



## **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 2016**

#### **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.**

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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 consolidated annual results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 March 2016, together with the comparative audited figures for the corresponding year ended 31 March 2015 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>666,873</b>	1,190,641
Cost of sales		<b>(642,325)</b>	(1,138,726)
<b>Gross profit</b>		<b>24,548</b>	51,915
Other net income	4	<b>33</b>	16,618
Employment costs		<b>(25,717)</b>	(18,546)
Research and development expenses		<b>(952)</b>	(3,506)
Depreciation		<b>(1,919)</b>	(1,980)
Transportation expenses		<b>(1,112)</b>	(4,809)
Other operating expenses		<b>(42,724)</b>	(30,729)
Write-down of properties under development		<b>(15,295)</b>	–
<b>(Loss)/profit from operations</b>		<b>(63,138)</b>	8,963
Finance costs	6	<b>(6,869)</b>	(11,794)
Impairment losses on investments in associates		<b>(24,948)</b>	–
Losses on disposal of subsidiaries		<b>(2,973)</b>	–
Share of losses of associates		<b>(21,903)</b>	(1,190)
<b>Loss before tax</b>		<b>(119,831)</b>	(4,021)
Income tax expense	7	<b>(129)</b>	(1,436)
<b>Loss for the year from continuing operations</b>	8	<b>(119,960)</b>	(5,457)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		<b>–</b>	3,905
<b>Loss for the year</b>		<b>(119,960)</b>	(1,552)

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
<b>Attributable to:</b>			
Owners of the Company			
– Continuing operations		(110,611)	(7,598)
– Discontinued operations		–	3,490
		<u>(110,611)</u>	<u>(4,108)</u>
Non-controlling interests			
– Continuing operations		(9,349)	2,141
– Discontinued operations		–	415
		<u>(9,349)</u>	<u>2,556</u>
<b>Loss per share (HK cents)</b>	<i>10</i>		
<i>From continuing and discontinued operations</i>			
Basic		<u>(3.53)</u>	<u>(0.17)</u>
Diluted		<u>N/A</u>	<u>N/A</u>
<i>From continuing operations</i>			
Basic		<u>(3.53)</u>	<u>(0.32)</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 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(119,960)</u>	<u>(1,552)</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(1,881)	15
Exchange differences reclassified to profit or loss on disposal of foreign operations	<u>48</u>	<u>(518)</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(1,833)</u>	<u>(503)</u>
<b>Total comprehensive income for the year</b>	<u><u>(121,793)</u></u>	<u><u>(2,055)</u></u>
<b>Attributable to:</b>		
Owners of the Company		
– Continuing operations	(112,222)	(7,604)
– Discontinued operations	<u>–</u>	<u>2,972</u>
	<u><u>(112,222)</u></u>	<u><u>(4,632)</u></u>
Non-controlling interests		
– Continuing operations	(9,571)	2,162
– Discontinued operations	<u>–</u>	<u>415</u>
	<u><u>(9,571)</u></u>	<u><u>2,577</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		8,013	13,795
Investment properties		9,500	45,700
Goodwill		24,911	24,911
Intangible assets		1,718	–
Available-for-sale financial assets		63,229	–
Investments in associates		114,848	161,699
Deposit for investment in available-for-sale financial assets		10,800	–
Deposit for acquisition of intangible assets		11,788	–
		<u>244,807</u>	<u>246,105</u>
<b>Current assets</b>			
Inventories		10,537	32,162
Trade, bills and other receivables, deposits and prepayments	11	115,912	128,298
Due from an associate		–	48,028
Properties under development		45,680	61,014
Put Option of convertible bonds		–	4,690
Pledged bank deposits		20,564	26,227
Tax refundable		1,001	–
Bank and cash balances		38,886	58,470
		<u>232,580</u>	<u>358,889</u>
<b>Current liabilities</b>			
Trade and other payables and receipt in advance	12	97,203	102,589
Due to a non-controlling shareholder		–	372
Due to an associate		22,201	21,497
Bank and other loans		54,986	134,077
Call Option of convertible bonds		–	1
Liability components of convertible bonds		–	45,922
Finance lease payables		391	727
Promissory note		38,000	–
Current tax liabilities		–	377
		<u>212,781</u>	<u>305,562</u>
<b>Net current assets</b>		<u>19,799</u>	<u>53,327</u>
<b>Total assets less current liabilities</b>		<u>264,606</u>	<u>299,432</u>
<b>Non-current liabilities</b>			
Long term bonds		40,000	40,000
Deferred tax liabilities		170	174
		<u>40,170</u>	<u>40,174</u>
<b>NET ASSETS</b>		<u>224,436</u>	<u>259,258</u>
<b>Capital and reserves</b>			
Share capital		28,025	20,847
Reserves		143,994	175,550
Equity attributable to owners of the Company		<u>172,019</u>	<u>196,397</u>
Non-controlling interests		52,417	62,861
<b>TOTAL EQUITY</b>		<u>224,436</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 (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

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.

**2. Adoption of new and revised Hong Kong Financial Reporting Standards and Requirements**

**(a) Application of new and revised HKFRSs**

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. All the new and revised HKFRSs did not have material effect on the consolidated financial statements.

**(b) New and revised HKFRSs in issue but not yet effective**

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2015. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group’s consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

*List of new and revised HKFRSs in issue but not yet effective that are relevant to the Group’s operation*

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Lease <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

<sup>3</sup> *Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*

(c) *Amendments to the GEM Listing Rules*

The Stock Exchange in April 2015 released revised Appendix 18 of the GEM Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

**3. Revenue**

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

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Sales of electronic parts and components	<b>662,345</b>	1,182,848
Rental income	<b>625</b>	950
Sublease rental income	<b>3,903</b>	6,843
	<u><b>666,873</b></u>	<u>1,190,641</u>

**4. Other net income**

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest income	<b>407</b>	393
Net foreign exchange gains	–	152
Fair value (loss)/gain on investment properties	<b>(2,200)</b>	6,000
Gain on disposal of an associate	–	333
Sundry income	<b>1,826</b>	392
Fair value gain on warrants	–	9,348
	<u><b>33</b></u>	<u>16,618</u>

## 5. Segment information

The Group has three (2015: 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

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 does not include unallocated corporate results.

Information about reportable segment profit or loss from continuing operations:

	<b>Trading of electronic parts and components</b> <i>HK\$'000</i>	<b>Property development</b> <i>HK\$'000</i>	<b>Property investment</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 March 2016</b>				
Revenue from external customers	<b>662,345</b>	–	<b>4,528</b>	<b>666,873</b>
Segment loss	<b>(8,818)</b>	<b>(84,624)</b>	<b>(2,273)</b>	<b>(95,715)</b>
Depreciation	<b>181</b>	<b>601</b>	<b>660</b>	<b>1,442</b>
Impairment losses on investments in associates	–	<b>24,948</b>	–	<b>24,948</b>
Write-down of properties under development	–	<b>15,295</b>	–	<b>15,295</b>
<b>Year ended 31 March 2015</b>				
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



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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue from continuing operations	<u><b>666,873</b></u>	<u>1,190,641</u>
<b>Profit or loss</b>		
Total (loss)/profit of reportable segments	<u><b>(95,715)</b></u>	6,667
Unallocated corporate results	<u><b>(24,245)</b></u>	<u>(12,124)</u>
Consolidated loss for the year from continuing operations	<u><b>(119,960)</b></u>	<u>(5,457)</u>
<b>Reconciliation of other material items:</b>		
<b>Other material items – depreciation and amortisation</b>		
Total depreciation of reportable segments	<b>1,442</b>	1,857
Depreciation and amortisation from discontinued operations	–	555
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate use	<u><b>477</b></u>	<u>123</u>
Consolidated depreciation and amortisation	<u><b>1,919</b></u>	<u>2,535</u>
<b>Geographical information</b>		
	<b>Non-current assets</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>43,812</b>	82,146
The PRC except Hong Kong	<u><b>126,966</b></u>	<u>163,959</u>
Consolidated total	<u><b>170,778</b></u>	<u>246,105</u>

Geographical information excluded available-for-sale financial assets and deposit for investment in available-for-sale financial assets.

Majority of the revenue generated by the Group for the years ended 31 March 2016 and 2015 were attributable to customers whose operations located in the PRC. In presenting the geographical information, revenue is based on the location of the customers.

## Revenue from major customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	N/A	273,198
Customer B	160,756	N/A
Customer C	<u>133,406</u>	<u>N/A</u>

Revenue from two (2015: one) customers generated from the Group's trading of electronic parts and components segment.

## 6. Finance costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Continuing operations</b>		
Wholly repayable within five years		
– Effective interest expenses on liability components of convertible bonds	1,578	4,891
– Interest on bank loans	2,181	3,625
– Interest on other loan	746	834
– Finance lease charges	28	53
Not wholly repayable within five years based on repayment schedule		
– Interest on bank and other loans	336	394
– Interest on long term bonds	<u>2,000</u>	<u>1,997</u>
	<u>6,869</u>	<u>11,794</u>

## 7. Income tax expense

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– Provision for the year	–	1,342
– Over-provision in prior years	<u>(27)</u>	<u>(94)</u>
	(27)	1,248
Current tax – PRC Enterprise Income Tax provision for the year	160	192
Deferred tax	<u>(4)</u>	<u>(4)</u>
Income tax expense	<u>129</u>	<u>1,436</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. The amount provided for the year ended 31 March 2015 was calculated at 16.5% based on the assessable profit for that year.

PRC Enterprise Income Tax has been provided at a rate of 25% (2015: 25%).

## 8. Loss for the year from continuing operations

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditor's remuneration	900	1,020
Cost of inventories sold	642,325	1,138,726
Depreciation of property, plant and equipment	1,919	1,980
Direct operating expenses of investment properties that generate rental income	117	130
Fair value loss/(gain) on investment properties	2,200	(6,000)
Fair value gain on warrants	–	(9,348)
Impairment loss on inventories	1,872	–
Inventories written off	527	–
Gain on disposal of associates	–	(333)
(Gain)/loss on disposal of property, plant and equipment	(1)	107
Fair value losses/(gains) on Put Option, Call Option and Mandatory Conversion Option of convertible bonds	2,574	(1,106)
Fair value loss on conversion of convertible bonds	2,115	1,212
Operating lease charges		
– Premises	3,011	2,765
– Premises for sub-leasing	2,073	3,854
Research and development expenses		
– Other expenses	952	3,506
	<u>952</u>	<u>3,506</u>

## 9. Dividend

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2016 (2015: 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\$110,611,000 (2015: approximately HK\$4,108,000) and the weighted average number of ordinary shares of 3,133,038,420 (2015: 2,379,067,764) 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\$110,611,000 (2015: approximately HK\$7,598,000) and the denominator used is the same as that detailed above.

#### (iii) From discontinued operations

Basic earnings per share from discontinued operations is 0.15 HK cent per share in 2015. 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 in 2015 and the denominator used is the same as that detail above.

### (b) Diluted loss per share

As the exercise of the Group's outstanding share options for the year ended 31 March 2016 (2015: outstanding convertible bonds and share options) would be anti-dilutive, no diluted loss per share was presented in both years.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	55,027	37,921
<i>Less:</i> Allowance for impairment of bad and doubtful debts	–	–
	55,027	37,921
Bills receivables	1,323	62,995
Other receivables	55,544	3,170
Deposits and prepayments	4,018	24,212
	<u>115,912</u>	<u>128,298</u>

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	<b>38,294</b>	22,053
31 to 60 days	<b>5,083</b>	6,680
61 to 90 days	<b>6,503</b>	8,005
Over 90 days	<b>5,147</b>	1,183
	<u><b>55,027</b></u>	<u>37,921</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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	<b>59,967</b>	48,590
Other payables	<b>34,279</b>	48,258
Receipt in advance	<b>1,496</b>	4,280
Bond interest payable	<b>1,461</b>	1,461
	<u><b>97,203</b></u>	<u>102,589</u>

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	<b>41,587</b>	33,074
31 to 60 days	<b>13,940</b>	11,728
61 to 90 days	<b>3,110</b>	3,243
Over 90 days	<b>1,330</b>	545
	<u><b>59,967</b></u>	<u>48,590</u>

# 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

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

The business segment this year has experienced facing enormous challenges; sales fell 44% in 2016 to approximately HK\$662,345,000 from approximately HK\$1,182,848,000 in 2015. Due to the surge in domestic LCD panel production capacity in 2015, this had led to the import of such products to reduce rapidly, this business was affected significantly. Under the experienced management team leadership of ETC Technology Limited (“ETC”), this business unit timely adjusted its products composition, and actively tapped into the IC Drivers market and the related customers. The success in expanding our foothold in the IC Drivers market, together with the growth in the related sector, had enabled us to partially offset the over sales downturn suffered.

Since the start of 2015, trading of electronic hardware components has started to enter into a very difficult period, which was mainly caused by the overcapacity of suppliers and saturation of certain electronic devices on the market. This, thus, caused the selling prices of such components coming down sharply and rapidly, noticeably in the months of April to June; and even fell below the manufacturers’ costs of productions. Inadvertently, such manufacturers were forced to make production adjustments accordingly so that the price decline started to become more stable in the month of August. Based on the current market situation, supply of electronic hardware components, especially display units, has started to become tense. However, this was not due to the increase in the demand on the market, but mainly on the prices being fallen sharply in previous months caused by a reduction of supplies by numerous manufacturers.

Given the volatility of the prices in the electronic hardware components, the management team of ETC had been monitoring the overall changes in the relevant markets and together comes with the unfavourable market conditions. More attention and resources were diverted in the trading of our IC Drivers section, whereas no such volatility of the prices were experienced and, most importantly, to minimise the impact that would have caused us were we to have kept our trading of display units in the old pace. Moreover, such move would enable to minimise ETC’s exposure and reliance on such fierce and volatile market of the display units and to strengthen our position in the IC Drivers.

Management of ETC expects that, in the next three months, revenue from the trading of the display units will continue to increase steadily. This is mainly attributable to that the previous price decline was too deep and too rapid, and now that the prices have become relatively stable plus the noticeable increase in customers' willingness to place orders. Nonetheless, with the advances in technology, thin-film display units have started to become more mature and be more commercialised in recent months. Whereas almost all manufacturers of display units are still adjusting and upgrading their production scope and productions, and with other new manufacturers entering into the market, competitions will surely be fierce. The management of ETC will continue to closely monitor the changes in such market, notwithstanding the changes and enhancement of our electronic hardware components being traded; so that a better product-mix, better margins and a more stable selling prices for trading of our products can be achieved.

### **Real Estate Development and Investment**

The Group has a real estate development portfolio of three projects concentrated in the area of Yangjiang City. The most notable project is Xiangjiang Peninsula, with stage three and four constructions getting underway. However, the progress 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 and whether if any extra promotional and/or marketing activities were needed.

It was noted that despite a general downturn of the Chinese economy, the local appetite and sentiment for the real estate 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.

In Hong Kong, during the year, we had disposed one of our two investment properties. The rental contract for the remaining investment property has expired and we are currently looking for a new tenant to fill the void.

### **Prospects**

China real estate market, especially in the third and fourth-tier cities is still in an adjustment period whereas the growth rate of real estate investment had also decreased significantly accordingly. The "Out Stock" policy by the Central PRC Government and other regulatory policies, will be conducive to long-term stable development of the real estate market in China. The Group will continue to closely monitor the development of our property development projects in Guangdong Province, and will actively adjust development strategies to capture new market opportunities.

Looking ahead, the Group will continue to build on from our existing businesses, and will actively looking for new investment opportunities to steadily enhance the Group's profitability and the return of the shareholders.

## **FINANCIAL REVIEW**

### **Revenue and results**

Revenue for the year ended 31 March 2016 dropped significantly from approximately HK\$1,190,641,000 for the year ended 31 March 2015 to approximately HK\$666,873,000 for the year ended 31 March 2016. The revenue was mainly contributed by the trading of electronic parts and components business.

Loss attributable to owners of the Company increased from approximately HK\$4,108,000 for the year ended 31 March 2015 to approximately HK\$110,611,000 for the year ended 31 March 2016. The loss per share was 3.53 HK cents (2015: 0.17 HK cent).

### **Segment Information**

#### ***Trading of electronic parts and components***

Due to a downturn in the mobile phones and tablet markets which in turn resulted in decrease in demand for LCD panel and modules and also the declining market selling prices of the products, turnover for the year amounted to approximately HK\$662,345,000, representing a 44.0% drop in turnover from last year of approximately HK\$1,182,848,000; gross profit margin for the year is 3.02%, which is lower than the margin of 3.73% for the preceding year. The relatively low turnover during the year whilst operating costs remaining at high level has negatively impacted the operating results for the year. This segment incurred a loss of approximately HK\$8,818,000 for the year whilst it had a profit of approximately HK\$6,454,000 for the preceding year.

Although this trading business recorded operating losses for the year and its future profitability is estimated to be decreased, the cash-generating units of this trading business demonstrates sufficient cashflow projection that justifies the carrying value of the goodwill and accordingly, no impairment of goodwill is considered necessary.

#### ***Property development***

The Group has 2 vacant lands of total site area of approximately 16,128 square meters in Yangjiang City, Guangdong Province, the PRC for commercial and residential development. No revenue attributable to the property development segment was recorded (2015: Nil) as the development has not yet commenced. Write-down of properties under development of approximately HK\$15,295,000 (2015: Nil) has been recognised in the current year in view of the adverse changes in the local market conditions and the further delay in the commencement of the development.



Apart from the direct development by its subsidiaries, the Group is also engaged in property development through its two associates (the “Associates”). During the year ended 31 March 2016, the Group shared a loss of approximately HK\$21,903,000 (2015: approximately HK\$1,190,000) from the Associates as the Associates have been suffered greater losses caused by the downturn in the real estate market and because of a provision for impairment loss was also affixed. In addition to the share of loss, the Group also made a provision for impairment loss on investments in the Associates of approximately HK\$24,948,000 (2015: Nil) due to the current market downturn in the property industry in the PRC.

### ***Property investment***

Revenue for the year ended 31 March 2016 decreased by 41.9% from approximately HK\$7,793,000 for 2015 to approximately HK\$4,528,000 for 2016. The decrease is mainly due to the disposal of a subsidiary engaging in property leasing services and a subsidiary engaging in property investment and its principal asset is the property located at Flat A, 52th Floor, Tower 2, Manhattan Hill, No.1 Po Lun Street, Kowloon, Hong Kong. The disposals incurred losses totaling approximately HK\$2,973,000 for the year. This segment recorded a loss of approximately HK\$2,273,000 for the year whilst it recorded a profit of approximately HK\$6,486,000 for the preceding year. The increase in loss is mainly due to losses on disposal of subsidiaries and also the decrease in fair value of investment properties of approximately HK\$2,200,000 for 2016 whilst increase in fair value of approximately HK\$6,000,000 for 2015.

### **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. At 31 March 2016, the Group had total indebtedness of approximately HK\$133,377,000 which comprised of bank and other loans, long term bonds, promissory note and finance lease payables (2015: approximately HK\$220,727,000 which comprised of bank and other loans, long term bonds, convertible bonds and finance lease payables).

70.0% (2015: 81.9%) of the indebtedness are considered as current liabilities and repayable within one year, 30.0% (2015: 18.1%) are repayable in 2020. HK and US dollar denominated indebtedness accounted for 64.8% (2015: 50.3%) and 35.2% (2015: 49.7%) of the total indebtedness respectively.

38.2% (2015: 57.4%) of the indebtedness are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 4.00% (2015: 2.25% to 5.00%); 30.0% (2015: 18.1%) are seven-year 5% coupon straight bonds due 2020; 28.5% (2015: Nil) are non-interest bearing promissory note which was denominated in HK dollars, due on the date immediately following two years after the date of issue of the note; none (2015: 20.8%) are 4% convertible bonds due 2015 and 3.0% (2015: 3.4%) of indebtedness are interest bearing other loans at fixed interest rate of 1% per month and the remaining 0.3% (2015: 0.3%) are interest bearing finance lease obligation at fixed interest rate.

At 31 March 2016, the Group had cash reserves of approximately HK\$38,886,000 (2015: approximately HK\$58,470,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC. 99.2% (2015: 93.8%) of the Group’s cash and cash equivalents (comprising cash on hand and bank balances) were denominated in HK dollar or US dollar, whereas 0.8% (2015: 6.2%) were denominated in Renminbi.

The gearing ratio as at 31 March 2016 was 59.4% (2015: 85.1%). The gearing ratio was derived by dividing the total indebtedness of approximately HK\$133,377,000 (2015: approximately HK\$220,727,000) by the amount of shareholders' equity of approximately HK\$224,436,000 (2015: approximately HK\$259,258,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 109.3% (2015: 117.5%).

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 cost control, expansion of current businesses, the securing of additional loan facilities and/or raising funds from the capital market.

To strengthen its cash resources and working capital position, on 20 August 2015, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agrees, as agent of the Company, to procure on a fully underwritten basis not less than six placees, all of which were independent third parties, to subscribe for 447,000,000 new ordinary shares at the placing price of HK\$0.095 per placing share. The net price for each placing share was approximately HK\$0.092. The closing price of the Company's share on 20 August 2015, being the last trading date immediately before the entering into the placing agreement was HK\$0.114. The placement was completed on 4 September 2015. The net proceeds from the placing were intended to be used for general working capital of the Group and the net proceeds were used as intended.

## **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.

## **SHARE STRUCTURE**

The capital of the Company comprises only ordinary shares. As at 31 March 2016, the total number of ordinary shares of the Company was 3,586,291,946 shares.

7,000,000 new shares were issued and allotted during the year upon exercise of share options granted by the Company. Share premium increased by approximately HK\$1,639,000 accordingly.

466,198,979 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\$101,208,000 accordingly.

Pursuant to the placing agreement dated 20 August 2015, 447,000,000 ordinary shares of the Company were issued and allotted on 4 September 2015 at a price of HK\$0.095 per share. Share premium increased by approximately HK\$38,978,000 accordingly. Details of the transaction are set out in the Company's announcement dated 20 August 2015 and 4 September 2015.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 March 2016.

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

During the year ended 31 March 2016, the Group completed the acquisition of 70 shares of Coulman International Limited (“Coulman”), representing 7% of the entire issued share capital of Coulman, from an independent third party for a total consideration of HK\$63,000,000. A promissory note in the principal amount of HK\$38,000,000 was issued by the Company to the vendor as part of the consideration and the remaining of HK\$25,000,000 had been satisfied by cash. Coulman is an investment holding company and its non-wholly-owned subsidiaries operate in natural gas business, including construction of pipelines, selling and distribution of natural gas, operation of fueling stations as well as installation of natural gas equipment in the PRC. Details of the transaction were set out in the Company’s announcements dated 28 January 2016.

Save as disclosed, the Group did not have any other significant external investment plans for the year ended 31 March 2016. 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**

During the year ended 31 March 2016, the Group completed the disposal of the entire interest of Star Global Industries Limited (“Star Global”) and a shareholder loan to an independent third party for a cash consideration of HK\$22,400,000. Star Global is principally engaged in property investment and its principal asset is the property located at Flat A, 52th Floor, Tower 2, Manhattan Hill, No.1 Po Lun Street, Kowloon, Hong Kong. The proceeds from the disposal were used as general working capital of the Group. Details of the transaction were set out in the Company’s announcements dated 23 October 2015.

Save as disclosed, the Group did not make any other material acquisitions or disposals during the year ended 31 March 2016.

## **CHARGES ON THE GROUP’S ASSETS**

As at 31 March 2016, 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\$9,500,000 (2015: HK\$45,700,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,606,000 (2015: approximately HK\$4,716,000); and
- (iii) bank deposits of approximately HK\$20,564,000 (2015: approximately HK\$26,227,000).

And, a leased motor vehicle with carrying amount of approximately HK\$437,000 (2015: two leased motor vehicles with carrying amounts of approximately HK\$818,000) was charged to secure the Group’s finance lease payables.

## **CONTINGENT LIABILITIES**

During the year ended 31 March 2016, a wholly-owned subsidiary of the Company was under tax investigation by the Shenzhen Provisional Office of State Administration of Taxation regarding the receipt of factitious Value-Added Tax (“VAT”) invoice from certain suppliers for the period from November 2013 to January 2015 as those suppliers were under tax investigation by respective provisional office of State Administration of Taxation. Up to the reporting period end date, the case was still undergoing and the Group considered the probability to win the case was remote, a provision of approximately HK\$6,012,000 was made regarding the overdue payment and the non-deductible input VAT from these suppliers.

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 was outstanding as at 31 March 2015. 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 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 2016 (2015: Nil).

## **EMPLOYEE INFORMATION**

As at 31 March 2016, the Group had an aggregate of 50 (2015: 50) employees of which 30 (2015: 34) 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\$25,717,000 for the year ended 31 March 2016 (2015: approximately HK\$18,546,000). 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 ended 31 March 2016.

## **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 2016, 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, with the exceptions of code provisions A.2.1 and E.1.2.

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual.

The chairman is responsible for management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Group. The role of chief executive officer is responsible to undertake the day-to-day management of the Group's business.

Mr. So Loi Fat held the offices of chairman of the Board since January 2014. Following the resignation from the post of chief executive officer of the Group of Mr. Wong Chun Wai on 3 April 2015 due to his personal intention to spend more time with his family, the role of chief executive officer has been left vacant and the day-to-day management of the Group was led by Mr. So Loi Fat. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency.

Under code provision E.1.2, the chairman of the Board should attend the annual general meeting of the Company. Mr. So Loi Fat, the chairman of the Board did not attend the annual general meeting of the Company held on 28 August 2015 due to his other prior business engagement. Four (out of five) executive Directors and the chairman and all members of each of the audit, remuneration and nomination committees of the Board attended the annual general meeting. The Company considers that their presence is sufficient for addressing the queries from, and maintaining effective communication with, the shareholders attending the annual general meeting.

## **SCOPE OF WORK**

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 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong 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. Chiu Wai Piu, Mr. Miu Hon Kit and Mr. Li Shiu Ki, Ernest.

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 and discussed with the management and the external auditor the annual results for the year ended 31 March 2016 and has provided advice and comments thereon.

By Order of the Board  
**Gold Tat Group International Limited**  
**Chen Dongquan**  
*Executive Director*

Hong Kong, 27 June 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. Chen Dongquan; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Miu Hon Kit and Mr. Li Shiu Ki, Ernest.*

*This announcement, for which the Directors 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](http://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](http://www.goldtatgroup.com).*