



Gold Tat Group International Limited

金達集團國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8266)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of Gold Tat Group International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board of Directors (the “Board”) of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 March 2014, together with the comparative audited figures for the corresponding year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	2	982,636	531,611
Cost of inventories sold		(899,361)	(471,690)
Other net income	3	2,045	7,547
Telecom operators and content providers costs		(10,061)	(9,599)
Employment costs		(33,570)	(30,763)
Research and development expenses		(12,266)	(11,348)
Depreciation and amortisation		(1,678)	(1,219)
Transportation expenses		(4,321)	(2,325)
Other operating expenses		(59,282)	(43,089)
Loss from operations		(35,858)	(30,875)
Finance costs	5	(12,708)	(6,028)
Impairment losses on investments in associates and amounts due from associates		(99,336)	(27,671)
Share of losses of associates		(108)	(4,168)
Loss before tax		(148,010)	(68,742)
Income tax expense	6	(1,447)	(1,434)
Loss for the year	7	(149,457)	(70,176)
Attributable to:			
Owners of the Company		(149,206)	(71,503)
Non-controlling interests		(251)	1,327
		(149,457)	(70,176)
Loss per share (HK cents)	9		
Basic		(8.79)	(5.63)
Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year	<u>(149,457)</u>	<u>(70,176)</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(77)</u>	<u>126</u>
Other comprehensive income for the year, net of tax	<u>(77)</u>	<u>126</u>
Total comprehensive income for the year	<u><u>(149,534)</u></u>	<u><u>(70,050)</u></u>
Attributable to:		
Owners of the Company	(149,314)	(71,433)
Non-controlling interests	<u>(220)</u>	<u>1,383</u>
	<u><u>(149,534)</u></u>	<u><u>(70,050)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		12,455	7,833
Investment properties		39,700	41,000
Goodwill		24,911	24,911
Intangible assets		62	128
Investments in associates		162,889	20,519
Prepayments for property, plant and equipment		–	3,941
		<u>240,017</u>	<u>98,332</u>
Current assets			
Inventories		42,496	63,518
Trade, bills and other receivables, deposits and prepayments	10	150,622	144,985
Due from an associate		45,680	–
Properties under development		60,660	60,320
Derivative financial assets		–	13,350
Put Options of convertible bonds		3,885	3,235
Mandatory Conversion Options of convertible bonds		940	378
Pledged bank deposits		19,383	16,636
Bank and cash balances		33,373	15,821
		<u>357,039</u>	<u>318,243</u>
Current liabilities			
Trade and other payables and receipt in advance	11	116,923	128,154
Due to a non-controlling shareholder		844	–
Due to an associate		14,157	7,415
Call Options of convertible bonds		30	569
Bank and other loans		134,447	125,894
Promissory notes		–	5,200
Liability components of convertible bonds		2,472	30,493
Finance lease payables		479	756
Warrants		9,348	7,812
Current tax liabilities		447	1,380
		<u>279,147</u>	<u>307,673</u>
Net current assets		<u>77,892</u>	<u>10,570</u>
Total assets less current liabilities		<u>317,909</u>	<u>108,902</u>
Non-current liabilities			
Liability components of convertible bonds		104,503	18,294
Long term bonds		40,000	–
Deferred tax liabilities		178	182
		<u>144,681</u>	<u>18,476</u>
NET ASSETS		<u>173,228</u>	<u>90,426</u>
Capital and reserves			
Share capital		15,659	107,019
Reserves		98,225	(38,008)
Equity attributable to owners of the Company		<u>113,884</u>	<u>69,011</u>
Non-controlling interests		59,344	21,415
TOTAL EQUITY		<u>173,228</u>	<u>90,426</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payments reserve HK\$'000	Warrant reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012	91,946	58,499	16,375	2,943	1,131	1,213	7,400	17,056	(97,974)	98,589	18,306	116,895
Total comprehensive income for the year	-	-	-	-	70	-	-	-	(71,503)	(71,433)	1,383	(70,050)
Issue of convertible bonds on acquisition of a subsidiary	-	-	-	-	-	-	-	7,636	-	7,636	-	7,636
Transactions costs attributable to issue of new shares	-	(327)	-	-	-	-	-	-	-	(327)	-	(327)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	1,726	1,726
Shares issued upon conversion of convertible bonds	5,379	10,570	-	-	-	-	-	(7,700)	-	8,249	-	8,249
Recognition of share-based payments	-	-	-	-	-	7,033	-	-	-	7,033	-	7,033
Shares issued upon placement	9,694	9,570	-	-	-	-	-	-	-	19,264	-	19,264
Changes in equity for the year	15,073	19,813	-	-	70	7,033	-	(64)	(71,503)	(29,578)	3,109	(26,469)
At 31 March 2013	<u>107,019</u>	<u>78,312</u>	<u>16,375</u>	<u>2,943</u>	<u>1,201</u>	<u>8,246</u>	<u>7,400</u>	<u>16,992</u>	<u>(169,477)</u>	<u>69,011</u>	<u>21,415</u>	<u>90,426</u>
At 1 April 2013	<u>107,019</u>	<u>78,312</u>	<u>16,375</u>	<u>2,943</u>	<u>1,201</u>	<u>8,246</u>	<u>7,400</u>	<u>16,992</u>	<u>(169,477)</u>	<u>69,011</u>	<u>21,415</u>	<u>90,426</u>
Total comprehensive income for the year	-	-	-	-	(108)	-	-	-	(149,206)	(149,314)	(220)	(149,534)
Issue of convertible bonds on acquisition of subsidiaries	-	-	-	-	-	-	-	110,957	-	110,957	-	110,957
Shares issued upon conversion of convertible bonds	8,566	29,960	-	-	-	-	-	(8,647)	-	29,879	-	29,879
Transactions costs attributable to issue of new shares	-	(1,983)	-	-	-	-	-	-	-	(1,983)	-	(1,983)
Capital reduction	(134,443)	-	-	-	-	-	-	-	134,443	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	614	614
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	(244)	(244)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	37,779	37,779
Shares issued upon exercise of share options	312	545	-	-	-	(287)	-	-	-	570	-	570
Recognition of share-based payments	-	-	-	-	-	2,024	-	-	-	2,024	-	2,024
Forfeiture of share options	-	-	-	-	-	(195)	-	-	195	-	-	-
Shares issued upon placement	34,205	18,535	-	-	-	-	-	-	-	52,740	-	52,740
Changes in equity for the year	(91,360)	47,057	-	-	(108)	1,542	-	102,310	(14,568)	44,873	37,929	82,802
At 31 March 2014	<u>15,659</u>	<u>125,369</u>	<u>16,375</u>	<u>2,943</u>	<u>1,093</u>	<u>9,788</u>	<u>7,400</u>	<u>119,302</u>	<u>(184,045)</u>	<u>113,884</u>	<u>59,344</u>	<u>173,228</u>

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments which are carried at their fair values.

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

a. Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 “Consolidated Financial Statements” supersedes the requirements relating to consolidated financial statements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” and Hong Kong (SIC) Interpretation 12 “Consolidation – Special Purpose Entities”. HKFRS 10 introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. It clarifies the consolidation of an investee if the entity controls the investee on the basis of de facto circumstances.

The Group re-assessed the control conclusion for its investees as at 1 April 2013 and considered that the adoption of HKFRS 10 did not result in any impact in changes in the consolidated amounts reported in the financial statements.

c. HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affected the disclosures relating to the Group’s subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

d. HKFRS 13 “Fair Value Measurement”

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied other HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact in its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

2. Turnover

The Group’s turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the amounts received and receivable for services provided to customers during the year.

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Sales of electronic parts and components	939,668	494,595
Service fees from provision of mobile data solutions and related services	41,557	36,872
Rental income	990	144
Sublease rental income	421	–
	<u>982,636</u>	<u>531,611</u>

3. Other net income

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Interest income	260	233
Net foreign exchange gains	584	85
Fair value (loss)/gain on investment properties	(1,300)	2,171
Fair value gain on derivative financial assets	–	3,860
Reversal of allowance for impairment of bad and doubtful debts	1,180	731
Sundry income	1,321	467
	<u>2,045</u>	<u>7,547</u>

4. Segment information

The Group has four reportable segments as follows:

Trading of electronic parts and components	–	trading of electronic parts and components and provision of professional solution with engineering services
Mobile data solution business	–	provision of mobile data solution and related services
Property development	–	sale of developed properties
Property investment	–	rental income

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss do not include unallocated corporate results.

Information about reportable segment profit or loss:

	Trading of electronic parts and components <i>HK\$'000</i>	Mobile data solution business <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2014					
Revenue from external customers	939,668	41,557	–	1,411	982,636
Segment profit/(loss)	8,113	472	(103,695)	(1,380)	(96,490)
Depreciation and amortisation	280	793	542	41	1,656
Year ended 31 March 2013					
Revenue from external customers	494,595	36,872	–	144	531,611
Segment profit/(loss)	6,685	(6,386)	(7,692)	1,879	(5,514)
Depreciation and amortisation	206	633	318	–	1,157

Reconciliations of reportable segment revenue, profit or loss:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	<u>982,636</u>	<u>531,611</u>
Profit or loss		
Total loss of reportable segments	(96,490)	(5,514)
Unallocated corporate results	<u>(52,967)</u>	<u>(64,662)</u>
Consolidated loss for the year	<u>(149,457)</u>	<u>(70,176)</u>
Other material items – depreciation and amortisation		
Total depreciation and amortisation of reportable segments	1,656	1,157
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate use	<u>22</u>	<u>62</u>
Consolidated depreciation and amortisation	<u>1,678</u>	<u>1,219</u>

Geographical information

	Non-current assets	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	75,977	77,229
The People's Republic of China ("PRC") except Hong Kong	164,025	21,103
Macau	<u>15</u>	<u>–</u>
Consolidated total	<u>240,017</u>	<u>98,332</u>

Majority of the revenue generated by the Group for the year ended 31 March 2014 and 31 March 2013 were attributable to customers based in the PRC. In presenting the geographical information, revenue is based on the locations of the customers.

Turnover from major customer

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	<u>363,099</u>	<u>134,486</u>

Revenue from one (2013: one) customer of the Group's trading of electronic parts and components represents approximately HK\$363,099,000 (2013: approximately HK\$134,486,000) of the Group's total turnover.

5. Finance costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Wholly repayable within five years		
– Effective interest expenses on liability components of convertible bonds	5,997	3,010
– Interest on bank loans	3,768	1,636
– Interest on other loan	1,053	1,065
– Finance lease charges	17	25
Not wholly repayable within five years		
– Interest on bank loans	409	292
– Interest on long term bonds	1,464	–
	12,708	6,028

6. Income tax expense

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	1,615	1,495
Over-provision in prior years	(164)	(59)
Deferred tax	(4)	(2)
Income tax expense	1,447	1,434

Hong Kong Profits Tax is provided at 16.5% (2013: 16.5%) based on the assessable profits for the year.

7. Loss for the year

The Group's loss for the year is stated after charging/(crediting) the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Acquisition-related costs (included in other operating expenses)	2,242	1,518
Amortisation of intangible assets	66	66
Auditor's remuneration		
Current	1,100	788
Under-provision in prior year	108	154
	1,208	942
Cost of inventories sold	899,361	471,690
Property, plant and equipment written off	–	30
Depreciation of property, plant and equipment	1,612	1,153
Directors' emoluments		
– As directors	360	678
– For management	3,036	6,339
	3,396	7,017
Fair value loss/(gain) on investment properties	1,300	(2,171)
Direct operating expenses of investment properties that generate rental income	147	15
Direct operating expenses of investment properties that did not generate rental income	–	100
Fair value loss on warrants	1,536	6,612
Fair value gain on derivative financial assets	–	(3,860)
Derivative financial assets written off	13,350	1,210
Gain on deregistration of a subsidiary	(244)	–
Gain on disposal of property, plant and equipment	(53)	–
Fair value losses on Put Options, Call Options and Mandatory Conversion Options of convertible bonds	5,159	6,887
Fair value loss on conversion of convertible bonds	1,094	2,733
Operating lease charges of premises and facilities	4,775	3,834
Research and development expenses		
– Staff costs	9,613	9,897
– Other expenses	2,653	1,451
	12,266	11,348
Inventories written off	37	5
Allowance for impairment of bad and doubtful debts	922	1,403
Reversal of allowance for impairment of bad and doubtful debts	(1,180)	(731)
Impairment losses on investments in associates and amounts due from associates	99,336	27,671
Staff costs including directors' emoluments and amount classified as research and development expenses		
Salaries and allowances	39,991	32,575
Share-based payments	2,024	7,033
Retirement benefit scheme contributions	1,302	1,119
Termination benefits	(134)	(67)
	43,183	40,660

8. Dividends

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2014 (2013: Nil).

9. Loss per share

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$149,206,000 (2013: approximately HK\$71,503,000) and the weighted average number of ordinary shares of 1,697,378,472 (2013: 1,269,821,250) in issue during the year.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds, warrants and outstanding options for the years ended 31 March 2014 and 2013 would be anti-dilutive, no diluted loss per share was presented in both years.

10. Trade, bills and other receivables, deposits and prepayments

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	34,981	46,200
<i>Less:</i> Allowance for impairment of bad and doubtful debts	<u>(612)</u>	<u>(1,180)</u>
	34,369	45,020
Bills receivables	70,998	58,288
Other receivables, deposits and prepayments	<u>45,255</u>	<u>41,677</u>
	<u>150,622</u>	<u>144,985</u>

The ageing analysis of trade receivables, based on the invoice date, and before allowance, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	27,011	36,127
31 to 60 days	3,265	6,835
61 to 90 days	2,524	2,165
Over 90 days	<u>2,181</u>	<u>1,073</u>
	<u>34,981</u>	<u>46,200</u>

11. Trade and other payables and receipt in advance

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	29,919	36,401
Other payables	80,137	87,156
Receipt in advance	6,867	4,597
	<u>116,923</u>	<u>128,154</u>

The ageing analysis of trade payables of the Group, based on the date of delivery, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	15,069	24,268
31 to 60 days	12,839	8,609
61 to 90 days	1,157	2,684
Over 90 days	854	840
	<u>29,919</u>	<u>36,401</u>

12. Event after the reporting period

On 5 May 2014, the Group entered into an agreement with a third party to dispose its 33.33% equity interest in Jun Feng Enterprise (HK) Limited at a consideration of HK\$333,000.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Group had been participating in the following activities:

- Mobile Application Development and Information Technology Consultant Services;
- Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment

BUSINESS REVIEW

Mobile Application Development and Information Technology Consultant Services

The fundamental business of the Group, MTel is the mobile and IT industry business, has continued to go from strength to strength despite the ever increasing market competition from multi-international companies to talented individuals. During the latest financial year, the business revenue and profit was approximately HK\$41,557,000 and HK\$472,000 respectively. This translated to an increase of 12.7% for revenue and was a shift from loss back to profit compared to the previous financial year.

One of the main areas of this business activity, Mobile Application Development, is a service to provide mobile solution services for clients. The Group continues to engage in more projects with various companies from different industries to reflect our capability and set up a new business operation in Taiwan market for business replication. The continuing development and upgrade of various popular mobile platform from developers and manufacturers further assist fuelling the industry growth with Apple iOS, Google Android and Microsoft Windows 8 leading the charge. Along with single platform mobile solution development, the company is also capable to provide solution for cross-platforms to increase clients and end users expectations as well as capturing the most of a single product. It is evident that the general trend of value adding with the convenience of mobility will be forevermore demanding. The Group has been well positioned to capture this advantage over the past financial year through vertically integrating the development process. This includes the provision of one stop service to integrate services such as marketing, promotional material, technological consultation and data collection (download counts/frequency). To reinforce the business, the Group has always maintain relationship with the clients and some of the bigger names we have cooperated with are MTR, Shangri-La Hotel & Resorts, Standard Chartered Bank, etc.

In strengthening the business and competitive edge, the technical side has relentlessly focus on research and development in new software on mobile applicable technology especially on real time responses. This is particularly important in this industry to remain at the cutting edge of technology as well as expressing the Group's in-house capability. Furthermore, the capital investment from the Group displays the determination and focus in this field through its financial support. One of these evidences is the set up of games development, a highly lucrative yet ambitious segment, as an extension through the knowledge and confidence built through research and development. Over the last financial year, the Group has already beginning to enjoy some of the returns and as this segment continues to mature within the group, it will be another self sustaining business. In time, the Group will establish a well known brand name to the mass public market directly and leverage on the extensive knowledge and operations in other business areas to increase synergy and profitability. Along with the technical expertise of mobile application development, the Group will not be as it is without Information Technology Consultant Services. Its knowhow has been the foundation to our business using the old fashioned tailored solution for strategic planning. This arrangement has been contributing positively to the business in multiple ways that allows the consultation service arm to be independent as well as collaborative seamlessly with other business areas to bring out the maximum synergy.

Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services

An acquired business in 2012, ETC, is an experienced and repute unit and continues to operate under the same management team. This business arm has maintained excellent agency service contracts of many years for the China market with two major renowned suppliers both listed on the Taiwan Stock Exchange, whilst the mechanised customers are amongst the largest names in China and Asia Pacific. The main business of this unit is the trading of hardware electronic parts specifically relating to display and/or touch panel modules. Same as last year, ETC has met its expectation with revenue and profit of approximately HK\$939,668,000 and HK\$8,113,000 for this financial year period ending 31 March 2014. This although has not increase much compared to last year, the business unit has remained competitive in a fierce market using its available finance budget. Interestingly, almost similar to the mobile business unit, here a reliance on the mobility market and technology usability dictates the growth of this industry segment. For the last year and foreseeable future years, these technologies are continuing to be in high demand with an increase in applications. In view of this the Group will continue supporting the business in terms of its trading capacity for a balanced growth.

Real Estate Development and Investment

Late last year, the Group had successful acquired another real estate development project in Yangjiang City, Guangdong Province called "Xiangjiang Peninsula". This increased the Group real estate development portfolio to three and further displayed the concentration effort in the area of Yangjiang City. All current real estate development projects had been going well and made steady progress to complete either construction or sales as per management schedule. The most notable advancement of the projects was the Xiangjiang Peninsula, with stage two constructions underway and the Group looked forward to begin its sales soon. It was noted that despite a general slow down of the China economy, the local appetite and sentiment for the real estate had maintained to be medium-strong. This had given the Group initial conservative notion much relief and allowed continuation of the projects. It however highlighted a much more cautious investment evaluation was needed along with more preparations against adverse conditions.

Closer to home in Hong Kong, the Group has been enjoying the rental return from continued lease out of the properties.

Prospects

The mobile and IT industry has been the Group most original and on-going business area, it was during the financial year 2013/14 that the Group had changed name from Mobile Telecom Network (Holdings) Limited to its current trading name. The mobile and IT business however remains its commerce under the name of MTel Limited. This strategic move reflects the leading position of MTel Limited in its respective industry yet displaying the Group commencement in diversification for longer term.

The constant advance in technology will definitely benefit MTel Limited business direction and the Group will continue to provide maximum support. In the near term, entertainment, information and mobility will remain to be the largest trendsetter with a globalisation overview. This means increase in research and development to quickly build own products and platforms to reach all target audiences, is to be top agenda whilst keeping other existing business competence and relationship in application development and consultation services. It is believed the preparation now will become fruitful along with the technological improvement in new mass market products.

For hardware trading, ETC as a matured company in the industry will continue to build on the current relationship with suppliers and customers as well as looking for new opportunities to increase trading product varieties. Meanwhile, using the current strong hold of display and touch-screen panels trading, the business unit will seek for other applicable situation to increasing sales. It however must resume vigilant on the product designs in size, specifications and cost. With these in mind and the growing popularity of using the touch-screen technology, the Group is comfortable to maintain its exposure and optimistic on the general outlook of this industry segment. Internally, the Group will optimise the expenses to increase profitability of this unit.

The anonymous economical and political changes in the PRC real estate market means the Group will continue to monitor closely on the developing projects in Guangdong province. In the meantime, with a positive local sentiment and the steady tradition of the PRC government history, the Group stays positive on the projects progress. Nonetheless, a prudent push for earlier completion and minimising any expenses will benefit the Group as a whole.

Meanwhile, the Group will hold a neutral stance for any further investment opportunity in maintaining growth to maximise shareholders return of the shareholders.

FINANCIAL REVIEW

Revenue and results

Revenue for the year ended 31 March 2014 increased by 84.8% from approximately HK\$531,611,000 for 2013 to approximately HK\$982,636,000 for 2014. The revenue was mainly contributed by the trading of electronic parts and components business.

Loss attributable to owners of the Company for the year ended 31 March 2014 increased by 108.7% from approximately HK\$71,503,000 for 2013 to approximately HK\$149,206,000 for 2014. The loss per share was 8.79 HK cents (2013: 5.63 HK cents). The increase in loss was mainly attributable to (i) one-off acquisition-related costs of approximately HK\$2,242,000 for the acquisition of 70% of the issued share capital of Best Worldwide Corporation Limited (the “Acquisition”); (ii) the impairment loss of goodwill in relation to the Acquisition of approximately HK\$99,336,000; and (iii) the effective interest of approximately HK\$2,255,000 incurred on the convertible bonds issued by the Company to satisfy part of the consideration of the Acquisition.

Impairment loss on investment in an associate

On 22 October 2013, the Group completed the Acquisition for a total consideration of HK\$110,687,500. The payment of the consideration had been satisfied partly by cash of HK\$25,000,000 and partly by the issue of convertible bonds in the principal amount of HK\$85,687,500. Best Worldwide Corporation Limited is an investment holding company and through its wholly-owned subsidiaries established in the PRC, indirectly holds 50% equity interest in an associate which was established in the PRC and is principally engaged in the property development in the PRC. The details of the Acquisition are set out in the Company’s announcements dated 30 May 2013 (the “First Announcement”), 31 May 2013 and 11 October 2013 and the Company’s circular dated 25 September 2013 (the “Circular”).

On 22 October 2013, before impairment testing, goodwill of approximately HK\$121,854,000 arisen from the Acquisition was included in the carrying amount of the investment in an associate. As disclosed in the Circular, the fair value of the convertible bonds as at the valuation date of 28 June 2013 was approximately HK\$85,687,000. The market price of shares of the Company has increased since the First Announcement and up to 22 October 2013 (being the date of completion of the Acquisition) (the “Completion Date”). The fair value of the convertible bonds of approximately HK\$185,023,000 was estimated by an independent professional valuer, which has increased as a result of the increase in the market price of shares of the Company, which in turn has resulted in a substantial amount of goodwill recorded in connection with the Acquisition. The impairment of goodwill in relation to the Acquisition is largely due to the increase in the fair value of the convertible bonds mentioned above. The goodwill arisen from the Acquisition has therefore been reduced to its estimated recoverable amount through recognition of an impairment loss against goodwill of approximately HK\$99,336,000 for the period from the Completion Date to 31 March 2014. The impairment of goodwill is non-cash and accounting adjustment which will not affect the working capital sufficiency of the Group.

Segment Information

Trading of electronic parts and components

Revenue for the year ended 31 March 2014 increased by 90.0% from approximately HK\$494,595,000 for 2013 to approximately HK\$939,668,000 for 2014. The increase was mainly due to this business was acquired in September 2012, so that it only contributed half year’s revenue to the Group in 2013. Profit for the year increased by 21.4% from approximately HK\$6,685,000 for 2013 to approximately HK\$8,113,000 for 2014.

Mobile data solution business

Revenue for the year ended 31 March 2014 grew by 12.7% from approximately HK\$36,872,000 for 2013 to approximately HK\$41,557,000 for 2014, which was attributable to the growth in its overall customer base and the diversification into the mobile application development business. This segment recorded a profit of approximately HK\$472,000 (2013: loss of approximately HK\$6,386,000) for 2014. The improvement of result was mainly due to no impairment loss in respect of investment in an associate and amount due from the associate was recorded for 2014, while the impairment loss for 2013 was approximately HK\$4,155,000.

Property development

No revenue was generated and it recorded a loss of approximately HK\$103,695,000 for 2014, an increase of 1248.1% from a year ago. The significant increase in loss was mainly due to the impairment loss in respect of investment in an associate.

Property investment

Revenue for the year ended 31 March 2014 increased by 879.9% from approximately HK\$144,000 for 2013 to approximately HK\$1,411,000 for 2014. However, the segment turned from a profit of approximately HK\$1,879,000 for 2013 to a loss of approximately HK\$1,380,000 for 2014, which was mainly due to loss on change in fair value of the investment properties approximately HK\$1,300,000 for 2014 while a gain on change in fair value of approximately HK\$2,171,000 was recorded for 2013.

Liquidity and financial resources

The Group financed its operations with the revenue generated from its operations, the net proceeds from placement and banking facilities provided by its bankers in Hong Kong. The Group had total outstanding borrowings of approximately HK\$281,931,000 as at 31 March 2014 (2013: approximately HK\$176,006,000).

48.8% (2013: 89.6%) of the borrowings are considered as current liabilities and repayable within one year, 37.1% (2013: 10.4%) are repayable in two years and the remaining (2013: Nil) are repayable in seven years. HK and US dollar denominated borrowings accounted for 58.9% (2013: 46.1%) and 41.1% (2013: 53.9%) of the total borrowings respectively.

47.4% (2013: 65.3%) of the borrowings are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 5.00%; 14.2% (2013: Nil) are seven-year 5% coupon straight bonds due 2020; 29.9% (2013: Nil) are 4% convertible bonds due 2015 and 8.0% (2013: 28.0%) are non-interest convertible bonds; 0.3% (2013: 6.3%) of borrowings are interest bearing other loans on fixed rate terms and the remaining 0.2% (2013: 0.4%) are interest bearing finance lease obligation at fixed interest rate.

At 31 March 2014, the Group had cash reserves of approximately HK\$33,373,000 (2013: approximately HK\$15,821,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC.

The gearing ratio as at 31 March 2014 was 162.8% (2013: 194.6%). The gearing ratio was derived by dividing the total borrowings including the bank and other loans, bonds, convertible bonds and finance lease payables of approximately HK\$281,931,000 (2013: approximately HK\$176,006,000) by the amount of shareholders' equity of approximately HK\$173,228,000 (2013: approximately HK\$90,426,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 127.9 % (2013: 103.4%).

The management of the Company will continue to make good efforts to improve the liquidity condition. Measures will include but not limited to tightening of costs control, expansion of current businesses, the securing of additional loan facilities and/or raising funds from the capital market.

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in HK dollar, US dollar and Renminbi, the impact of foreign exchange exposure to the Group is considered minimal in this respect and no hedging or other arrangements to reduce the currency risk have been implemented.

CAPITAL STRUCTURE

The capital of the Company comprises only ordinary shares. As at 31 March 2014, the total number of ordinary shares of the Company was 2,001,028,936 shares.

On 20 July 2013, the Company issued a circular, pursuant to which, the Company proposed (i) a capital reduction to reduce each of the paid-up capital of the Company from US\$0.01 to US\$0.001 per share by cancelling paid-up capital of US\$0.009 per share (the "Capital Reduction") and the credit arising from the Capital Reduction be applied towards the cancelling of the accumulated deficit of the Company; and (ii) a sub-division to sub-divide each of the authorised but unissued ordinary shares of the Company with a par value of US\$0.01 each into 10 unissued ordinary shares of the Company with a par value of US\$0.001 each (the "Sub-division"). On 28 February 2014, the Company announced that all the conditions precedent for the implementation of the Capital Reduction and Sub-division had been fulfilled and the Capital Reduction and Sub-division became effective on 28 February 2014 (after market close) (Hong Kong time).

Pursuant to the placing and subscription agreement dated 5 June 2013, 274,000,000 ordinary shares of the Company were issued and allotted on 18 June 2013 at a price of HK\$0.085 per share. Details of the transaction are set out in the Company's announcement dated 5 June 2013 and 18 June 2013.

Pursuant to the placing agreement dated 30 August 2013, 164,524,000 ordinary shares of the Company were issued and allotted on 18 October 2013 at a price of HK\$0.179 per share. Details of the transaction are set out in the Company's announcement dated 30 August 2013 and 18 October 2013.

4,000,000 new shares were issued and allotted during the year upon exercise of share options granted by the Company.

187,116,563 new shares were issued and allotted during the year as a result of the conversion of the convertible bonds. Share premium increased by approximately HK\$29,960,000 accordingly.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 March 2014.

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant external investment plans for the year ended 31 March 2014. There was no plan authorised by the Board for any material investments or other additions of capital assets at the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

On 22 October 2013, the Group completed the Acquisition from Gold Horn Investments Limited for a total consideration of HK\$110,687,500. Convertible bonds in the principal amount of HK\$85,687,500 with a conversion price of HK\$0.098 per conversion share was issued by the Company to Gold Horn Investments Limited as part of the consideration and the remaining of HK\$25,000,000 had been satisfied by cash. Best Worldwide Corporation Limited is an investment holding company and through its wholly-owned subsidiaries established in the PRC, indirectly holds 50% equity interest in an associate which was established in the PRC and is principally engaged in the property development in the PRC. Details of the transaction were set out in the Company's announcements dated 30 May 2013, 31 May 2013 and 11 October 2013 and the Circular.

Save as disclosed, the Group did not make any material acquisitions or disposals during the year ended 31 March 2014.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2014, the Group pledged the following assets to secure loans and bank loan facilities of the Group:

- (i) the investment properties with fair value of HK\$39,700,000 (2013: HK\$41,000,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,826,000 (2013: approximately HK\$4,936,000); and
- (iii) bank deposits of approximately HK\$19,383,000 (2013: approximately HK\$16,636,000).

And, a leased motor vehicle with carrying amount of approximately HK\$516,000 (2013: approximately HK\$825,000) was charged to secure the Group's finance lease payables.

CONTINGENT LIABILITIES

ETC Technology Limited (“ETC”), a 75% owned subsidiary of the Group, has entered into a guarantee agreement with a bank providing a guarantee with respect to a mortgage loan granted by the bank to a related party of ETC since 2011, of which approximately HK\$2,654,000 have been outstanding as at 31 March 2014 (2013: approximately HK\$2,762,000). Under the guarantee agreement, ETC would be liable to pay the bank should the bank be unable to recover the repayment of the loan in full from the related party. As at 31 March 2014, no provision for ETC’s obligation under the guarantee agreement has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

Except for the above, the Group did not have any significant contingent liabilities as at 31 March 2014 (2013: Nil).

EMPLOYEE INFORMATION

As at 31 March 2014, the Group had an aggregate of 168 (2013: 136) employees of which 109 (2013: 100) were based in Hong Kong while the rest were located in the PRC. The Group’s employees are remunerated in accordance with their work performance, experience and prevailing industry practices. Total staff costs, including Directors’ emoluments, amounted to approximately HK\$43,183,000 for the year ended 31 March 2014 (2013: approximately HK\$40,660,000). Share options and bonuses are also available to the Group’s employees at the discretion of the Directors and depending upon the financial performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2014, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules except for the deviations from code provisions A.2.1 and A.6.7 which are explained as follows:

Under the code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. At present, Mr. Wong Chun Wai is the chief executive officer of the Company. The Company appointed Mr. So Loi Fat as the chairman of the Board in January 2014. With the appointment of the chairman of the Board, the roles of chairman and chief executive are separated.

Under the code provision A.6.7, independent non-executive Directors should attend general meetings of the Company. All independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 11 October 2013 due to their other business engagements.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising all independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

The audit committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the quarterly reports, interim report and annual report and accounts of the Group; and overseeing the Company's financial reporting system and internal control procedures.

The audit committee has reviewed the audited results for the year ended 31 March 2014 and has provided advice and comments thereon.

By Order of the Board
Gold Tat Group International Limited
Choi Ho Yan
Executive Director

Hong Kong, 23 June 2014

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. So Loi Fat (Chairman), Mr. Chan Wai Kwong, Peter, Mr. Choi Ho Yan and Mr. So Haw, Herman; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.goldtatgroup.com.