



**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)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 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 the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the three months and nine months ended 31 December 2016

	Note	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue		136,832	204,176	457,840	524,363
Cost of sales		(130,828)	(196,477)	(438,853)	(505,653)
<b>Gross profit</b>		<b>6,004</b>	7,699	<b>18,987</b>	18,710
Other net income		637	234	655	220
Employment costs		(7,180)	(6,141)	(22,039)	(16,728)
Research and development expenses		(523)	(562)	(788)	(981)
Depreciation		(274)	(485)	(836)	(1,594)
Transportation expenses		(302)	(322)	(905)	(836)
Other operating expenses		(4,687)	(10,606)	(15,232)	(25,446)
<b>Loss from operations</b>		<b>(6,325)</b>	(10,183)	<b>(20,158)</b>	(26,655)
Finance costs	2	(1,170)	(1,301)	(3,262)	(5,787)
Loss on disposal of a subsidiary		–	(672)	–	(672)
Share of profit of associates		(91)	674	515	4,895
<b>Loss before tax</b>		<b>(7,586)</b>	(11,482)	<b>(22,905)</b>	(28,219)
Income tax credit/(expense)	3	1	(59)	3	(157)
<b>Loss for the period</b>		<b>(7,585)</b>	(11,541)	<b>(22,902)</b>	(28,376)
<b>Attributable to:</b>					
Owners of the Company		(7,474)	(12,077)	(22,985)	(29,229)
Non-controlling interests		(111)	536	83	853
		<b>(7,585)</b>	(11,541)	<b>(22,902)</b>	(28,376)
<b>Loss per share (HK cents)</b>	4				
Basic		<b>(0.20)</b>	(0.35)	<b>(0.63)</b>	(0.98)
Diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the period</b>	<u>(7,585)</u>	<u>(11,541)</u>	<u>(22,902)</u>	<u>(28,376)</u>
<b>Other comprehensive income:</b>				
<i>Items that have been or may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(948)	(674)	(1,837)	(2,189)
Exchange differences reclassified to profit or loss on disposal of foreign operations	<u>-</u>	<u>48</u>	<u>-</u>	<u>48</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(948)</u>	<u>(626)</u>	<u>(1,837)</u>	<u>(2,141)</u>
<b>Total comprehensive income for the period</b>	<u><b>(8,533)</b></u>	<u><b>(12,167)</b></u>	<u><b>(24,739)</b></u>	<u><b>(30,517)</b></u>
<b>Attributable to:</b>				
Owners of the Company	(8,311)	(12,626)	(24,608)	(31,127)
Non-controlling interests	<u>(222)</u>	<u>459</u>	<u>(131)</u>	<u>610</u>
	<u><b>(8,533)</b></u>	<u><b>(12,167)</b></u>	<u><b>(24,739)</b></u>	<u><b>(30,517)</b></u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Attributable to owners of the Company										
	Share capital	Share premium account	Contributed surplus	Capital redemption reserve	Foreign currency translation reserve	Share-based payment reserve	Convertible bonds reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2015	20,847	270,001	16,375	2,943	569	5,220	59,161	(178,719)	196,397	62,861	259,258
Total comprehensive income for the period	-	-	-	-	(1,898)	-	-	(29,229)	(31,127)	610	(30,517)
Shares issued upon placement	3,487	38,978	-	-	-	-	-	-	42,465	-	42,465
Shares issued upon exercise of share options	55	1,639	-	-	-	(644)	-	-	1,050	-	1,050
Shares issued upon conversion of convertible bonds	3,636	101,207	-	-	-	-	(59,161)	-	45,682	-	45,682
Transaction costs attributable to issue of new shares	-	(1,354)	-	-	-	-	-	-	(1,354)	-	(1,354)
Lapse of share options	-	-	-	-	-	(812)	-	812	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(873)	(873)
At 31 December 2015	<u>28,025</u>	<u>410,471</u>	<u>16,375</u>	<u>2,943</u>	<u>(1,329)</u>	<u>3,764</u>	<u>-</u>	<u>(207,136)</u>	<u>253,113</u>	<u>62,598</u>	<u>315,711</u>
At 1 April 2016	28,025	410,472	16,375	2,943	(1,042)	3,764	-	(288,518)	172,019	52,417	224,436
Total comprehensive income for the period	-	-	-	-	(1,623)	-	-	(22,985)	(24,608)	(131)	(24,739)
Shares issued upon placement	4,170	32,718	-	-	-	-	-	-	36,888	-	36,888
Transaction costs attributable to issue of new shares	-	(1,141)	-	-	-	-	-	-	(1,141)	-	(1,141)
At 31 December 2016	<u>32,195</u>	<u>442,049</u>	<u>16,375</u>	<u>2,943</u>	<u>(2,665)</u>	<u>3,764</u>	<u>-</u>	<u>(311,503)</u>	<u>183,158</u>	<u>52,286</u>	<u>235,444</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

These unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively term include all applicable individually HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated financial statements do not included all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2016.

## 2. Finance costs

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Wholly repayable within five years				
– Effective interest expenses on liability components of convertible bonds	–	158	–	1,579
– Interest on bank loans	<b>525</b>	424	<b>1,343</b>	1,734
– Interest on other loan	<b>120</b>	117	<b>343</b>	661
– Finance lease charges	<b>5</b>	7	<b>15</b>	23
Not wholly repayable within five years based on repayment schedules				
– Interest on bank loans	<b>20</b>	95	<b>61</b>	290
– Interest on long term bonds	<b>500</b>	500	<b>1,500</b>	1,500
	<b>1,170</b>	1,301	<b>3,262</b>	5,787

## 3. Income tax (credit)/expense

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	–	–	–
Current tax – PRC Enterprise Income Tax				
– Provision for the period	–	60	–	160
	–	60	–	160
Deferred tax				
– Hong Kong Profits Tax	<b>(1)</b>	<b>(1)</b>	<b>(3)</b>	<b>(3)</b>
Income tax (credit)/expense	<b>(1)</b>	59	<b>(3)</b>	157

No Hong Kong Profits Tax has been provided for as the Group has sufficient tax losses brought forward to set off against current periods' estimated assessable profits. No Hong Kong Profits Tax has been provided for the three months and nine months ended 31 December 2015 as the Group has no estimated assessable profits.

No provision for PRC Enterprise Income Tax is required since the Group has no assessable profits in the PRC for the three months and nine months ended 31 December 2016. The amount provided for the three months and nine months ended 31 December 2015 was calculated at 25%.

#### 4. Loss per share

##### (a) Basic loss per share

The calculation of basic loss per share is as follows:

	Unaudited			
	Three months ended 31 December 2016		Nine months ended 31 December 2016	
	2016	2015	2016	2015
Loss for the period attributable to owners of the Company (HK\$'000)	<u>(7,474)</u>	<u>(12,077)</u>	<u>(22,985)</u>	<u>(29,229)</u>
Weighted average number of ordinary shares in issue during the period (in '000)	<u>3,679,267</u>	<u>3,474,810</u>	<u>3,633,034</u>	<u>2,983,053</u>
Basic loss per share (HK cents)	<u><u>(0.20)</u></u>	<u><u>(0.35)</u></u>	<u><u>(0.63)</u></u>	<u><u>(0.98)</u></u>

##### (b) Diluted loss per share

As the exercise of the Group's outstanding share options for the three months ended and nine months ended 31 December 2016 and 2015 would be anti-dilutive, no diluted loss per share was presented for the three months and nine months ended 31 December 2016 and 2015.

#### 5. Dividend

The Directors have not declared nor proposed any dividends in respect of the nine months ended 31 December 2016 (nine months ended 31 December 2015: Nil).

#### 6. Event after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2016 and up to the date of this announcement.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

The Group had been participating in the following activities:

- Trading of Electronic Hardware Components (Display Modules including LCD panel and IC Drivers) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment

## BUSINESS REVIEW

### **Trading of Electronic Hardware Components (Display Modules including LCD panel and IC Drivers) with Compatibility Solutions Advisory Services**

This business segment still faces significant challenges, sales for the current period were approximately HK\$457,840,000, down 11.97% from approximately HK\$520,113,000 for the same period last year. Nevertheless, this segment was in the red (loss of approximately HK\$2,843,000) for the same period last year whereas a profit of approximately HK\$913,000 has been made for the nine months ended 31 December 2016.

The decrease in turnover in the current period was mainly due to tight supply from LCD panel manufacturers, despite LCD panel selling prices in Taiwan and Mainland China had begun to rise steadily from the beginning of 2016. Thus, our customers, in general, have been taking a more conservative and stable sales strategy for their own businesses. Noticeably, since the PRC National Day holiday period, our customers have slowed down their rates of purchases as they had not only stocked sufficiently for their productions but also due to the sales of their products have slowed down to certain markets, most notably the Indian one. Under the leadership of the experienced management team of ETC Technology Limited (“ETC”), this business segment will continue to actively monitor and explore existing and potential markets and customers.

In view of the fluctuations in the prices of electronic hardware components, the management of ETC has closely monitored the overall changes in the market. ETC vows to put more attention and resources to the sale of the IC Drivers, but also would monitor the market regarding to display unit. This will also reduce ETC’s risks in the volatile display unit market, and strengthen our position in the drive chip market.

ETC’s management will continue to closely monitor market changes with an aim to achieve a better product mix, higher profits and more stable sales prices.

## **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, we currently have one investment property which is now vacant and we are looking for 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 has 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 our existing businesses, and will actively looking for new investment opportunities to steadily enhance the Group's profitability and the return to the shareholders.

## **FINANCIAL REVIEW**

### **Revenue and Results**

For the nine months ended 31 December 2016, the Group recorded an unaudited turnover of approximately HK\$457,840,000 (2015: approximately HK\$524,363,000), representing a decrease of 12.69% as compared to the corresponding period of last year. All the revenue was contributed by the trading of electronic parts and components business.

The Group recorded a loss for the nine months ended 31 December 2016 of approximately HK\$22,902,000 (2015: approximately HK\$28,376,000), representing a decrease of 19.29% as compared with the corresponding period of last year.

Loss attributable to owners of the Company for the nine months ended 31 December 2016 was approximately HK\$22,985,000, representing a decrease of 21.36% as compared with approximately HK\$29,229,000 for the corresponding period in 2015.

The improvement in performance of the Group was due to a turnaround of results of trading segment which recorded a profit for the nine months ended 31 December 2016 as compared to the loss for the same corresponding period of 2015.



## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 December 2016, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

### **Aggregate long positions in the shares and underlying shares of the Company**

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Number of shares issuable under share options granted (Note 1)</b>	<b>Approximate percentage of the issued share capital</b>
Mr. Su Minzhi	Beneficial owner	Personal interest	46,496,000	–	1.13%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	0.04%

*Note:*

1. Details are set out in the Share Options section below. All of the share options are physically settled equity derivatives.

Save as disclosed above, as at 31 December 2016, none of the Directors and chief executive of the Company has or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2016, the Company had been notified of the following substantial shareholders' interest and short positions, being 5% or more of the issued share capital of the Company.

### Aggregate long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of the issued share capital
Mr. Fang Gang	Beneficial owner	Personal interest (Note 1)	433,808,000	900,006,979	21.84%
	Interest in controlled corporation	Corporate interest (Note 1)	466,198,979		
Fuze Investments Limited	Beneficial owner	Corporate interest (Note 1)	466,198,979	466,198,979	11.31%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest (Note 2)	355,571,722	355,571,722	8.63%
PetroAsian Energy Holdings Limited (now named as Tou Rong Chang Fu Group Limited)	Interest in controlled corporation	Corporate interest (Note 2)	355,571,722	355,571,722	8.63%
Mr. Kwok Lung	Beneficial owner	Personal interest (Note 3)	350,000,000	350,000,000	8.49%

#### Notes:

1. Fuze Investments Limited is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Fang Gang. Mr. Fang Gang and Fuze Investments Limited pledged his 433,808,000 shares and its 466,198,979 shares respectively to Kingston Finance Limited. Kingston Finance Limited is 100% controlled by Ample Cheer Limited, Ample Cheer Limited is 80% controlled by Best Forth Limited which is in turn 100% controlled by Ms. Chu Yuet Wah.
2. China Oil is wholly and beneficially owned by PetroAsian Energy Holdings Limited (now named as Tou Rong Chang Fu Group Limited). PetroAsian Energy Holdings Limited is a company incorporated in the Cayman Islands whose shares are listed on the Main Board (stock code: 850).
3. Mr. Kwok Lung pledged his 350,000,000 shares to Kingston Finance Limited. Kingston Finance Limited is 100% controlled by Ample Cheer Limited, Ample Cheer Limited is 80% controlled by Best Forth Limited which is in turn 100% controlled by Ms. Chu Yuet Wah.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 December 2016.

## SHARE OPTIONS

### (i) 2003 Share Option Scheme

The 2003 Share Option Scheme has terminated on 25 March 2013. The unexercised options under the 2003 Share Option Scheme will continue to be valid and exercisable subject to the provisions of the scheme until the end of the exercise periods.

Movements in the outstanding share options granted under the 2003 Share Option Scheme during the nine months ended 31 December 2016 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 31 December 2016	Approximate percentage of the issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period					
<b>Independent Non-executive Directors</b>										
Mr. Chiu Wai Piu	29 June 2011	500,000	-	-	-	500,000	0.01%	29 June 2011 – 28 June 2021	1.00	0.140
<b>Other Participants</b>										
Employees in aggregate (Note)	29 June 2011	7,000,000	-	-	-	7,000,000	0.17%	29 June 2011 – 28 June 2021	1.00	0.140
		<u>7,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500,000</u>	<u>0.18%</u>			

Note: Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

### (ii) 2013 Share Option Scheme

The Company adopted the 2013 Share Option Scheme on 25 March 2013, pursuant to which certain Directors and participants have been granted options to subscribe for shares.

Movements in the outstanding share options granted under the 2013 Share Option Scheme during the nine months ended 31 December 2016 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 31 December 2016	Approximate percentage of the issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period					
<b>Independent Non-executive Directors</b>										
Mr. Chiu Wai Piu	28 March 2013	1,150,000	-	-	-	1,150,000	0.03%	28 March 2013 – 27 March 2023	1.00	0.150
<b>Other Participants</b>										
Employees in aggregate (Note)	28 March 2013	34,500,000	-	-	-	34,500,000	0.84%	28 March 2013 – 27 March 2023	1.00	0.150
		<u>35,650,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,650,000</u>	<u>0.87%</u>			

Note: Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

On 15 September 2016, the Company placed an aggregate of 534,608,000 shares of the Company at a price of HK\$0.069 per placing share. The net proceeds from the placing were approximately HK\$35,750,000, with the details as set out in the announcement made by the Company dated 30 August 2016 and 15 September 2016, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2016.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the period under review, 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.

## **CORPORATE GOVERNANCE PRACTICES**

During the nine months ended 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules, with the exceptions of code provisions A.2.1 and E.1.2.

Under the code provision A.2.1, the role of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

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 is responsible to undertake the day-to-day management of the Group's business.

Mr. So Loi Fat is the chairman of the Company and there was no chief executive officer appointed by the Company 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 the code provision E.1.2, the chairman of the Board should attend the annual general meeting of the Company. The chairman of the Board did not attend the annual general meeting of the Company held on 31 August 2016 ("AGM") due to his other prior business engagement. The other two executive Directors, the chairman and all the members of the audit and remuneration committees of the Board, and the external auditor attended the AGM. The Company considers that their presence is sufficient for addressing the queries from, and maintaining effective communication with, the shareholders attending the AGM.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions of the Company. The Company has made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2016.

The Company's code of conduct also applies to all employees who are likely to be in the possession of inside information of the Company. No incident of non-compliance of the Company's code of conduct by the employees was noted by the Company.

## **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. Miu Hon Kit (as chairman), Mr. Chiu Wai Piu 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 and monitoring the external auditors' independence; reviewing the quarterly reports, interim report, annual report and accounts of the Group; and overseeing the Company's financial reporting system, risk management and internal control systems.

The audit committee has reviewed the unaudited results for the nine months ended 31 December 2016 and has provided advice and comments thereon.

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

Hong Kong, 13 February 2017

*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 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).*