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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

THE DISPOSAL AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), Jinkangsheng, being a subsidiary of the Company, entered into the Disposal Agreement with the Purchasers, pursuant to which Jinkangsheng agreed to sell and the Purchasers agreed to acquire 50% registered capital of Zhongyu at a total consideration of RMB65,193,947.50.

THE ASSIGNMENT AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), Xintaiyi entered into the Assignment Agreement with Zhongyu and Xinhua pursuant to which Jinkangsheng agreed to assign to Zhongyu all its rights and obligations under the Contract. Pursuant to the Assignment Agreement, Zhongyu agreed to repay Xintaiyi (or its nominee) RMB9,806,052.50, being the equivalent amount previously paid by Xintaiyi to Xinhua under the Contract.

THE PROPERTIES TRANSFER AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), Jinkangsheng entered into the Properties Transfer Agreement with Zhongyu, pursuant to which Jinkangsheng agreed to acquire and Zhongyu agreed to sell the Properties for a purchase price of RMB75,000,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal (when aggregated with the Assignment) are more than 5% but less than 25%, the Disposal (when aggregated with the Assignment) constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Acquisition are 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 and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

On 27 June 2017 (after trading hours of the Stock Exchange), Jinkangsheng, being a subsidiary of the Company, entered into the Disposal Agreement with the Purchasers, pursuant to which Jinkangsheng agreed to sell and the Purchasers agreed to acquire 50% registered capital of Zhongyu at a total consideration of RMB65,193,947.50. Details of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date: 27 June 2017 (after trading hours of the Stock Exchange)

Parties: (1) Jinkangsheng as vendor; and
(2) the Purchasers as the purchasers.

As at the date of this announcement and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchasers are Independent Third Parties.

Jinkangsheng is a company established in the PRC with limited liability and a subsidiary of the Company and is principally engaged in investment holding.

Assets to be disposed of

Pursuant to the Disposal Agreement, Jinkangsheng agreed to sell and the Purchasers agreed to acquire 50% registered capital of Zhongyu. Prior to the completion of the Disposal Agreement, Zhongyu is owned as to 50% by Jinkangsheng and 50% by the Purchasers.

Consideration

The total consideration for the sale and purchase of 50% registered capital of Zhongyu is RMB65,193,947.50, which is payable at the same time of the payment of the consideration under the Properties Transfer Agreement. The exact date of payment of the consideration will be further agreed between the parties to the Disposal Agreement.

The consideration was determined after arms' length negotiations between the parties to the Disposal Agreement and on a commercial basis taking into account the carrying amount of Zhongyu as at 31 March 2017 of HK\$73,506,000.

In view of the above, the Directors consider that the terms and conditions of the Disposal, including the consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Disposal Agreement is conditional upon:

- (a) the Properties Transfer Agreement having been entered into between Zhongyu and Jinkangsheng and the fulfilment of all conditions precedent under the Properties Transfer Agreement (other than the condition precedent that the Disposal Agreement have become unconditional);
- (b) the Assignment Agreement having been entered into among Xintaiyi, Zhongyu and Xinhua and completion of the repayment of RMB9,806,052.50 by Zhongyu to Xintaiyi (or its nominee);
- (c) all the legal procedures in relation to the transfer of 50% registered capital of Zhongyu having been completed by Jinkangsheng;
- (d) the registration of the transfer of 50% registered capital of Zhongyu with the relevant authorities in the PRC having been completed; and
- (e) the payment of the consideration under the Disposal Agreement by the Purchasers to Jinkangsheng.

All the above conditions may be waived by either party to the Disposal Agreement in writing. If the above conditions have not been satisfied (or as the case may be, waived) within 90 days from the date of the Disposal Agreement, the Disposal Agreement shall cease and determine and thereafter none of the parties to the Disposal Agreement shall have any obligations and liabilities towards each other thereunder.

Completion

Completion of the Disposal Agreement will take place on the date of fulfilment (or as the case may be, waiver) of all conditions precedent under the Disposal Agreement or such later date agreed between the parties to the Disposal Agreement in writing.

Upon completion of the Disposal Agreement, Zhongyu will cease to be an associated company of the Company.

INFORMATION ON ZHONGYU

Zhongyu is a company established in the PRC with limited liability and is principally engaged in property development in the PRC and holds the title of the Lands, of which villas, residential units and commercial units will be erected and constructed on the Lands.

Set out below is the unaudited consolidated financial information of Zhongyu for the two years ended 31 March 2017:

	For the year ended 31 March 2017 (unaudited) RMB	For the year ended 31 March 2016 (unaudited) RMB
Profit (Loss) before taxation	15,149	(34,395)
Profit (Loss) after taxation	11,362	(36,296)
Net assets	160,152	148,790

FINANCIAL EFFECT OF THE DISPOSAL

The carrying amount of Zhongyu as at 31 March 2017 amounted to approximately HK\$73,506,000 after an impairment loss recognised for the year ended 31 March 2017 amounted to approximately HK\$27,902,000. Upon completion of the Disposal, no gain or loss on the Disposal is expected to be recorded. The Board intends to apply the proceeds from the Disposal for the settlement of the Acquisition.

THE ASSIGNMENT AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), Xintaiyi entered into the Assignment Agreement with Zhongyu and Xinhua pursuant to which Xintaiyi agreed to assign to Zhongyu all its rights and obligations under the Contract. Pursuant to the Assignment Agreement, Zhongyu agreed to repay Xintaiyi (or its nominee) RMB9,806,052.50, being the equivalent amount previously paid by Xintaiyi to Xinhua under the Contract.

The Contract was entered into between Xinhua and Xintaiyi on 1 June 2015 pursuant to which Xinhua agreed to provide service to Xintaiyi for the development of the intelligent home system.

The amount of RMB9,806,052.50 payable by Zhongyu to Xintaiyi (or its nominee) under the Assignment Agreement will be made in cash and the exact date of payment of such amount will be further agreed between Zhongyu and Xintaiyi.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE ASSIGNMENT

The Company is principally engaged in the trading of electronic parts and components in relation to display modules and touch panel modules.

Taking into account of the continuing growth in development and improvement costs in developing properties of Zhongyu albeit the swiftness in the sale of such properties which led to margins being narrowed notwithstanding that the property selling price had not been increasing in the same pace, and having performed our regular impairment assessment, the carrying amount of Zhongyu, had it been not disposed, would be far lower than the Disposal consideration; whereas the Contract was primarily tailored-made for Zhongyu's cause, thus, the Board considers that the entering into of the Disposal Agreement and the Assignment Agreement is in the interests of the Company and the Shareholders as a whole.

THE PROPERTIES TRANSFER AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), Jinkangsheng entered into the Properties Transfer Agreement with Zhongyu, pursuant to which Jinkangsheng agreed to acquire and Zhongyu agreed to sell the Properties for a purchase price of RMB75,000,000. Details of the Disposal Agreement are set out below:

Date: 27 June 2017

Parties: (i) Purchaser: Jinkangsheng

(ii) Vendor: Zhongyu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongyu is an associated company of the Company owned as to 50% by Jinkangsheng and 50% by the Purchasers.

Sale and Purchaser

Pursuant to the Properties Transfer Agreement, Zhongyu will sell the Properties to Jinkangsheng.

Jinkangsheng will purchase the Properties with vacant possession.

The Properties

The Properties are 9 villas and 36 commercial units with a total gross floor area of 10,149.53 square metres situated at 中國廣東省陽江市漠江中路77號 (No. 77 Mo Jiang Zhong Road, Yanjiang City, Guangdong Province, PRC*).

A valuation report on the Properties has been conducted by Savills Valuation and Professional Services Limited, an independent professional valuer and the valuation of the Properties is over RMB81,500,000. The valuation methodology of the Properties is direct comparison approach, by making reference to the comparable market transaction as available in the relevant markets sales with the benefit of vacant possession.

Purchase price

The purchase price for the Properties is RMB75,000,000 payable in cash and was determined after arm's length negotiation by reference to the valuation report on the Properties conducted by an independent professional valuer with an amount of over RMB81,500,000.

On the basis of the above factors and considering the benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement, the Directors consider that the purchase price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of Payment

The purchase price is payable at the same time of the payment of the consideration under the Disposal Agreement. The exact date of payment of the purchase price will be further agreed between the parties to the Properties Transfer Agreement.

Conditions precedent

Completion of the Properties Transfer Agreement is conditional upon:

- (a) the Disposal Agreement having been entered into between the Purchasers and Jinkangsheng and the fulfilment of all conditions precedent under the Disposal Agreement (other than the condition precedent that the Properties Transfer Agreement have become unconditional);
- (b) the Assignment Agreement having been entered into among Xintaiyi, Zhongyu and Xinhua and completion of the repayment of RMB9,806,052.50 by Zhongyu to Xintaiyi (or its nominee);
- (c) the passing by the shareholder and directors of Jinkangsheng of all resolution(s) to approve the Properties Transfer Agreement and the transactions contemplated thereunder;
- (d) Jinkangsheng being satisfied with the results of the due diligence review of the Properties and the valuation report on the Properties;
- (e) all necessary consents, approvals or waivers of the government or regulatory authorities required to be obtained on the part of Jinkangsheng and Zhongyu in respect of the Properties Transfer Agreement and the transactions contemplated thereunder having been obtained and the registration of the transfer of Properties with the relevant authorities in the PRC having been completed;
- (f) the representations, warranties and undertakings given by Zhongyu under the Properties Transfer Agreement remaining true, accurate and not misleading in all respects until the completion of the Properties Transfer Agreement; and
- (g) there is no material breach of the representations, warranties and undertakings given by Zhongyu under the Properties Transfer Agreement.

The above conditions (a) and (b) are capable of being waived by Jinkangsheng at any time in writing. All other conditions cannot be waived by either party to the Properties Transfer Agreement. If the above conditions have not been satisfied (or as the case may be, waived) within 90 days from the date of the Properties Transfer Agreement, the Properties Transfer Agreement shall cease and determine and thereafter none of the parties to the Properties Transfer Agreement shall have any obligations and liabilities towards each other thereunder.

Completion

Completion of the Properties Transfer Agreement will take place on the date of fulfilment (or as the case may be, waiver) of all conditions precedent under the Properties Transfer Agreement or such later date agreed between the parties to the Properties Transfer Agreement in writing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned above, the pace of the sale of properties of Zhongyu has been improving throughout the year, which would mean the people flow within the complex would be on an upward trend. This, thus, would help to minimise the risks of making such acquisition; and taking into account of the valuation performed by an independent professional valuer being greater than the acquisition amount.

On the above basis, the Directors consider that the terms of the Properties Transfer Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal (when aggregated with the Assignment) are more than 5% but less than 25%, the Disposal (when aggregated with the Assignment) constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Acquisition are 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 and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Properties under the Properties Transfer Agreement
“Assignment”	the assignment of all the rights and obligations under the Contract by Xintaiyi to Zhongyu pursuant to the Assignment Agreement
“Assignment Agreement”	the assignment agreement dated 27 June 2017 and entered into between Xintaiyi, Zhongyu and Xinhua in relation to the Assignment
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong 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 (stock code: 8266)
“Contract”	the intelligent home system development contract dated 1 June 2015 and entered into between Xinhua and Xintaiyi pursuant to which Xinhua agreed to provide service to Xintaiyi for the development of the intelligent home system
“Directors”	directors of the Company
“Disposal”	the sale of 50% registered capital of Zhongyu by Jinkangsheng to the Purchasers
“Disposal Agreement”	the agreement dated 27 June 2017 and entered into between the Jinkangsheng and the Purchasers in relation to the sale and purchase of 50% registered capital of Zhongyu
“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 PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, 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 in the GEM Listing Rules)
“Jinkangsheng”	深圳市金康盛信息諮詢有限公司 (Shenzhen Jinkangsheng Information Company Limited*), a company established in the PRC with limited liability

“Lands”	four pieces and parcels of land with a total site area of 75,566.59 square metres located at Yanjiang City, Guangdong Province, PRC owned by Zhongyu
“PRC”	the People’s Republic of China
“Purchasers”	關仲芳 (Guan Zhong Fang*), 張輝燕 (Zhang Hui Yan*), 曾廣清 (Ceng Guang Qing*), 羅澤勳 (Luo Ze Xun*) and 麥保健 (Mai Bao Jian*), being the purchasers under the Disposal Agreement
“Properties”	9 villas and 36 commercial units with a total gross floor area of 10,149.53 square metres situated at 中國廣東省陽江市漠江中路 77號 (No. 77 Mo Jiang Zhong Road, Yanjiang City, Guangdong Province, PRC*)
“Properties Transfer Agreement”	the agreement dated 27 June 2017 and entered into between Zhongyu and Jinkangsheng in relation to the Acquisition
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua”	深圳市鑫華網路服務有限公司 (Shenzhen Xinhua Internet Services Company Limited*), a company established in the PRC with limited liability
“Xintaiyi”	深圳市鑫泰溢投資發展有限公司 (Shenzhen Xintaiyi Investment Development Company Limited*), a company established in the PRC with limited liability
“Zhongyu”	陽江市中裕房地產開發有限公司 (Yangjiang Zhongyu Property Development Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“RMB”

Renminbi, the lawful currency of the PRC

“%”

per cent.

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

Hong Kong, 27 June 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited 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.