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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcements (the "**Announcements**") of Gold Tat Group International Limited (the "**Company**") dated 27 June 2017 and 4 July 2017 regarding a discloseable transaction of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board would like to supplement that the consideration for the sale and purchase of 50% registered capital of Zhongyu was determined after arms' length negotiations between the parties to the Disposal Agreement and the final consideration was proposed by the Purchasers and subsequently accepted by Jinkangsheng taking into account (i) the carrying amount of the investment in Zhongyu as at 31 March 2016 of approximately HK$95 million; and (ii) the expected carrying amount of the investment in Zhongyu as at 31 March 2017 if the Disposal is not materialised.

The expected carrying amount of the investment in Zhongyu as at 31 March 2017 was determined from the value in use calculations which involves the projection of cash flows. Based on the results of the value in use calculation, the expected carrying amount of the investment in Zhongyu was lower than the consideration for the sale and purchase of 50% registered capital of Zhongyu. The projection of cash flows was prepared on the follow principal assumptions:

1. based on researches for newly built properties (in the same district as the development project held in Zhongyu) being sold, it showed that the average selling price had an increase of around 4%. However, the Phase I of Zhongyu's properties being sold experienced similar growth rate but the Phase II of the Zhongyu's properties being sold remained stable; for prudence sake, it was assumed that the selling price of Zhongyu's properties will be kept stable;

2. construction costs for properties built had been updated to 31 March 2017 on an actual incurred basis. References were made to the actual construction costs together with a 5% annual increment in inflation rate for projecting the constructions costs for properties to be built;

3. selling and administrative expenses (excluding the depreciation expenses; and sales-related tax expenses which were related to sales) were projected at an annual growth rate of 5%;

4. it was assumed that sales-related taxes will be paid immediately after receiving the sales proceeds. It was also assumed that 4% and 3.5% of sales proceeds from villas and residential units respectively will be used for the prepayment of land appreciation tax according to the practice in past years. Final assessment on the land appreciation tax will be made after all the properties being sold out and see whether additional tax payment is required;

5. the construction plan for the properties to be built remains unchanged;

6. no allowance for interest and other funding costs will be incurred;

7. in estimating an appropriate discount rate for discounting the projected cash flows, the discount rate was set to be equal to the estimated cost of capital for Zhongyu. The cost of capital is derived using an estimated long-term risk free interest rate, an equity risk premium and a market risk factor; and

8. all applicable tax rates remain unchanged.

In relation to the Properties, the Company intended to sell the 9 villas and to lease out the 36 commercial units. If there is any change in circumstances in the future (i.e. substantial drop in sale prices in property market or change of government policy etc.), the Company may need to re-assess if there is any need to change its plan with respect to the Properties and the Company will keep reviewing and monitoring the relevant terms, price and market sentiments in this regard.

The Board would like to further supplement that the reason for disposing the interest in Zhongyu is due to the narrowing profit margins from the sale of properties of Zhongyu and upon completion of disposal, the Company will cease to be involved in property development business through Zhongyu, whereas the reason for acquiring the Properties is due to the valuation of the Properties is higher than the acquisition cost based on the valuation performed by an independent professional valuer and the Company, as properties owner, would be able to sell the 9 villas at a price higher than the acquisition cost. The Company also expects the value of the commercial units of the Properties will increase and the commercial units will be able to be leased out with increasing rental income. As such, the Acquisition would help to enhance the profitability of the Company and therefore, the returns of shareholders of the Company.

Taking into account the above, it is justifiable for the Company to dispose the interest in Zhongyu and at the same time acquire the Properties from Zhongyu.

After the Acquisition, Zhongyu will continue to hold completed properties consisting of 12 villas and 49 residential units and a total planned and unbuilt gross floor area of approximately 49,511 square metres (consisting of approximately 14,461 square metres for construction of villas, approximately 16,070 square metres for construction of commercial units and approximately 18,980 square metres for construction of ancillary facilities).

As a result of the entering into of the Disposal Agreement and the consideration for the Disposal amounted to RMB65,193,947.50 (equivalent to approximately HK$73,506,000), the carrying amount of the investment in Zhongyu as at 31 March 2017 was adjusted 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 (the "**Adjustment**"). The Adjustment was made in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" issued by the Hong Kong Institute of Certificate Public Accountants, which states that impairment loss is recognised based on higher of its fair value less costs of disposal and its value in use, and was concurred by the auditors of the Company. Therefore, upon completion of the Disposal, no gain or loss on the Disposal is expected to be recorded.

Save as disclosed herein, all other content of the Announcements remains unchanged.

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

Hong Kong, 4 August 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 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.