



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 2015

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.

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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 Gold Tat Group International Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 March 2015, together with the comparative audited figures for the corresponding year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

| | Note | 2015 HK\$'000 | 2014 HK\$'000 (Restated) |
|---|------|-----------------------|--------------------------------|
| Continuing operations | | | |
| Turnover | 2 | 1,190,641 | 941,079 |
| Cost of sales | | <u>(1,138,726)</u> | <u>(899,361)</u> |
| Gross profit | | 51,915 | 41,718 |
| Other net income | 3 | 16,618 | 190 |
| Employment costs | | (18,546) | (18,214) |
| Research and development expenses | | (3,506) | (2,653) |
| Depreciation | | (1,980) | (885) |
| Transportation expenses | | (4,809) | (4,321) |
| Other operating expenses | | <u>(30,729)</u> | <u>(52,173)</u> |
| Profit/(loss) from operations | | 8,963 | (36,338) |
| Finance costs | 5 | (11,794) | (12,700) |
| Impairment losses on investments in associates | | – | (99,336) |
| Share of losses of associates | | <u>(1,190)</u> | <u>(108)</u> |
| Loss before tax | | (4,021) | (148,482) |
| Income tax expense | 6 | <u>(1,436)</u> | <u>(1,447)</u> |
| Loss for the year from continuing operations | 7 | (5,457) | (149,929) |
| Discontinued operations | | | |
| Profit for the year from discontinued operations | 8 | <u>3,905</u> | <u>472</u> |
| Loss for the year | | <u>(1,552)</u> | <u>(149,457)</u> |

| | <i>Note</i> | 2015 HK\$'000 | 2014 HK\$'000 (Restated) |
|--|-------------|--------------------------------|--------------------------------|
| Attributable to: | | | |
| Owners of the Company | | | |
| – Continuing operations | | (7,598) | (150,787) |
| – Discontinued operations | | 3,490 | 1,581 |
| | | <u>(4,108)</u> | <u>(149,206)</u> |
| Non-controlling interests | | | |
| – Continuing operations | | 2,141 | 858 |
| – Discontinued operations | | 415 | (1,109) |
| | | <u>2,556</u> | <u>(251)</u> |
| Loss per share (HK cents) | <i>10</i> | | |
| <i>From continuing and discontinued operations</i> | | | |
| Basic | | <u>(0.17)</u> | <u>(8.79)</u> |
| Diluted | | <u>N/A</u> | <u>N/A</u> |
| <i>From continuing operations</i> | | | |
| Basic | | <u>(0.32)</u> | <u>(8.88)</u> |
| Diluted | | <u>N/A</u> | <u>N/A</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> (Restated) |
|---|-------------------------|---------------------------------------|
| Loss for the year | <u>(1,552)</u> | <u>(149,457)</u> |
| Other comprehensive income: | | |
| <i>Items that may be reclassified to profit or loss:</i> | | |
| Exchange differences on translating foreign operations | 15 | (77) |
| Exchange differences reclassified to profit or loss on disposal of foreign operations | <u>(518)</u> | <u>–</u> |
| Other comprehensive income for the year, net of tax | <u>(503)</u> | <u>(77)</u> |
| Total comprehensive income for the year | <u><u>(2,055)</u></u> | <u><u>(149,534)</u></u> |
| Attributable to: | | |
| Owners of the Company | | |
| – Continuing operations | (7,604) | (150,895) |
| – Discontinued operations | <u>2,972</u> | <u>1,581</u> |
| | <u><u>(4,632)</u></u> | <u><u>(149,314)</u></u> |
| Non-controlling interests | | |
| – Continuing operations | 2,162 | 889 |
| – Discontinued operations | <u>415</u> | <u>(1,109)</u> |
| | <u><u>2,577</u></u> | <u><u>(220)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

| | Note | 2015 HK\$'000 | 2014 HK\$'000 |
|--|------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 13,795 | 12,455 |
| Investment properties | | 45,700 | 39,700 |
| Goodwill | | 24,911 | 24,911 |
| Intangible assets | | – | 62 |
| Available-for-sale financial assets | | – | – |
| Investments in associates | | 161,699 | 162,889 |
| | | <u>246,105</u> | <u>240,017</u> |
| Current assets | | | |
| Inventories | | 32,162 | 42,496 |
| Trade, bills and other receivables, deposits and prepayments | 11 | 128,298 | 150,622 |
| Due from an associate | | 48,028 | 45,680 |
| Properties under development | | 61,014 | 60,660 |
| Derivative financial assets | | – | – |
| Put Option of convertible bonds | | 4,690 | 3,885 |
| Mandatory Conversion Option of convertible bonds | | – | 940 |
| Pledged bank deposits | | 26,227 | 19,383 |
| Bank and cash balances | | 58,470 | 33,373 |
| | | <u>358,889</u> | <u>357,039</u> |
| Current liabilities | | | |
| Trade and other payables and receipt in advance | 12 | 102,589 | 116,923 |
| Due to a non-controlling shareholder | | 372 | 844 |
| Due to an associate | | 21,497 | 14,157 |
| Call Option of convertible bonds | | 1 | 30 |
| Bank and other loans | | 134,077 | 134,447 |
| Liability components of convertible bonds | | 45,922 | 2,472 |
| Finance lease payables | | 727 | 479 |
| Warrants | | – | 9,348 |
| Current tax liabilities | | 377 | 447 |
| | | <u>305,562</u> | <u>279,147</u> |
| Net current assets | | <u>53,327</u> | <u>77,892</u> |
| Total assets less current liabilities | | <u>299,432</u> | <u>317,909</u> |
| Non-current liabilities | | | |
| Liability components of convertible bonds | | – | 104,503 |
| Long term bonds | | 40,000 | 40,000 |
| Deferred tax liabilities | | 174 | 178 |
| | | <u>40,174</u> | <u>144,681</u> |
| NET ASSETS | | <u>259,258</u> | <u>173,228</u> |
| Capital and reserves | | | |
| Share capital | | 20,847 | 15,659 |
| Reserves | | 175,550 | 98,225 |
| | | <u>196,397</u> | <u>113,884</u> |
| Equity attributable to owners of the Company | | 196,397 | 113,884 |
| Non-controlling interests | | 62,861 | 59,344 |
| TOTAL EQUITY | | <u>259,258</u> | <u>173,228</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

| | 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 2013 | 107,019 | 78,312 | 16,375 | 2,943 | 1,201 | 8,246 | 7,400 | 16,992 | (169,477) | 69,011 | 21,415 | 90,426 |
| 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> |
| At 1 April 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> |
| Total comprehensive income for the year | - | - | - | - | (524) | - | - | - | (4,108) | (4,632) | 2,577 | (2,055) |
| Shares issued upon exercise of warrants | 936 | 19,224 | - | - | - | - | - | - | - | 20,160 | - | 20,160 |
| Shares issued upon conversion of convertible bonds | 4,034 | 118,972 | - | - | - | - | - | (60,141) | - | 62,865 | - | 62,865 |
| Transactions costs attributable to issue of new shares | - | (58) | - | - | - | - | - | - | - | (58) | - | (58) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | 940 | 940 |
| Shares issued upon exercise of share options | 218 | 6,494 | - | - | - | (2,534) | - | - | - | 4,178 | - | 4,178 |
| Forfeiture of share options | - | - | - | - | - | (2,034) | - | - | 2,034 | - | - | - |
| Lapsed of warrants | - | - | - | - | - | - | (7,400) | - | 7,400 | - | - | - |
| Changes in equity for the year | <u>5,188</u> | <u>144,632</u> | <u>-</u> | <u>-</u> | <u>(524)</u> | <u>(4,568)</u> | <u>(7,400)</u> | <u>(60,141)</u> | <u>5,326</u> | <u>82,513</u> | <u>3,517</u> | <u>86,030</u> |
| At 31 March 2015 | <u>20,847</u> | <u>270,001</u> | <u>16,375</u> | <u>2,943</u> | <u>569</u> | <u>5,220</u> | <u>-</u> | <u>59,161</u> | <u>(178,719)</u> | <u>196,397</u> | <u>62,861</u> | <u>259,258</u> |

Notes:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the GEM Listing Rules, continue to be those of the predecessor Companies Ordinance (Cap. 32).

These consolidated financial statements have been prepared under the historical cost convention, unless investment properties and certain financial instruments that are measured at fair value.

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 2014. 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 consolidated financial statements and amounts reported for the current year and prior years.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2014.

2. Turnover

An analysis of the Group’s revenue for the year from continuing operations is as follows:

| | 2015 <i>HK\$’000</i> | 2014 <i>HK\$’000</i> (Restated) |
|--|-------------------------|---------------------------------------|
| Sales of electronic parts and components | 1,182,848 | 939,668 |
| Rental income | 950 | 990 |
| Sublease rental income | 6,843 | 421 |
| | <u>1,190,641</u> | <u>941,079</u> |

3. Other net income

| | 2015 <i>HK\$’000</i> | 2014 <i>HK\$’000</i> (Restated) |
|---|-------------------------|---------------------------------------|
| Continuing operations | | |
| Interest income | 393 | 260 |
| Net foreign exchange gains | 152 | 286 |
| Fair value gain/(loss) on investment properties | 6,000 | (1,300) |
| Gain on disposal of an associate | 333 | – |
| Gain on exercise of warrants | 7,649 | – |
| Sundry income | 392 | 944 |
| Fair value gain on warrants | 1,699 | – |
| | <u>16,618</u> | <u>190</u> |

4. Segment information

The Group has three reportable segments as follows:

| | | |
|--|---|---|
| Trading of electronic parts and components | – | trading of electronic parts and components and provision of professional solution with engineering services |
| Property development | – | sale of developed properties |
| Property investment | – | rental income |

Mobile data solution business segment was discontinued in the current year. The segment information reported does not include any amounts for this discontinued operations, which is described in more details in note 8.

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 from continuing operations:

| | Trading of electronic parts and components <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 2015 | | | | |
| Revenue from external customers | 1,182,848 | – | 7,793 | 1,190,641 |
| Segment profit/(loss) | 6,454 | (6,273) | 6,486 | 6,667 |
| Depreciation | 189 | 673 | 995 | 1,857 |
| Year ended 31 March 2014 (restated) | | | | |
| Revenue from external customers | 939,668 | – | 1,411 | 941,079 |
| Segment profit/(loss) | 8,113 | (103,695) | (1,380) | (96,962) |
| Depreciation and amortisation | 280 | 542 | 41 | 863 |

Reconciliations of reportable segment revenue and profit or loss from continuing operations:

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> (Restated) |
|---|--------------------------------|---------------------------------------|
| Revenue | | |
| Total revenue from continuing operations | <u>1,190,641</u> | <u>941,079</u> |
| Profit or loss | | |
| Total profit/(loss) of reportable segments | 6,667 | (96,962) |
| Unallocated corporate results | <u>(12,124)</u> | <u>(52,967)</u> |
| Consolidated loss for the year from continuing operations | <u>(5,457)</u> | <u>(149,929)</u> |
| Reconciliation of other material items: | | |
| Other material items – depreciation and amortisation | | |
| Total depreciation of reportable segments | 1,857 | 863 |
| Depreciation and amortisation from discontinued operations | 555 | 793 |
| Unallocated amounts: | | |
| Depreciation of property, plant and equipment for corporate use | <u>123</u> | <u>22</u> |
| Consolidated depreciation and amortisation | <u>2,535</u> | <u>1,678</u> |

Geographical information

| | Non-current assets | |
|--------------------------|--------------------------------|-------------------------|
| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
| Hong Kong | 82,146 | 75,977 |
| The PRC except Hong Kong | 163,959 | 164,025 |
| Macau | <u>–</u> | <u>15</u> |
| Consolidated total | <u>246,105</u> | <u>240,017</u> |

Majority of the revenue generated by the Group for the years ended 31 March 2015 and 31 March 2014 were attributable to customers based in the PRC. In presenting the geographical information, revenue is based on the location of the customers.

Turnover from major customer

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|------------|--------------------------------|-------------------------|
| Customer A | <u>273,198</u> | <u>363,099</u> |

Turnover from one (2014: one) customer of the Group's trading of electronic parts and components represents approximately HK\$273,198,000 (2014: approximately HK\$363,099,000) of the Group's total turnover.

5. Finance costs

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> (Restated) |
|--|-------------------------|---------------------------------------|
| Continuing operations | | |
| Wholly repayable within five years | | |
| – Effective interest expenses on liability components of convertible bonds | 4,891 | 5,997 |
| – Interest on bank loans | 3,625 | 3,760 |
| – Interest on other loan | 834 | 1,053 |
| – Finance lease charges | 53 | 17 |
| Not wholly repayable within five years based on repayment schedule | | |
| – Interest on bank loans | 394 | 409 |
| – Interest on long term bonds | 1,997 | 1,464 |
| | <u>11,794</u> | <u>12,700</u> |

6. Income tax expense

Income tax relating to continuing operations has been recognised in profit or loss as following:

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current tax – Hong Kong Profits Tax | | |
| Provision for the year | 1,342 | 1,615 |
| Over-provision in prior years | (94) | (164) |
| | <u>1,248</u> | <u>1,451</u> |
| Current tax – PRC Enterprise Income Tax | | |
| Provision for the year | 192 | – |
| Deferred tax | (4) | (4) |
| Income tax expense | <u>1,436</u> | <u>1,447</u> |

Hong Kong Profits Tax is provided at 16.5% (2014: 16.5%) based on the estimated assessable profits for the year ended 31 March 2015.

PRC Enterprise Income Tax has been provided at a rate of 25% (2014: 25%).

7. Loss for the year from continuing operations

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

| | 2015 HK\$'000 | 2014 <i>HK\$'000</i> (Restated) |
|--|--------------------------------|---------------------------------------|
| Acquisition-related costs (included in other operating expenses) | – | 2,242 |
| Auditor's remuneration | | |
| – Current | 1,020 | 820 |
| – Under-provision in prior year | – | 108 |
| | 1,020 | 928 |
| Cost of inventories sold | 1,138,726 | 899,361 |
| Depreciation of property, plant and equipment | 1,980 | 885 |
| Directors' emoluments | | |
| – As directors | 360 | 360 |
| – For management | 3,005 | 3,036 |
| | 3,365 | 3,396 |
| Fair value (gain)/loss on investment properties | (6,000) | 1,300 |
| Direct operating expense of investment properties that generate rental income | 130 | 147 |
| Fair value (gain)/loss on warrants | (1,699) | 1,536 |
| Derivative financial assets written off | – | 13,350 |
| Gain on disposal of associates | (333) | – |
| Gain on deregistration of a subsidiary | – | (244) |
| Loss/(gain) on disposal of property, plant and equipment | 107 | (53) |
| Fair value (gains)/losses on Put Option, Call Option and Mandatory Conversion Option of convertible bonds | (1,106) | 5,159 |
| Fair value loss on conversion of convertible bonds | 1,212 | 1,094 |
| Operating lease charges | | |
| – Premises | 2,765 | 1,625 |
| – Premises for sub-leasing | 3,854 | 455 |
| Research and development expenses | | |
| – Other expenses | 3,506 | 2,653 |
| Inventories written off | – | 37 |
| Allowance for impairment of bad and doubtful debts | – | 140 |
| Impairment losses on investments in associates | – | 99,336 |
| Staff costs including directors' emoluments | | |
| – Salaries and allowances | 17,959 | 15,846 |
| – Share-based payments | – | 2,024 |
| – Retirement benefit scheme contributions | 587 | 478 |
| – Termination benefits | – | (134) |
| | 18,546 | 18,214 |

8. Discontinued operations

On 17 November 2014, the Company entered into a sale and purchase agreement with a director of Mobile Telecom (BVI) Limited (“Mobile Telecom”) to dispose of the Company’s entire equity interest in Mobile Telecom. Mobile Telecom and its subsidiaries (collectively referred to as “Mobile Telecom Group”) were principally engaged in the provision of mobile data solution and related services.

The disposal was completed on 19 December 2014. The Group discontinued its mobile data solution business at the time of the disposal of Mobile Telecom Group.

| | 2015 | 2014 |
|--|-----------------|-------------|
| | HK\$’000 | HK\$’000 |
| Profit for the year from discontinued operations: | | |
| Revenue | 27,215 | 41,557 |
| Other net income | 700 | 1,855 |
| Telecom operators and content providers cost | (6,376) | (10,061) |
| Employment costs | (12,269) | (15,356) |
| Research and development costs | (5,821) | (9,613) |
| Depreciation and amortisation | (555) | (793) |
| Other operating expenses | (4,241) | (7,109) |
| | <hr/> | <hr/> |
| (Loss)/profit from operations | (1,347) | 480 |
| Finance costs | – | (8) |
| | <hr/> | <hr/> |
| (Loss)/profit before tax | (1,347) | 472 |
| Income tax expense | – | – |
| | <hr/> | <hr/> |
| (Loss)/profit after tax | (1,347) | 472 |
| Gain on disposal of discontinued operations | 5,252 | – |
| | <hr/> | <hr/> |
| Profit for the year from discontinued operations | 3,905 | 472 |
| | <hr/> <hr/> | <hr/> <hr/> |

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

Profit for the year from discontinued operations include the following:

| | | |
|---|--------|---------|
| Auditor's remuneration | 220 | 280 |
| Amortisation of intangible assets | 45 | 66 |
| Operating lease charges of premises and facilities | 1,774 | 2,695 |
| Depreciation of property, plant and equipment | 510 | 727 |
| Allowance for doubtful debts | – | 782 |
| Reversal of allowance for doubtful debts | (612) | (1,180) |
| Research and development cost | 5,821 | 9,613 |
| Staff costs (including amount classified as research and development expenses): | | |
| – Salaries and allowances | 17,298 | 24,145 |
| – Retirement benefit scheme contributions | 792 | 824 |

Cash flows from discontinued operations:

| | | |
|--|--------------|--------------|
| Net cash (outflows in)/inflows from operating activities | (173) | 5,084 |
| Net cash outflows in investing activities | (382) | (209) |
| Net cash outflows in financing activities | – | (8) |
| | <u>(555)</u> | <u>4,867</u> |
| Effect of foreign exchange rate changes | (15) | (147) |
| | <u>(570)</u> | <u>4,720</u> |

Net assets at the date of disposal were as follows:

| | <i>HK\$'000</i> |
|---|---------------------|
| Property, plant and equipment | 1,090 |
| Intangible assets | 17 |
| Trade and other receivables | 7,487 |
| Bank and cash balances | 5,483 |
| Trade and other payables | (11,191) |
| Non-controlling interest | <u>940</u> |
| Net assets disposed of | 3,826 |
| Release of foreign currency translation reserve | (518) |
| Gain on disposal of subsidiaries | <u>5,252</u> |
| Total consideration | <u><u>8,560</u></u> |
| Satisfied by: | |
| Cash | <u><u>8,560</u></u> |
| Net cash inflow arising on disposal: | |
| Cash consideration received | 8,560 |
| Cash and cash equivalents disposed of | <u>(5,483)</u> |
| | <u><u>3,077</u></u> |

9. Dividend

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2015 (2014: Nil).

10. Loss per share

(a) Basic loss per share

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$4,108,000 (2014: approximately HK\$149,206,000) and the weighted average number of ordinary shares of 2,379,067,764 (2014: 1,697,378,472) in issue during the year.

(ii) From continuing operations

The calculation of basic loss per share from continuing operations is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK\$7,598,000 (2014: approximately HK\$150,787,000) and the denominator used is the same as that detailed above.

(iii) From discontinued operations

Basic earnings per share from the discontinued operations is 0.15 HK cent per share (2014: 0.09 HK cent per share). The calculation of basic earnings per share from discontinued operations is based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK\$3,490,000 (2014: approximately HK\$1,581,000) and the denominator used is the same as that detail above.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds and outstanding share options for the years ended 31 March 2015 and 2014 would be anti-dilutive, no diluted loss per share was presented in both years.

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

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade receivables | 37,921 | 34,981 |
| <i>Less:</i> Allowance for impairment of bad and doubtful debts | <u>—</u> | <u>(612)</u> |
| | 37,921 | 34,369 |
| Bills receivables | 62,995 | 70,998 |
| Other receivables, deposits and prepayments | <u>27,382</u> | <u>45,255</u> |
| | <u>128,298</u> | <u>150,622</u> |

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

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 30 days | 22,053 | 27,011 |
| 31 to 60 days | 6,680 | 3,265 |
| 61 to 90 days | 8,005 | 2,524 |
| Over 90 days | 1,183 | 2,181 |
| | <u>37,921</u> | <u>34,981</u> |

The credit terms granted by the Group to its customers are generally cash on delivery to 90 days.

12. Trade and other payables and receipt in advance

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|-----------------------|--------------------------------|-------------------------|
| Trade payables | 48,590 | 29,919 |
| Other payables | 48,258 | 78,673 |
| Receipt in advance | 4,280 | 6,867 |
| Bond interest payable | 1,461 | 1,464 |
| | <u>102,589</u> | <u>116,923</u> |

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

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 30 days | 33,074 | 15,069 |
| 31 to 60 days | 11,728 | 12,839 |
| 61 to 90 days | 3,243 | 1,157 |
| Over 90 days | 545 | 854 |
| | <u>48,590</u> | <u>29,919</u> |

13. Comparative figures

Certain comparative figures have been restated or reclassified as a result of presentation of discontinued operations in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Group had been participating in the following activities:

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

BUSINESS REVIEW

Continuing Operations

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

This business segment continued in performing well this year with a growth in revenue of 25.9%, from approximately HK\$939,668,000 for 2014 to approximately HK\$1,182,848,000 for 2015. This experienced and repute unit 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. On the other hand, the increase in its turnover was mainly due to successful expansion of its customers base during the year.

The main business of this unit is the trading of hardware electronic parts specifically relating to display and/or touch panel modules. Whereas the profit for the year for this segment has stayed similar with the previous year, the business unit has been striving in a fierce market despite its available finance budget. For the last year when smartphones had pretty much reached a high market penetration rate in markets such as the PRC and other developed markets. This is a clear signal when potential changes and possible changes in focus are needed. In view of this, our experienced management team will be closely monitoring any potential changes in the consumer markets and/or other related technological advancements so as to prep for any changes needed in lieu of such developments.

Real Estate Development and Investment

The Group has a real estate development portfolio of three and displayed the concentration effort in the area of Yangjiang City. The most notable project is Xiangjiang Peninsula, with stage two constructions underway and near its completion phase whereas the Group had also already begun the pre-sale of stage two. However, the progress of the pre-sale of stage two was slow and fell behind the management's expectation. In regard of this, the Group will keep a close eye on the progress of pre-sales activities of Xiangjiang Peninsula.

It was noted that despite a general downturn of the Chinese economy, the local appetite and sentiment for the real estate had maintained because of the general public's housing needs; however the sentiment remained conservative. The Group will continue with its cautious investment evaluation approach and along with more preparations aiming against possible adverse conditions.

Closer to home in Hong Kong, the Group has been enjoying the rental return from the leasing out of the properties; notwithstanding the appraisal of our 2 properties, amounting to HK\$6,000,000.

Discontinued Operations

Mobile data solution business

The Group discontinued its mobile application development and information technology consultant services business by entering into a sale and purchase agreement to dispose to a director of certain subsidiaries of the Company for a consideration of HK\$8,560,000. The disposal was completed on 19 December 2014.

Prospects

Despite the sale of the highly competitive mobile data solution business, the Group retained part of the game development business which may yield on possible profits given the time and resources we had invested. By way of streamlining the Group's business segments, focuses and resources will be allocated to our remaining business segments with a view to strength the Group's foundation.

Chinese real estate market in the past year is entering a period of adjustment, the growth rate of real estate investment decreased significantly. However, with a steady, positive and healthy development goal as enchanted and being implemented by the Central Government, long-term mechanism is being established to improve and enhance the state of the real estate market in China. Coupled with the control and reform policies such as the withdrawal of restricted measures imposed on loan to and purchase of properties, lowering of the Require Rate of Reserves and interest rates, the real estate market in first half of 2015 has gradually picked up. The transaction volume also increased moderately. With the next stage of reforms for the Chinese economy, a prudent monetary policy and proactive fiscal policy are to be expected so as to stimulate the real estate adjustment and make it be more market-oriented, and thus conducive to the medium and long term development and enhancement of the real estate market in China. The Group will continue to closely monitor the development of our projects in the Guangdong Province, and will actively review our development strategies so to capture new market opportunities.

Moving forward, the Group will continue to explore new investment opportunities, with a view to enhance the profitability of the Group as well the return and growth of the shareholders.

FINANCIAL REVIEW

Revenue and results

Revenue for the year ended 31 March 2015 increased by 26.5% from approximately HK\$941,079,000 for 2014 (restated) to approximately HK\$1,190,641,000 for 2015. 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 2015 decreased by 97.2% from approximately HK\$149,206,000 for 2014 to approximately HK\$4,108,000 for 2015. The loss per share was 0.17 HK cent (2014: 8.79 HK cents).

Segment Information

Trading of electronic parts and components

Revenue for the year ended 31 March 2015 increased by 25.9% from approximately HK\$939,668,000 for 2014 to approximately HK\$1,182,848,000 for 2015. The increase was mainly due to successful expansion of customers during the year. Profit for the year decreased by 20.4% from approximately HK\$8,113,000 for 2014 to approximately HK\$6,454,000 for 2015.

Property development

No revenue was generated and it recorded a loss of approximately HK\$6,273,000 for 2015 (2014: approximately HK\$103,695,000), a decrease of 94.0% from a year ago. The significant loss in last year was mainly due to the impairment loss of approximately HK\$99,336,000 in respect of investment in an associate.

Property investment

Revenue for the year ended 31 March 2015 increased by 452.3% from approximately HK\$1,411,000 for 2014 to approximately HK\$7,793,000 for 2015. Moreover, the segment turned from a loss of approximately HK\$1,380,000 for 2014 to a profit of approximately HK\$6,486,000 for 2015, which was mainly due to gain on change in fair value of the investment properties of approximately HK\$6,000,000 was recorded for 2015 while loss on change in fair value of approximately HK\$1,300,000 was recorded for 2014.

Liquidity and financial resources

The Group financed its operations with the revenue generated from its operations and banking facilities provided by its bankers in Hong Kong. The Group had total outstanding borrowings of approximately HK\$220,727,000 as at 31 March 2015 (2014: approximately HK\$281,931,000).

81.9% (2014: 48.8%) of the borrowings are considered as current liabilities and repayable within one year, none (2014: 37.0%) are repayable in two years and the remaining 18.1% (2014: 14.2%) are repayable in seven years. HK and US dollar denominated borrowings accounted for 50.3% (2014: 58.9%) and 49.7% (2014: 41.1%) of the total borrowings respectively.

57.4% (2014: 47.4%) of the borrowings are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 5.00%; 18.1% (2014: 14.2%) are seven-year 5% coupon straight bonds due 2020; 20.8% (2014: 29.9%) are 4% convertible bonds due 2015 and none (2014: 8.0%) are non-interest convertible bonds; 3.4% (2014: 0.3%) of borrowings are interest bearing other loans on fixed rate terms and the remaining 0.3% (2014: 0.2%) are interest bearing finance lease obligation at fixed interest rate.

At 31 March 2015, the Group had cash reserves of approximately HK\$58,470,000 (2014: approximately HK\$33,373,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC.

The gearing ratio as at 31 March 2015 was 85.1% (2014: 162.8%). 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\$220,727,000 (2014: approximately HK\$281,931,000) by the amount of shareholders' equity of approximately HK\$259,258,000 (2014: approximately HK\$173,228,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 117.5% (2014: 127.9%).

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 2015, the total number of ordinary shares of the Company was 2,666,092,967 shares.

27,963,346 new shares were issued and allotted during the year upon exercise of share options granted by the Company. Share premium increased by approximately HK\$6,494,000 accordingly.

517,100,685 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\$118,972,000 accordingly.

120,000,000 new shares were issued and allotted during the year as a result of the exercise of warrants. Share premium increased by approximately HK\$19,224,000 accordingly.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 March 2015.

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 2015. There was no plan authorised by the Board for any material investments or other additions of capital assets at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

On 5 May 2014, the Group entered into a sale and purchase 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.

On 17 November 2014, the Company and Mr. Wong Ming Wai (“Mr. Wong”), a director of certain subsidiaries of the Company, entered into an agreement pursuant to which the Company agreed to sell and Mr. Wong agreed to purchase the entire equity interest in Mobile Telecom (BVI) Limited (“Mobile Telecom”), a wholly owned subsidiary of the Company, at a consideration of HK\$8,560,000. The disposal was completed on 19 December 2014. The principal activity of Mobile Telecom and its subsidiaries was provision of mobile data solution and related services. The Directors considered that the disposal represented a good opportunity for the Group to reallocate the financial and operational resources from Mobile Telecom and its subsidiaries to other business segments which may generate relatively higher return. The proceeds from the disposal was used as general working capital of the Group. Details of the transaction were set out in the Company’s announcement dated 17 November 2014.

Save as disclosed above, the Group did not make any material acquisitions or disposals during the year ended 31 March 2015.

CHARGES ON THE GROUP’S ASSETS

As at 31 March 2015, 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\$45,700,000 (2014: HK\$39,700,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,716,000 (2014: approximately HK\$4,826,000); and
- (iii) bank deposits of approximately HK\$26,227,000 (2014: approximately HK\$19,383,000).

And, two leased motor vehicles with carrying amounts of approximately HK\$818,000 (2014: a leased motor vehicle with carrying amount of approximately HK\$516,000) was charged to secure the Group’s finance lease payables.

CONTINGENT LIABILITIES

As at 31 March 2015, ETC Technology Limited (“ETC”) 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 HK\$2,309,000 (2014: HK\$2,654,000) have been outstanding. 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. The fair value of the guarantee at the date of inception was not material and was not recognised in the consolidated financial statements as the Directors considered that it was not probable that the repayment of the loan would be default.

Except for the above, the Group did not have any significant contingent liabilities as at 31 March 2015 (2014: Nil).

EMPLOYEE INFORMATION

As at 31 March 2015, the Group had an aggregate of 50 (2014: 56 (restated)) employees of which 28 (2014: 34 (restated)) 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\$18,546,000 for the year ended 31 March 2015 (2014: approximately HK\$18,214,000 (restated)). 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 ended 31 March 2015.

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 2015, 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.6.7 and E.1.2 which are explained as follows:

Under the code provision A.6.7, independent non-executive Directors should attend general meetings of the Company. Mr. Heung Chee Hang, Eric was unable to attend the annual general meeting (the "AGM") of the Company held on 25 August 2014 due to his other business engagements.

Under the code provision E.1.2, the chairman of the Board should attend the AGM. Mr. So Loi Fat, the chairman of the Board, was unable to attend the AGM due to sickness. Two (out of four) executive Directors and the chairman of audit, remuneration and nomination committee of the Board and the financial controller of the Company attended the AGM. The Company considers that their presence is sufficient for (i) answering question from and (ii) effective communication with shareholders attended at the AGM.

SCOPE OF WORK OF RSM NELSON WHEELER

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Nelson Wheeler on this preliminary announcement.

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. Tam Yiu Cheung, Mr. Tam Kin Yip and Mr. Chiu Wai Piu.

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 and monitoring the external auditor's independence; 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 2015 and has provided advice and comments thereon.

By Order of the Board
Gold Tat Group International Limited
Wong Shiu Wah, Williamson
Executive Director

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. So Loi Fat (Chairman), Mr. Choi Ho Yan, Mr. So Haw, Herman, Mr. Su Minzhi and Mr. Wong Shiu Wah, Williamson; and three independent non-executive directors, namely, Mr. Chiu Wai Piu, Mr. Tam Kin Yip and Mr. Tam Yiu Cheung.

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.