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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)

DISCLOSEABLE TRANSACTION

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On 28 January 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares for a total consideration of HK\$63,000,000.

The Acquisition is subject to fulfillment of the conditions precedent as detailed in the paragraph headed “Conditions precedent” in this announcement.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

On 28 January 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares for a total consideration of HK\$63,000,000. Details of the Agreement are set out below.

THE AGREEMENT

Date: 28 January 2016 (after trading hours of the Stock Exchange)

Parties:

Purchaser: Gold Basin Capital Limited

Vendor: Hong Jun Global Limited

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares. The Sale Shares represent 7% of the entire issued share capital of the Target Company.

Consideration

The Consideration of HK\$63,000,000 for the sale and purchase of the Sale Shares shall be satisfied by the Purchaser in the following manner:

- (1) as to HK\$25,000,000 shall be payable by the Purchaser to the Vendor in cash on Completion; and
- (2) as to the remaining HK\$38,000,000 by procuring the Company to issue to the Vendor the Promissory Notes on Completion.

The Consideration was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to the valuation of 100% equity interest in the Target Company prepared by the Independent Valuer of RMB800,000,000 (equivalent to approximately HK\$948,000,000) under discounted cash flow methodology as at 31 December 2015. The Consideration represents a discount of approximately 5.06% to the market value of 7% equity interest of the Target Company.

Promissory Notes

Pursuant to the Agreement, the Company will issue to the Vendor the Promissory Notes in the aggregate principal amount of HK\$38,000,000 upon Completion. The principal terms of the Promissory Notes are summarised as follows:

Issuer	:	the Company
Noteholder	:	the Vendor
Principal amount	:	HK\$38,000,000
Interest	:	Nil
Maturity date	:	the date immediately following two years after the date of issue of the Promissory Notes

- Transferability : the Promissory Notes may, with prior notification to the Company, be freely transferable by the noteholder to any party other than a connected person (as defined under the GEM Listing Rules) of the Company
- Early redemption : provided that the noteholder has given to the Company not less than three (3) months prior notice in writing for the Company to redeem the Promissory Notes, the noteholder may at any time from the date of the issue of the Promissory Notes up to the date immediately prior to the maturity date, redeem the entire Promissory Notes or any part of it in amounts of not less than HK\$1,000,000 or such other amounts as agreed between the Company and the noteholder

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the Purchaser being satisfied with the results of the due diligence review of the Target Company;
- (2) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (3) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (4) the passing by the Shareholders at an extraordinary general meeting of the Company to be convened and held of all necessary resolutions to approve the Agreement and the transactions contemplated thereunder if necessary;
- (5) all warranties given by the Vendor under the Agreement remaining true and accurate in all respects and not misleading; and
- (6) the Purchaser having reasonably satisfied that there has not been any material adverse change on the Target Company since the date of the Agreement.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions set out in (1), (5) and (6) above. All other conditions are incapable of being waived by the parties to the Agreement. If the conditions set out above have not been satisfied (or waived, as the case may be) at or before 12:00 noon on 15 February 2016 (or such later date as the Purchaser and the Vendor may agree), the Agreement shall cease and determine, and none of the parties to the Agreement shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms thereof.

Undertaking

The Vendor undertakes that the Target Company will renew the following licences, certificates and permits on or before 31 May 2016:

- (a) business license of Jishanxian Tianfengda;
- (b) organization code certificate of Jishanxian Tianfengda;
- (c) gas operation permit of Jishanxian Tianfengda;
- (d) business license of Wanrongxian Tianfengda;
- (e) organization code certificate of Wanrongxian Tianfengda; and
- (f) gas operation permit of Wanrongxian Tianfengda.

If the Vendor fails to comply with the above undertaking by 31 May 2016, the Purchaser is entitled to transfer the Sale Shares back to the Vendor at the Consideration and the Vendor shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Purchaser may require effectively to transfer the Sale Shares back to the Vendor.

Completion

Completion shall take place at 4:00 p.m. on the date falling on the third Business Day after the fulfillment (or waiver) of the conditions set out in the paragraph headed “Conditions precedent” hereinabove or such other date as the Purchaser and the Vendor may agree.

Upon Completion, the Target Company will be accounted as an investment of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, (i) the Target Company held 100% issued share capital in Sino First; (ii) Sino First held 100% equity interest in Zhongji Puhui; (iii) Zhongji Puhui held 98.89% equity interest in Shanxi Tianfengda; and (iv) Shanxi Tianfengda held 91% equity interest in each of Jishanxian Tianfengda, Wanrongxian Tianfengda and Ruichengxian Fengda.

Sino First and Zhongji Puhui are investment holding companies. Shanxi Tianfengda is principally engaged in general machinery and equipment, electrical products, chemical products, building materials, decoration material sales and natural gas sales. Jishanxian Tianfengda is principally engaged in natural gas pipeline construction, operation, management, natural gas sales and natural gas business consulting services. Wanrongxian Tianfengda is principally engaged in natural gas sales and pipeline network construction, natural gas equipment and material sales. Ruichengxian Fengda is principally engaged in gas boilers and stove sales, pipeline construction, natural gas equipment and materials sales.

As the 100% equity interests in Zhongji Puhui were only held by Sino First since March 2015, the unaudited financial information of the Target Company for the year ended 31 December 2014, which is prepared in accordance with generally accepted accounting principles in Hong Kong, are as follows:

	For the year ended 31 December 2014 <i>(HK\$)</i>
Loss for the year	(5,850)
Net liabilities	(5,842)

The unaudited financial information of Sino First for the year ended 31 December 2014, which is prepared in accordance with generally accepted accounting principles in Hong Kong, are as follows:

	For the year ended 31 December 2014 <i>(HK\$)</i>
Loss for the year	(18,561)
Net liabilities	(27,680)

Zhongji Puhui had not recorded any profit for the period from 21 August 2014 (being its incorporation date) to 31 December 2014. In addition, the unaudited net assets of Zhongji Puhui were nil as at 31 December 2014.

The unaudited consolidated financial information of Shanxi Tianfengda for the year ended 31 December 2014, which is prepared in accordance with generally accepted accounting principles in the PRC, are as follows:

	For the year ended 31 December 2014 <i>(RMB'000)</i>
Profit before taxation	29,404
Profit after taxation	22,077
Net assets	129,511

The unaudited consolidated financial information of the Target Company for the year ended 31 December 2015, which is prepared in accordance with generally accepted accounting principles in the PRC, are as follows:

	For the year ended 31 December 2015 (RMB'000)
Profit before taxation	43,002
Profit after taxation	32,188
Net assets	184,413

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is engaged in the trading of electronic parts and components in relation to display modules and touch panel modules, and provision of professional solution with engineering services, property development and property investment.

The Company has been seeking business development/investment opportunities from time to time in order to enhance the long-term growth potential of the Company. The Directors consider that through the Acquisition, the Group can diversify its business.

In addition, as the Directors are optimistic about the prospects of the natural gas distribution industry, the Board considers that the Acquisition would allow the Group to tap into the clean energy industry in Shanxi Province, the PRC and enjoy the possible benefits and synergies arising from the property development and infrastructure projects.

Based on the above, the Board is of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser subject to and upon the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 28 January 2016 and entered into between the Purchaser and the Vendor in respect of the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Gold Tat Group International Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendor for the sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“Independent Valuer”	DTZ Dehenham Tie Leung Limited, an independent professional asset valuer appointed for the Acquisition

“Jishanxian Tianfengda”	稷山縣天豐達燃氣有限公司 (Jishanxian Tianfengda Natural Gas Company Limited*), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“Promissory Notes”	the promissory notes in the principal amount of HK\$38,000,000 to be issued by the Company to the Vendor in satisfaction of part of the Consideration upon Completion
“Purchaser”	Gold Basin Capital Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Ruichengxian Fengda”	芮城縣豐德燃氣有限公司 (Ruichengxian Fengda Natural Gas Company Limited*), a company established in the PRC with limited liability
“Sale Shares”	70 shares of the Target Company, representing 7% of the entire issued share capital of the Target Company
“Shanxi Tianfengda”	山西天豐達貿易有限公司 (Shanxi Tianfengda Trading Company Limited*), a company established in the PRC with limited liability
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of US\$0.001 each in issued share capital of the Company
“Sino First”	Sino First Development Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Coulman International Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor”	Hong Jun Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Wanrongxian Tianfengda”	萬榮縣天豐達燃氣有限公司 (Wanrongxian Tianfengda Natural Gas Company Limited*), a company established in the PRC with limited liability
“Zhongji Puhui”	中基普惠(天津)有限公司 (Zhongji Puhui (Tianjin) Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States of America dollars, the lawful currency of the United States of America

By order of the Board
Gold Tat Group International Limited
So Loi Fat
Chairman

Hong Kong, 28 January 2016

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. So Loi Fat (Chairman), 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, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, 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.

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.

* *For identification purposes only*