



# Gold Tat Group International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266

*Interim Report*  
**2014**

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, 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 report 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 report misleading.*



## RESULTS

The board of Directors (the "Board") of Gold Tat Group International Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and the six months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in 2013 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months and six months ended 30 September 2014*

	<i>Note</i>	Three months ended 30 September		Six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Turnover</b>	2	<b>359,686</b>	224,010	<b>692,267</b>	533,870
Cost of inventories sold		<b>(335,682)</b>	(203,361)	<b>(642,012)</b>	(489,408)
Other net income		<b>324</b>	1,400	<b>866</b>	2,535
Telecom operators and content providers costs		<b>(1,934)</b>	(2,541)	<b>(4,715)</b>	(4,610)
Employment costs		<b>(9,552)</b>	(7,212)	<b>(18,260)</b>	(16,851)
Research and development expenses		<b>(3,054)</b>	(3,247)	<b>(7,108)</b>	(6,916)
Depreciation and amortisation		<b>(766)</b>	(421)	<b>(1,339)</b>	(807)
Transportation expenses		<b>(1,466)</b>	(1,045)	<b>(2,757)</b>	(2,701)
Other operating expenses		<b>(9,733)</b>	(7,469)	<b>(19,159)</b>	(16,986)
<b>Loss/(profit) from operations</b>		<b>(2,177)</b>	114	<b>(2,217)</b>	(1,874)
Finance costs	3	<b>(3,392)</b>	(3,031)	<b>(6,659)</b>	(5,463)
Share of profits/(losses) of associates		<b>1,944</b>	(205)	<b>1,116</b>	(431)
<b>Loss before tax</b>		<b>(3,625)</b>	(3,122)	<b>(7,760)</b>	(7,768)
Income tax expense	4	<b>(248)</b>	(352)	<b>(1,001)</b>	(773)
<b>Loss for the period</b>		<b>(3,873)</b>	(3,474)	<b>(8,761)</b>	(8,541)



		Three months ended 30 September		Six months ended 30 September	
	Note	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Attributable to:</b>					
Owners of the Company		<b>(5,068)</b>	(3,950)	<b>(10,866)</b>	(9,793)
Non-controlling interests		<b>1,195</b>	476	<b>2,105</b>	1,252
		<b>(3,873)</b>	(3,474)	<b>(8,761)</b>	(8,541)
<b>Loss per share (HK cents)</b>					
– Basic	5	<b>(0.226)</b>	(0.240)	<b>(0.505)</b>	(0.633)
– 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 six months ended 30 September 2014

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Loss for the period</b>	<b>(3,873)</b>	(3,474)	<b>(8,761)</b>	(8,541)
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translating foreign operations	10	(5)	52	—
<b>Other comprehensive income for the period, net of tax</b>	<b>10</b>	(5)	<b>52</b>	—
<b>Total comprehensive income for the period</b>	<b>(3,863)</b>	(3,479)	<b>(8,709)</b>	(8,541)
<b>Attributable to:</b>				
Owners of the Company	<b>(5,066)</b>	(3,970)	<b>(10,823)</b>	(9,837)
Non-controlling interests	<b>1,203</b>	491	<b>2,114</b>	1,296
	<b>(3,863)</b>	(3,479)	<b>(8,709)</b>	(8,541)



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	7	14,160	12,455
Investment properties		39,700	39,700
Goodwill		24,911	24,911
Intangible assets		28	62
Investments in associates		164,005	162,889
		<b>242,804</b>	<b>240,017</b>
<b>Current assets</b>			
Inventories		43,348	42,496
Trade, bills and other receivables, deposits and prepayments	8	195,885	150,622
Due from an associate		48,300	45,680
Properties under development		60,844	60,660
Put Options of convertible bonds		824	3,885
Mandatory Conversion Options of convertible bonds		306	940
Pledged bank deposits		19,498	19,383
Bank and cash balances		38,564	33,373
		<b>407,569</b>	<b>357,039</b>
<b>Current liabilities</b>			
Trade and other payables and receipt in advance	9	158,401	116,923
Due to a non-controlling shareholder		722	844
Due to an associate		17,025	14,157
Call Option of convertible bonds		–	30
Bank and other loans	10	147,817	134,447
Liability components of convertible bonds		–	2,472
Finance lease payables		938	479
Warrants		6,174	9,348
Current tax liabilities		1,060	447
		<b>332,137</b>	<b>279,147</b>
<b>Net current assets</b>		<b>75,432</b>	<b>77,892</b>
<b>Total assets less current liabilities</b>		<b>318,236</b>	<b>317,909</b>



		Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
	Note		
<b>Non-current liabilities</b>			
Liability components of convertible bonds		76,558	104,503
Long term bonds		40,000	40,000
Deferred tax liabilities		176	178
		<b>116,734</b>	144,681
<b>NET ASSETS</b>		<b>201,502</b>	173,228
<b>Capital and reserves</b>			
Share capital	11	18,416	15,659
Reserves		121,628	98,225
Equity attributable to owners of the Company		140,044	113,884
Non-controlling interests		61,458	59,344
<b>TOTAL EQUITY</b>		<b>201,502</b>	173,228



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company									
	Share capital	Share premium account	Contributed surplus	Capital redemption reserve	Foreign currency translation reserve	Share-based payment reserve	Warrant reserve	Convertible bonds reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	107,019	78,312	16,375	2,943	1,201	8,246	7,400	16,992	(169,477)	69,011
Total comprehensive income for the period	-	-	-	-	(44)	-	-	-	(9,793)	(9,837)
Shares issued upon placement	21,372	1,918	-	-	-	-	-	-	-	23,290
Transaction costs attributable to issue of new shares	-	(441)	-	-	-	-	-	-	-	(441)
Recognition of share-based payments	-	-	-	-	-	2,024	-	-	-	2,024
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	614
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	(244)
At 30 September 2013	128,391	79,789	16,375	2,943	1,157	10,270	7,400	16,992	(179,270)	84,047
At 1 April 2014	15,659	125,369	16,375	2,943	1,083	9,788	7,400	119,302	(184,045)	113,884
Total comprehensive income for the period	-	-	-	-	43	-	-	-	(10,866)	(10,823)
Shares issued upon conversion of convertible bonds	2,507	68,719	-	-	-	-	-	(39,556)	-	31,670
Shares issued upon exercise of share options	16	468	-	-	-	(184)	-	-	-	300
Shares issued upon exercise of warrants	234	4,806	-	-	-	-	-	-	-	5,040
Transaction costs attributable to issue of new shares	-	(27)	-	-	-	-	(7,400)	-	-	(27)
Lapse of warrants	-	-	-	-	-	-	-	-	7,400	-
At 30 September 2014	18,416	199,335	16,375	2,943	1,136	9,604	-	79,746	(187,511)	140,044
										61,458
										201,502





## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2014*

	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Net cash used in operating activities	(6,529)	(34,267)
Net cash used in investing activities	(3,058)	(21,904)
Net cash generated from financing activities	14,713	63,019
Net increase in cash and cash equivalents	5,126	6,848
Effect of foreign exchange rates changes	65	(25)
Cash and cash equivalents at 1 April	33,373	15,821
Cash and cash equivalents at 30 September	38,564	22,644
Analysis of cash and cash equivalents:		
Bank and cash balances	38,564	22,644

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

These unaudited condensed consolidated financial statements for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2014.

## 2. Segment information

The Group has four reportable segments as follow:

Trading of electronic parts and components	–	trading of electronic parts and components and provision of professional solution with engineering services
Mobile data solution business	–	provision of mobile data solution and related 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:

Unaudited										
Six months ended 30 September										
	Trading of electronic parts and components		Mobile data solution business		Property development		Property investment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	667,494	512,230	20,728	21,520	–	–	4,045	120	692,267	533,870
Segment profit/(loss)	4,771	3,371	(883)	4,346	(1,160)	(2,467)	163	(134)	2,891	5,116

### Reconciliations of reportable segment profit or loss:

Unaudited Six months ended 30 September	
	2014 HK\$'000
Total profit of reportable segments	5,116
Unallocated corporate results	(13,657)
Consolidated loss for the period	(8,541)

## 3. Finance costs

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Wholly repayable within five years				
– Effective interest expenses on liability component of convertible bonds	1,499	999	3,232	1,955
– Interest on bank loans	1,028	1,112	1,860	1,837
– Interest on other loans	235	495	337	990
– Finance leases charges	30	4	33	9
Not wholly repayable within five years				
– Interest on bank loans	100	100	200	208
– Interest on long term bonds	500	321	997	464
	3,392	3,031	6,659	5,463



#### 4. Income tax expense

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Current tax</b>				
Hong Kong Profits Tax	209	353	963	775
PRC Enterprise Income Tax ("EIT")	40	—	40	—
	249	353	1,003	775
<b>Deferred tax</b>				
Hong Kong Profits Tax	(1)	(1)	(2)	(2)
Income tax expense	248	352	1,001	773

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) based on the estimated assessable profits for the period. Taxation for subsidiaries established and operated in the People's Republic of China (the "PRC") is calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to EIT at the rate of 25% (2013: Nil).

#### 5. Loss per share

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

The calculation of the basic loss per share is as follows:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2014	2013	2014	2013
Loss for the period attributable to owners of the Company (HK\$'000)	(5,068)	(3,950)	(10,866)	(9,793)
Weighted average number of ordinary shares in issue during the period (in '000)	2,242,147	1,645,388	2,152,657	1,548,065
Basic loss per share (HK cents)	(0.226)	(0.240)	(0.505)	(0.633)



**(b) Diluted loss per share**

As the exercise of the Group's outstanding convertible bonds, warrants and outstanding options for the three months and six months ended 30 September 2014 and 2013 would be anti-dilutive, no diluted loss per share was presented for the three months and six months ended 30 September 2014 and 2013.

**6. Dividend**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

**7. Property, plant and equipment**

During the six months ended 30 September 2014, the Group acquired assets with aggregate cost of approximately HK\$3,010,000 (2013: approximately HK\$1,042,000).

**8. Trade, bills and other receivables, deposits and prepayments**

	<b>Unaudited 30 September 2014 HK\$'000</b>	<b>Audited 31 March 2014 HK\$'000</b>
Trade receivables	<b>84,304</b>	34,981
Less: Allowance for impairment of bad and doubtful debts	<b>(339)</b>	(612)
	<b>83,965</b>	34,369
Bills receivables	<b>90,173</b>	70,998
Other receivables, deposits and prepayments	<b>21,747</b>	45,255
	<b>195,885</b>	150,622



The credit terms granted by the Group to its customers are generally cash on delivery to 90 days. The ageing analysis of the trade receivables is as follows:

	<b>Unaudited 30 September 2014 HK\$'000</b>	<b>Audited 31 March 2014 HK\$'000</b>
0 to 30 days	<b>60,128</b>	27,011
31 to 60 days	<b>14,684</b>	3,265
61 to 90 days	<b>6,392</b>	2,524
Over 90 days	<b>3,100</b>	2,181
	<b>84,304</b>	34,981

## 9. Trade and other payables and receipt in advance

	<b>Unaudited 30 September 2014 HK\$'000</b>	<b>Audited 31 March 2014 HK\$'000</b>
Trade payables	<b>52,722</b>	29,919
Other payables	<b>96,144</b>	80,137
Receipt in advance	<b>9,535</b>	6,867
	<b>158,401</b>	116,923

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 September 2014 HK\$'000</b>	<b>Audited 31 March 2014 HK\$'000</b>
0 to 30 days	<b>38,477</b>	15,069
31 to 60 days	<b>5,734</b>	12,839
61 to 90 days	<b>7,113</b>	1,157
Over 90 days	<b>1,398</b>	854
	<b>52,722</b>	29,919



## 10. Bank and other loans

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Secured bank loans on demand or within one year	18,008	18,625
Unsecured other loans subject to repayable on demand clause	3,808	775
Bank invoice loans	126,001	115,047
	<b>147,817</b>	<b>134,447</b>

The bank and other loans are secured by the investment properties, leasehold properties, properties owned by directors and related persons of a subsidiary, pledged bank deposits, personal guarantee with unlimited amount executed by directors and related persons of a subsidiary, corporate guarantees provided by the Company and a subsidiary of the Company, personal guarantee given by one of the Directors for unlimited amount and guarantee executed by the Hong Kong Special Administrative Region Government in respect of Special Loan Guarantee Scheme.

Bank and other loan of approximately HK\$126,776,000 (31 March 2014: approximately HK\$115,822,000) denominated in US\$ and of approximately HK\$21,041,000 (31 March 2014: approximately HK\$18,625,000) denominated in Hong Kong dollars.

The effective annual interest rates on the Group's bank and other loans range from 2.25% to 18% per annum.



## 11. Share capital

	Unaudited 30 September 2014			Audited 31 March 2014		
	Number of ordinary shares	Par value US\$	Amount HK\$'000	Number of ordinary shares	Par value US\$	Amount HK\$'000
<i>Authorised:</i>						
At beginning of the period/year	40,000,000,000	0.001	312,000	4,000,000,000	0.01	312,000
Sub-division	-	-	-	36,000,000,000	-	-
At end of the period/year	40,000,000,000	0.001	312,000	40,000,000,000	0.001	312,000
<i>Issued and fully paid:</i>						
At beginning of the period/year	2,001,028,936	0.001	15,659	1,371,388,373	0.01	107,019
Shares issued upon conversion of convertible bonds	-	-	-	101,226,993	0.01	7,896
Shares issued upon placement	-	-	-	438,524,000	0.01	34,205
Shares issued upon the exercise of share options	2,000,000	0.001	16	4,000,000	0.01	312
Capital reduction	-	-	-	-	-	(134,443)
Shares issued upon conversion of convertible bonds	321,459,870	0.001	2,507	85,889,570	0.001	670
Shares issued upon the exercise of warrants	30,000,000	0.001	234	-	-	-
At end of the period/year	2,354,488,806	0.001	18,416	2,001,028,936	0.001	15,659

## 12. Operating lease commitments

### *The Group as lessor*

The Group leases its investment properties and sub-leases of leased premises under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally provide for periodic rent adjustments according to the then prevailing market conditions.





As at 30 September 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>Unaudited 30 September 2014 HK\$'000</b>	Audited 31 March 2014 HK\$'000
Within one year	<b>1,838</b>	1,635
In the second to fifth years, inclusive	<b>1,307</b>	1,217
	<b>3,145</b>	2,852

### ***The Group as lessee***

As at 30 September 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>Unaudited 30 September 2014 HK\$'000</b>	Audited 31 March 2014 HK\$'000
Within one year	<b>6,722</b>	5,448
In the second to fifth years, inclusive	<b>6,986</b>	7,352
	<b>13,708</b>	12,800

Operating lease payments represent rentals payable by the Group for certain of its offices and motor vehicles. Leases are negotiated for terms ranging from one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

## **13. Transactions with related parties**

The Group's key management personnel compensation for the six months ended 30 September 2014 amounted to approximately HK\$4,604,000 (2013: HK\$4,614,000).



## 14. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

- (a) The financial assets and liabilities measured at fair value as at 30 September 2014 are grouped into the fair value hierarchy as follows:

Description	Fair value measurements using:			
	Level 1	Level 2	Level 3	30 September 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Put Options of convertible bonds	–	824	–	824
Mandatory Conversion Options of convertible bonds	–	306	–	306
Total	–	1,130	–	1,130
Liabilities				
Financial liabilities at fair value through profit or loss				
Call Options of convertible bonds	–	–	–	–
Warrants	–	6,174	–	6,174
Total	–	6,174	–	6,174



The financial assets and liabilities measured at fair value as at 31 March 2014 are grouped into the fair value hierarchy as follows:

Description	Fair value measurements using:			31 March 2014
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit or loss				
Put Options of convertible bonds	–	3,885	–	3,885
Mandatory Conversion Options of convertible bonds	–	940	–	940
Total	–	4,825	–	4,825
Liabilities				
Financial liabilities at fair value through profit or loss				
Call Options of convertible bonds	–	30	–	30
Warrants	–	9,348	–	9,348
Total	–	9,378	–	9,378

- (b) Disclosures of valuation process of financial instruments used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2014:

Description	Valuation technique	Inputs
Put Options of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, excepted volatility, life of the convertible bonds, expected dividend yield and effective interest rate or risky rate
Mandatory Conversion Options of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, excepted volatility, life of the convertible bonds, expected dividend yield and effective interest rate
Call Options of convertible bonds	Binomial option pricing model	Share price, exercise price, risk-free rate, excepted volatility, life of the convertible bonds, expected dividend yield and effective interest rate or risky rate
Warrants	Binomial option pricing model	Share price, exercise price, risk-free rate, excepted volatility, life of warrants and expected dividend yield

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL

For the financial year to date, the Group had been participating in the following activities:

- Mobile Application Development and Information Technology Consultant Services;
- Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment.

### BUSINESS REVIEW

#### **Mobile Application Development and Information Technology Consultant Services**

The main area in the Mobile Application Development business activity is to provide mobile solution services for clients. The Group continues to engage in projects with various companies from different industries to reflect our capabilities and attempt to further develop new business operations in new geographical areas in Southeast Asia for business replications. The development and upgrade of various popular mobile platforms from developers and manufacturers such as Apple iOS, Google Android and Microsoft Windows 8 positively fuel the industry growth. Solutions for cross-platforms are also becoming a norm that increases project size on a single product. The Group has been capturing this advantage through a vertically integration on the development process.

During the current financial period, the business revenue and net loss was approximately HK\$20,728,000 and HK\$883,000 respectively. This translated to a decrease in revenue of 3.7% and resulted in a shift from profit to loss compared to the same period in previous financial year. In addition, comparing with the results for the first quarter of the current financial period, the business revenue for the second quarter was dropped by 11.3% from HK\$10,985,000 to HK\$9,743,000 while the net loss for the second quarter was increased by 1,322% from HK\$58,000 to HK\$825,000. The downturn of the operating result was mainly attributable to the increase in market competition and continuing rise in operating costs.



To increase competitiveness, a continuous focus has been made on research and development in new software on real time responses and other technologies. These developments will be put into further usages in gaming and lifestyle applications, some highly lucrative yet ambitious segments. The objective is to internally develop well known applications for the mass public market directly whilst leveraging on the extensive knowledge of the Group.

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

ETC continues to prove to be a reputable unit and maintains operation under the same management team in trading of hardware electronic parts specifically relating to display and/or touch panel modules. Up to date, the business arm has maintained excellent agency service contracts of many years for the China market with two major renowned suppliers both listed on the Taiwan Stock Exchange, serving customers that are amongst the largest names in China and Asia Pacific. This further proves the mobility market and technology usability is still a strong growing industry segment. The management view is these technologies are continuing to be in high demand with an increase in applications for the foreseeable future. The Group will continue to support the business in terms of its trading capacity for a balanced growth.

During the current financial period, the business revenue and net profit was approximately HK\$667,494,000 and HK\$4,771,000 respectively. This translated to an increase in revenue and net profit of 30.3% and 41.5% respectively compared to the same period in previous financial year.

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

Acquired real estate development project in Yangjiang City, Guangdong Province, “Xiangjiang Peninsula” has been on schedule and progressed through stage two development steadily. The management is now closely monitoring the developments to minimize the general slow down of the China economy despite an upbeat local appetite and sentiment for the real estate.

Closer to home in Hong Kong, the Group continues to enjoy the rental returns from continued lease out of the properties.

## Prospects

The constant advance in technology and changes in end-users' tastes and preferences always remain a big challenge for MTel Limited, our arm in the mobile data solution business segment. Given entertainment, information and mobility will retain to be the largest trendsetter, MTel Limited will relentlessly research and develop to cater for all its target audiences. However, the result of this business segment for the current financial period turned from profit to loss due to the increase in market competition and continuing rise in operating costs and it is unlikely to improve significantly in the short term. Therefore, the Group will consider any proposal, including disposal of the business, which can maximise the return of the Group from this business segment.

ETC will use current relationships with suppliers and customers to look for new opportunities to increase trading product varieties and sales volume. With the existing market tread the Group is comfortable to maintain its exposure and optimistic on the general outlook of this industry segment. The Group will also optimise the expenses to increase profitability of this unit.

The unsettled economical and political changes in the PRC real estate market means the Group will continue to monitor closely on the developing projects in Guangdong province. In the meantime, with a positive local sentiment and the steady tradition of the PRC government history, the Group stays positive on the projects progress but will adjust strategies accordingly.

As always, the Group will hold a neutral stance for any further investment opportunity in maintaining growth to maximise shareholders return of the shareholders.

## FINANCIAL REVIEW

### Revenue and Results

For the six months ended 30 September 2014, the Group recorded an unaudited turnover of approximately HK\$692,267,000 (2013: approximately HK\$533,870,000), representing an increase of 29.7% as compared to the corresponding period of last year. Most of the revenue was derived from the business of trading of electronic parts and components, which recorded a turnover of approximately HK\$667,494,000 (2013: approximately HK\$512,230,000).

The Group recorded a loss for the six months ended 30 September 2014 of approximately HK\$8,761,000 (2013: approximately HK\$8,541,000), representing an increase of 2.6% as compared with the corresponding period of last year.



Loss attributable to owners of the Company for the six months ended 30 September 2014 was approximately HK\$10,866,000, representing an increase of 11.0% as compared with approximately HK\$9,793,000 for the corresponding period in 2013.

## Liquidity, Financial Resources and Gearing

The Group financed its operations with the revenue generated from its operations, the proceeds from the exercising of share options and warrant and banking facilities provided by its bankers in Hong Kong. The Group had total outstanding borrowings of approximately HK\$265,313,000 as at 30 September 2014 (31 March 2014: approximately HK\$281,931,000).

56.1% (31 March 2014: 48.8%) of the borrowings are considered as current liabilities and repayable within one year, 28.8% (31 March 2014: 37.1%) are repayable in two years and the remaining 15.1% (31 March 2014: 14.1%) are repayable after five years. HK and US dollar denominated borrowings accounted for 52.2% (31 March 2014: 58.9%) and 47.8% (31 March 2014: 41.1%) of the total borrowings respectively.

54.3% (31 March 2014: 47.4%) of borrowings are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 18%, 15.1% (31 March 2014: 14.2%) are seven-year 5% coupon straight bonds due 2020; 20.9% (31 March 2014: 29.9%) are 4% convertible bonds due 2015 and 8.0% (31 March 2014: 8.0%) are non-interest convertible bonds; 1.4% (31 March 2014: 0.3%) of borrowings are interest bearing other loans on fixed rate terms and the remaining 0.3% (31 March 2014: 0.2%) are interest bearing finance lease obligations at fixed interest rates.

At 30 September 2014, the Group had cash reserves of approximately HK\$38,564,000 (31 March 2014: approximately HK\$33,373,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC. 95.1% (31 March 2014: 90.4%) of the Group's cash and cash equivalents (comprising cash on hand and bank balances) were denominated in HK dollar or US dollar, whereas 4.2% (31 March 2014: 9.3%) were denominated in Renminbi.

The gearing ratio as at 30 September 2014 was 131.7% (31 March 2014: 162.8%). The gearing ratio was derived by dividing the total borrowings including the bank and other loans, bonds, convertible bonds and finance lease payables of approximately HK\$265,313,000 (31 March 2014: approximately HK\$281,931,000) by the amount of shareholders' equity of approximately HK\$201,502,000 (31 March 2014: approximately HK\$173,228,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 122.7% (31 March 2014: 127.9%).

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

## 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 has been implemented.

## Share Capital

During the six months ended 30 September 2014, a total of 321,459,870 new shares were issued and allotted as a result of conversion of the convertible bonds, 2,000,000 new shares were issued and allotted upon exercise of share options granted by the Company and a total of 30,000,000 new shares were issued and allotted upon exercise of warrants.

## Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries during the period under review. There was no plan authorised by the Board for any material investments or additions of capital assets at the date of this interim report.

## Charges on Group's Assets

As at 30 September 2014, the Group pledged the following assets to secure the loans and bank loan facilities of the Group:

- (i) the investment properties with fair value of HK\$39,700,000 (31 March 2014: HK\$39,700,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,771,000 (31 March 2014: approximately HK\$4,826,000);
- (iii) bank deposits of approximately HK\$19,498,000 (31 March 2014: approximately HK\$19,383,000).





And, two leased motor vehicles with carrying amounts of approximately HK\$1,060,000 (31 March 2014: a motor vehicle with carrying amount of approximately HK\$516,000) were charged to secure the Group's finance lease payables.

### **Contingent Liabilities**

A subsidiary 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 the subsidiary's director since 2011, of which approximately HK\$2,599,000 have been outstanding as at 30 September 2014 (31 March 2014: approximately HK\$2,654,000). Under the guarantee agreement, the subsidiary would be liable to pay the bank should the bank be unable to recover the repayment of the loans in full from the related party. As at 30 September 2014, no provision for the subsidiary's obligation under the guarantee agreement has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

The fair value of the guarantee at date of inception is not material and is not recognised in the financial statements.

Save as aforesaid, there were no other material contingent liabilities.

### **Employee Information**

As at 30 September 2014, the Group had an aggregate of 168 (2013: 134) employees of which 110 (2013: 93) 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\$22,717,000 for the six months ended 30 September 2014 (six months ended 30 September 2013: approximately HK\$21,494,000). 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.

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

As at 30 September 2014, 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

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of shares issuable under share options granted	Derivatives (number of underlying shares)	Total	Approximate percentage of issued share capital
				(Note 1)			
Directors:							
Mr. Chan Wai Kwong, Peter	Beneficial owner	Personal interest	216,072	6,000,000	–	6,216,072	0.26%
Mr. Choi Ho Yan	Beneficial owner	Personal interest	–	6,000,000	–	6,000,000	0.25%
Mr. So Haw, Herman	Beneficial owner	Personal interest	–	4,000,000	–	4,000,000	0.17%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	–	1,650,000	0.07%
Mr. Cheung Kwan Hung, Anthony	Beneficial owner	Personal interest	–	1,650,000	–	1,650,000	0.07%
Mr. Heung Chee Hang, Eric	Beneficial owner	Personal interest	–	1,650,000	–	1,650,000	0.07%
Chief executive:							
Mr. Wong Chun Wai	Beneficial owner	Personal interest	–	3,000,000	18,720,000 (Note 2)	21,720,000	0.92%



*Notes:*

1. Details are set out in the Share Options section below. All of the share options to Directors are physically settled equity derivatives.
2. All interests in underlying shares are interests in convertible bonds of the Company which may be converted into 9,360,000 shares at a conversion price of HK\$0.25 per conversion share during the period from 10 April 2013 to 9 October 2015 and interests in convertible bonds of the Company which may be converted into 9,360,000 shares at a conversion price of HK\$0.25 per conversion share during the period from 10 October 2013 to 9 October 2015.

Save as disclosed above, as at 30 September 2014, 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 30 September 2014, 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	Number of underlying shares held under equity derivatives	Total	Approximate percentage of the issued share capital
Mr. Poon Sum	Founder of a discretionary	Other interest (Note 1, 2 & 3)	237,377,632	568,239,797	805,617,429	34.22%
BNP Paribas Jersey Trust Corporation Limited ("BNP Paribas Jersey")	Trustee	Other interest (Note 1, 2 & 3)	237,377,632	568,239,797	805,617,429	34.22%
Red Tiles Limited ("Red Tiles")	Interest in controlled corporation	Corporate interest (Note 1, 2 & 3)	237,377,632	568,239,797	805,617,429	34.22%
Time Concord Limited ("Time Concord")	Beneficial owner	Corporate interest (Note 3)	51,020,408	153,061,224	805,617,429	34.22%
	Interest in controlled corporation	Corporate interest (Note 1, 2 & 3)	186,357,224	415,178,573		
Gold Horn Investments Limited ("Gold Horn")	Beneficial owner	Corporate interest (Note 3)	163,157,224	415,178,573	578,335,797	24.56%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest (Note 4)	355,571,722	–	355,571,722	15.10%
PetroAsian Energy Holdings Limited ("PetroAsian Energy")	Interest in controlled corporation	Corporate interest (Note 4)	355,571,722	–	355,571,722	15.10%

#### Notes:

- Gold Horn is a direct and wholly owned subsidiary of Time Concord which is a direct and wholly owned subsidiary of Red Tiles, a direct and wholly owned subsidiary of BNP Paribas Jersey. Mr. Poon Sum is a founder of the discretionary trust where BNP Paribas Jersey is the trustee.
- Out of 237,377,632 shares held, 23,200,000 shares are held by Ever Source Enterprises Limited. The issued share capital of Ever Source Enterprises Limited is beneficially owned as to 50% by Time Concord.



3. All underlying shares represent the new ordinary shares to be issued upon conversion of convertible bonds with principal amount of HK\$55,687,500 at an initial conversion price of HK\$0.098 per conversion share.
4. China Oil is wholly and beneficially owned by PetroAsian Energy. PetroAsian Energy is a company incorporated in the Cayman Islands whose shares are listed on the Main Board (Stock Code: 850).

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 30 September 2014.

## SHARE OPTIONS

### Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 27 March 2003, pursuant to which certain Directors and participants have been granted options to subscribe for shares.

The Pre-IPO Share Option Scheme has expired on 27 March 2013. The unexercised options under the Pre-IPO 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 Pre-IPO Share Option Scheme during the six months ended 30 September 2014 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 30 September 2014	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 2014	Granted during the period	Exercised during the period	Lapsed during the period					
Other Participants										
Employees in aggregate (Note)	9 February 2007	12,565	–	–	–	12,565	0.001%	9 February 2007 – 8 February 2017	1.00	0.078 (Adjusted)
	12 February 2008	25,130	–	–	–	25,130	0.001%	12 February 2008 – 11 February 2018	1.00	0.152 (Adjusted)
		37,695	–	–	–	37,695	0.002%			

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

Save as disclosed above, no options pursuant to the Pre-IPO Share Option Scheme have been granted, exercised and cancelled during the period under review.



## Share Option Scheme

### (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 six months ended 30 September 2014 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 30 September 2014	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 2014	Granted during the period	Exercised during the period	Lapsed during the period					
Executive Directors										
Mr. Chan Wai Kwong, Peter	29 June 2011	3,000,000	-	-	-	3,000,000	0.127%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Choi Ho Yan	29 June 2011	3,000,000	-	-	-	3,000,000	0.127%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman	29 June 2011	1,000,000	-	-	-	1,000,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Independent Non-executive Directors										
Mr. Chiu Wai Piu	29 June 2011	500,000	-	-	-	500,000	0.021%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Cheung Kwan Hung, Anthony	29 June 2011	500,000	-	-	-	500,000	0.021%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Heung Chee Hang, Eric	29 June 2011	500,000	-	-	-	500,000	0.021%	29 June 2011 – 28 June 2021	1.00	0.140
Other Participants										
Employees in aggregate (Note)	17 February 2010	314,126	-	-	-	314,126	0.013%	17 February 2010 – 16 February 2020	1.00	0.107 (Adjusted)
	29 June 2011	4,000,000	-	-	-	4,000,000	0.170%	29 June 2011 – 28 June 2021	1.00	0.140
		12,814,126	-	-	-	12,814,126	0.542%			

**Note:** Employees working under employment contracts that were 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 six months ended 30 September 2014 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 30 September 2014	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 2014	Granted during the period	Exercised during the period	Lapsed during the period					
Executive Directors										
Mr. Chan Wai Kwong, Peter	28 March 2013	3,000,000	–	–	–	3,000,000	0.127%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Choi Ho Yan	28 March 2013	3,000,000	–	–	–	3,000,000	0.127%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. So Haw, Herman	28 March 2013	3,000,000	–	–	–	3,000,000	0.127%	28 March 2013 – 27 March 2023	1.00	0.150
Independent Non-executive Directors										
Mr. Chiu Wai Piu	28 March 2013	1,150,000	–	–	–	1,150,000	0.049%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Cheung Kwan Hung, Anthony	28 March 2013	1,150,000	–	–	–	1,150,000	0.049%	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Heung Chee Hang, Eric	28 March 2013	1,150,000	–	–	–	1,150,000	0.049%	28 March 2013 – 27 March 2023	1.00	0.150
Chief Executive										
Mr. Wong Chun Wai	28 March 2013	3,000,000	–	–	–	3,000,000	0.127%	28 March 2013 – 27 March 2023	1.00	0.150
Other Participants										
Employees in aggregate (Note 1)	28 March 2013	47,000,000	–	(2,000,000) (Note 2)	–	45,000,000	1.911%	28 March 2013 – 27 March 2023	1.00	0.150
Other eligible participants	28 March 2013	35,000,000	–	–	–	35,000,000	1.487%	28 March 2013 – 27 March 2023	1.00	0.150
		97,450,000	–	(2,000,000)	–	95,450,000	4.053%			

### Notes:

1. 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).
2. Exercise date was 7 May 2014. At the date before the options were exercised, the market value per share was HK\$0.215.



## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the securities of the Company during the six months ended 30 September 2014.

## 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 six months ended 30 September 2014, 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.6.7 and E.1.2.

Under the code provision A.6.7, independent non-executive Directors should attend general meeting of the Company. Mr. Heung Chee Hang, Eric, an independent non-executive Directors, was unable to attend the annual general meeting (the "AGM") of the Company held on 25 August 2014 due to his other business engagement.

Under the code provision E.1.2 which provides that the chairman of the Board should attend the AGM. The chairman of the Board did not attend the AGM due to sick leave. Two (out of four) executive Directors and the chairman of audit, remuneration and nomination committee of the Board and the financial controller of the Company attended the AGM. The Company considers that their presence is sufficient for (i) answering questions from and (ii) effective communication with shareholders attended at 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. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the code of conduct and required standard of dealings throughout the six months ended 30 September 2014.





## 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. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

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 and internal control procedures.

The audit committee has reviewed the unaudited results for the six months ended 30 September 2014 and has provided advice and comments thereon.

By order of the Board  
**Gold Tat Group International Limited**  
**Choi Ho Yan**  
*Executive Director*

Hong Kong, 13 November 2014

*As at the date of this report, the Board comprises three executive Directors, namely, Mr. So Loi Fat (Chairman), Mr. Choi Ho Yan and Mr. So Haw, Herman; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.*

