$1.6 million only in 2022.

## **Impact of COVID-19**

11. The Company asserted that the COVID-19 pandemic had affected its Trading Business and would impact on its collection of overdue loans under the Money Lending Business. However, the Stock Exchange consider that the Company has failed to establish that the disruptions arisen directly from the COVID-19 outbreak would impact its compliance with Rule 13.24:
  - (i) As discussed above, the businesses of the Company lack substance and are not viable and sustainable.
  - (ii) It has not established that, but for the COVID-19 pandemic, it would have been able to operate these businesses at a level that is viable and sustainable.

## **Level of Assets**

12. The Company's auditors issued a disclaimer of opinion on the Company's 2019 financial statements relating to, among others, material uncertainties on going concern. Based on its interim report for the six months ended 30 June 2020, the Company remained at net liabilities of HK\$657 million, with overdue debt amounted to HK\$975 million. The Company's debt restructuring plan is preliminary and without details as to the status of negotiation with its creditors. The Stock Exchange is concerned that the Company has failed to maintain a sufficient level of assets to support its operations as required under the Rule.

Trading in the Company's shares will be suspended on 17 March 2021 unless the Company applies for a review of the Decision in accordance with its rights under Chapter 2B of the Listing Rules. The Letter states that before trading of the Company's shares is allowed to resume, the Company must re-comply with Rule 13.24 of the Listing Rules, fulfill any resumption guidance that may be set by the Stock Exchange and be in full compliance with the Listing Rules to the Stock Exchange's satisfaction before the trading of the Company's shares is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 18 months.

The Company is considering whether or not to lodge a request for the Decision to be referred to the Listing Committee for a review by the Listing Committee. It will make an announcement after such a request is made. Were the Company to lodge a request for review by the Listing Committee, the outcome of such review is uncertain.

**Shareholders of and potential investors in the Company should exercise caution when dealing in the securities of the Company and should seek professional advice as they may consider appropriate about the implications of the Decision.**

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

Hong Kong, 6 March 2021

*As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.*