

Third Quarterly Report

2014



**Gold Tat Group International Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266

## **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 nine months ended 31 December 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 nine months ended 31 December 2014

Note	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Continuing operation</b>				
Turnover	305,391	247,841	976,930	760,191
Cost of inventories sold	(291,451)	(238,353)	(933,463)	(727,761)
Other net income	9,683	913	10,234	1,925
Telecom operators and content providers costs	—	—	—	—
Employment costs	(4,502)	(4,102)	(13,630)	(15,037)
Research and development expenses	(462)	(868)	(3,112)	(3,140)
Depreciation and amortisation	(460)	(200)	(1,388)	(620)
Transportation expenses	(1,417)	(1,180)	(4,175)	(3,881)
Other operating expenses	(10,713)	(6,368)	(26,661)	(20,300)
Profit/(loss) from operations	6,069	(2,317)	4,735	(8,623)
Finance costs	(2,809)	(4,001)	(9,468)	(9,459)
Share of losses of associates	(2,526)	(906)	(1,410)	(1,337)
Profit/(loss) before tax	734	(7,224)	(6,143)	(19,419)
Income tax expense	(637)	(118)	(1,638)	(810)
Profit/(loss) for the period from continuing operation	97	(7,342)	(7,781)	(20,229)
<b>Discontinued operation</b>				
Profit for the period from discontinued operation	4,788	755	3,905	5,101
<b>Profit/(loss) for the period</b>	<b>4,885</b>	<b>(6,587)</b>	<b>(3,876)</b>	<b>(15,128)</b>

	<i>Note</i>	Three months ended 31 December		Nine months ended 31 December	
		2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company					
– Continuing operation		138	(7,236)	(9,469)	(20,928)
– Discontinued operation		4,749	642	3,490	4,541
		<u>4,887</u>	<u>(6,594)</u>	<u>(5,979)</u>	<u>(16,387)</u>
Non-controlling interests					
– Continuing operation		(41)	(106)	1,688	699
– Discontinued operation		39	113	415	560
		<u>(2)</u>	<u>7</u>	<u>2,103</u>	<u>1,259</u>
		<u>4,885</u>	<u>(6,587)</u>	<u>(3,876)</u>	<u>(15,128)</u>
<b>Basic earnings/(loss) per share (HK cents)</b>	5(a)				
– Continuing operation		0.005	(0.406)	(0.414)	(1.287)
– Discontinued operation		0.186	0.036	0.152	0.279
		<u>0.191</u>	<u>(0.370)</u>	<u>(0.262)</u>	<u>(1.008)</u>
<b>Diluted earnings/(loss) per share (HK cents)</b>	5(b)				
– Continuing operation		0.005	(0.406)	(0.414)	(1.287)
– Discontinued operation		0.153	0.022	0.114	0.207
		<u>0.158</u>	<u>(0.384)</u>	<u>(0.300)</u>	<u>(1.080)</u>

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

For the three months and nine months ended 31 December 2014

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Profit/(loss) for the period</b>	<b>4,885</b>	(6,587)	<b>(3,876)</b>	(15,128)
<b>Other comprehensive income, net of tax</b>				
<i>Items that have been or may be reclassified to profit or loss:</i>				
Exchange difference on translating foreign operations	(67)	95	(15)	95
Reclassification adjustment for translation differences recycled to profit or loss upon disposal of subsidiaries	(518)	–	(518)	–
<b>Other comprehensive income for the period, net of tax</b>	<b>(585)</b>	95	<b>(533)</b>	95
<b>Total comprehensive income for the period</b>	<b>4,300</b>	(6,492)	<b>(4,409)</b>	(15,033)
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company				
– Continuing operation	72	(7,162)	(9,492)	(20,898)
– Discontinued operation	4,231	642	2,972	4,541
	<b>4,303</b>	(6,520)	<b>(6,520)</b>	(16,357)
Non-controlling interests				
– Continuing operation	(42)	(85)	1,696	764
– Discontinued operation	39	113	415	560
	<b>(3)</b>	28	<b>2,111</b>	1,324
	<b>4,300</b>	(6,492)	<b>(4,409)</b>	(15,033)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payment reserve HK\$'000	Warrant reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total 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	21,415	90,426
Profit/(loss) for the period	-	-	-	-	-	-	-	-	(16,387)	(16,387)	1,259	(15,128)
Exchange difference on translating foreign operations	-	-	-	-	30	-	-	-	-	30	65	95
Total comprehensive income for the period	-	-	-	-	30	-	-	-	(16,387)	(16,357)	1,324	(15,033)
Shares issued upon placement	34,205	18,535	-	-	-	-	-	-	-	52,740	-	52,740
Shares issued upon exercise of share options	156	254	-	-	-	(130)	-	-	-	280	-	280
Transaction costs attributable to issue of new shares	-	(1,908)	-	-	-	-	-	-	-	(1,908)	-	(1,908)
Recognition of share option benefits at fair value	-	-	-	-	-	2,024	-	-	-	2,024	-	2,024
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	614	614
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	(245)	(245)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	88,439	88,439
Issue of convertible bonds on acquisition of subsidiaries and associate	-	-	-	-	-	-	-	105,939	-	105,939	-	105,939
Forfeiture of share options	-	-	-	-	-	(195)	-	-	195	-	-	-
Transactions with owners	34,361	16,881	-	-	-	1,699	-	105,939	195	159,075	88,808	247,883
At 31 December 2013	141,380	95,193	16,375	2,943	1,231	9,945	7,400	122,931	(185,669)	211,729	111,547	323,276

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payment reserve HK\$'000	Warrant reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014	15,659	125,369	16,375	2,943	1,093	9,788	7,400	119,302	(184,045)	113,884	59,344	173,228
Profit/(loss) for the period	-	-	-	-	-	-	-	-	(5,979)	(5,979)	2,103	(3,876)
Exchange difference on translating foreign operations	-	-	-	-	(23)	-	-	-	-	(23)	8	(15)
Redclassification adjustment for translation differences recycled to profit or loss upon disposal of subsidiaries	-	-	-	-	(518)	-	-	-	-	(518)	-	(518)
Total comprehensive income for the period	-	-	-	-	(541)	-	-	-	(5,979)	(6,520)	2,111	(4,409)
Shares issued upon conversion of convertible bonds	4,034	118,973	-	-	-	-	-	(60,141)	-	62,866	-	62,866
Shares issued upon exercise of share options	218	6,494	-	-	-	(2,534)	-	-	-	4,178	-	4,178
Shares issued upon exercise of warrants	936	19,224	-	-	-	-	-	-	-	20,160	-	20,160
Transaction costs attributable to issue of new shares	-	(54)	-	-	-	-	-	-	-	(54)	-	(54)
Lapse of warrants	-	-	-	-	-	-	(7,400)	-	7,400	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	940	940
Transactions with owners	5,188	144,637	-	-	-	(2,534)	(7,400)	(60,141)	7,400	87,150	940	88,090
At 31 December 2014	20,847	270,006	16,375	2,943	552	7,254	-	59,161	(182,624)	194,514	62,395	256,909

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

The unaudited condensed consolidated results for the nine months ended 31 December 2014 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 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 2014.

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 2014.

## 2. Finance costs

	Unaudited			
	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Continuing operation</b>				
Wholly repayable within five years				
– Effective interest expenses on liability component of convertible bonds	964	2,564	4,196	4,519
– Interest on bank loans	1,012	831	2,872	2,663
– Interest on other loans	224	–	561	990
– Finance leases charges	11	5	44	14
Not wholly repayable within five years				
– Interest on bank loans	98	101	298	309
– Interest on long term bonds	500	500	1,497	964
	<b>2,809</b>	<b>4,001</b>	<b>9,468</b>	<b>9,459</b>



### 3. Income tax expense

	Unaudited			
	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Continuing operation</b>				
Current tax				
Hong Kong Profits Tax	567	119	1,530	813
PRC Enterprise Income Tax ("EIT")	71	—	111	—
	<u>638</u>	<u>119</u>	<u>1,641</u>	<u>813</u>
Deferred tax				
Hong Kong Profits Tax	(1)	(1)	(3)	(3)
Income tax expense	<u>637</u>	<u>118</u>	<u>1,638</u>	<u>810</u>

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 profits for the period 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).

### 4. Discontinued operation

During the nine months ended 31 December 2014, the Group completed its disposal of the entire interest in Mobile Telecom (BVI) Limited ("MTL"), a wholly owned subsidiary of the Company, to a director of certain subsidiaries of MTL at a cash consideration of HK\$8,560,000. Full consideration was received in December 2014. The principal activity of MTL and its subsidiaries was provision of mobile data solution and related services. Accordingly, the results of mobile data solution business together with the related gain on disposal have been presented as a discontinued operation in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2014. The presentation of comparative information in respect of the nine months ended 31 December 2013 has been reclassified to conform to the current period's presentation.

**(a) Analysis of the results of discontinued operation is as follows:**

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	6,486	11,141	27,215	32,661
Other net income	364	108	700	1,631
Telecom operators and content providers costs	(1,661)	(2,682)	(6,376)	(7,292)
Employment costs	(3,138)	(3,561)	(12,269)	(9,477)
Research and development expenses	(1,363)	(2,407)	(5,821)	(7,051)
Depreciation and amortisation	(144)	(147)	(555)	(534)
Other operating expenses	(1,008)	(1,617)	(4,241)	(4,671)
Finance costs	–	(3)	–	(8)
(Loss)/profit before tax	(464)	832	(1,347)	5,259
Income tax expense	–	(77)	–	(158)
(Loss)/profit for the period	(464)	755	(1,347)	5,101
Gain on disposal of a subsidiary	5,252	–	5,252	–
<b>Profit for the period from discontinued operation</b>	<b>4,788</b>	<b>755</b>	<b>3,905</b>	<b>5,101</b>

**(b) Analysis of the expenses of discontinued operation is as follows:**

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Research and development expenses				
– Staff costs	1,363	2,407	5,821	7,051

**(c) Analysis of the cash flows of discontinued operation is as follows:**

	Unaudited Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Net cash (outflow)/inflow from operating activities	(180)	3,497
Net cash outflow from investing activities	(382)	(21)
Net cash outflow from financing activities	(8)	(8)
Net cash (outflow)/inflow from discontinued operation	(570)	3,468

**(d) Disposal of a subsidiary**

	19 December 2014 HK\$'000
Net assets disposed of	
Property, plant and equipment	1,090
Intangible assets	17
Trade and other receivables	7,487
Bank and cash balances	5,483
Trade and other payables	(11,191)
Non-controlling interest	940
	3,826
Consideration	8,560
Gain on disposal before recycling of cumulative translation differences	4,734
Recycling of cumulative translation differences	518
Gain on disposal	5,252
<b>Analysis of net cash flow in respect of the disposal of a subsidiary is as follows:</b>	
Cash consideration received	8,560
Bank and cash balances disposed of	(5,483)
Total cash inflow from disposal	3,077

## 5. Earnings/(loss) per share

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

The calculation of the basic earnings/(loss) per share is as follows:

	Unaudited			
	Three months ended 31 December		Nine months ended 31 December	
	2014	2013 (Restated)	2014	2013 (Restated)
Profit/(loss) for the period attributable to owners of the Company ( <i>HK\$ '000</i> )				
– Continuing operation	138	(7,236)	(9,469)	(20,928)
– Discontinued operation	4,749	642	3,490	4,541
	<b>4,887</b>	<b>(6,594)</b>	<b>(5,979)</b>	<b>(16,387)</b>
Weighted average number of ordinary shares in issue during the period ( <i>in '000</i> )	<b>2,558,751</b>	1,780,402	<b>2,288,514</b>	1,625,793
Basic earnings/(loss) per share ( <i>HK cents</i> )				
– Continuing operation	0.005	(0.406)	(0.414)	(1.287)
– Discontinued operation	0.186	0.036	0.152	0.279
	<b>0.191</b>	<b>(0.370)</b>	<b>(0.262)</b>	<b>(1.008)</b>

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

Diluted earnings/(loss) per share for the three months ended and nine months ended 31 December 2014 and 31 December 2013 from continuing operation were the same as basic earnings/(loss) per share because the conversion/exercise of the Company's outstanding convertible bonds, warrants and share options would be anti-dilutive.

The calculation of diluted earnings per share for the three months ended and nine months ended 31 December 2014 and 31 December 2013 from discontinued operation is as follows:

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
Profit for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculation ( <i>HK\$'000</i> )	<b>4,749</b>	642	<b>3,490</b>	4,541
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation ( <i>in '000</i> )	<b>2,558,751</b>	1,780,402	<b>2,288,514</b>	1,625,793
Effect of exercise of share options	<b>17,936</b>	29,828	<b>24,380</b>	15,143
Effect of conversion of convertible bonds	<b>523,632</b>	970,834	<b>733,680</b>	521,798
Effect of exercise of warrants	<b>6,337</b>	78,585	<b>18,452</b>	30,321
	<b>3,106,656</b>	2,859,649	<b>3,065,026</b>	2,193,055
Diluted earnings per share ( <i>HK cents</i> )				
– Discontinued operation	<b>0.153</b>	0.022	<b>0.114</b>	0.207

## 6. Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2014 (2013: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

The Group had made business disposal on the following:

- Mobile Application Development and Information Technology Consultant Services;

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

- 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. In this financial year, after extensive review and weighing on the prospects of the business, the Group has made the decision to discontinue the Mobile Application Development business operation. Subsequently the Group disposed the business in order to concentrate resources on other major business areas. The sale of the business also reflected a sign in a change of times for the Group.

To ensure all is not loss and capture the potential upside following the time spent on the Mobile Application Development business, the Group has managed to negotiate for a reserved portion of shareholding in the games research and development section for its potential high growth in the business sale of MTel Limited. The advantage gain here is at zero cost to the Group due to the future research and development resource expenses are all borne by the buying party.

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

Under the same management team in trading of hardware electronic parts relating to display and/or touch panel modules, ETC has gone from strength to strength with extra portion of resources, whilst proving ETC to be a reputable operation unit. To date, this business arm continues its 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. The hardware demand in the mobility market and technology usability industry is still growing strong. The management view is these technologies are continuing to be in high demand with an increase in applications for the foreseeable future particular for the affordable priced China mobile market. The Group will continue to support the business in terms of its trading capacity for a further growth.

## **Real Estate Development and Investment**

The acquired real estate development project in Yangjiang City, Guangdong Province, “Xiangjiang Peninsula” has remained to be on schedule and progressed through stage two development steadily, now start planning for stage three development. The management is now forevermore closer monitoring the development progress to minimize the general slow down of the China economy coupled with recent economical events that may result uncertain macro outcome. Nonetheless local appetite and sentiment remains to be fair for the real estate to continue its development.

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

## **Prospects**

The reduced exposure in Mobile Application Development and consequently conserved resources will benefit other business areas and stable the foundations of the Group. MTel Limited although will have the advantage on constant advance in technology particular in areas of entertainment, information and mobility through globalization, the cost is too much for the Group to bear. Moreover, the potential upside capture through shareholding on the games development is an added bonus if future developments materialise.

ETC will leverage current relationships with suppliers and customers as well as extra resources available to look for new opportunities in increasing trading product varieties and sales volume. With the existing market trend, the Group is comfortable to maintain its exposure and optimistic on the general outlook of this industry segment. The Group will continue to optimise the expenses incurred to increase profitability of this unit.

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

## FINANCIAL REVIEW

For the three months ended 31 December 2014, the Group recorded an unaudited turnover of approximately HK\$305,391,000, or an increase of 23.2% as compared to the corresponding period of last year.

For the nine months ended 31 December 2014, the Group recorded an unaudited turnover of approximately HK\$976,930,000, representing an increase of 28.5% as compared with approximately HK\$760,191,000 for the corresponding period in 2013.

The increase in turnover for the three months and nine months ended 31 December 2014 was mainly attributable to the business of trading of electronic parts and components, which recorded a turnover of approximately HK\$303,691,000 (2013: approximately HK\$247,218,000) and approximately HK\$971,185,000 (2013: approximately HK\$759,448,000) respectively.

Profit attributable to owners of the Company for the three months ended 31 December 2014 was approximately HK\$4,887,000 (2013: loss of approximately HK\$6,594,000).

The loss attributable to owners of the Company for the nine months ended 31 December 2014 was decreased significantly by 63.5% or approximately HK\$10,408,000.

The improvement of results was mainly attributable to (i) the increase in profit generated from the trading business, (ii) the recognition of gain arising from the disposal of the mobile data solution business, and (iii) the fair value gain on exercise of warrants. The improvement in the aforesaid areas was partially offset by fair value loss on conversion of convertible bonds.



## 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 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 (Note 1)	Total	Approximate percentage of issued share capital
<b>Directors:</b>						
Mr. Choi Ho Yan	Beneficial owner	Personal interest	–	6,000,000	6,000,000	0.23%
Mr. So Haw, Herman	Beneficial owner	Personal interest	–	4,000,000	4,000,000	0.15%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	1,650,000	0.06%
Mr. Cheung Kwan Hung, Anthony	Beneficial owner	Personal interest	1,650,000	–	1,650,000	0.06%
Mr. Heung Chee Hang, Eric	Beneficial owner	Personal interest	1,650,000	–	1,650,000	0.06%
<b>Chief executive:</b>						
Mr. Wong Chun Wai	Beneficial owner	Personal interest	18,720,000	3,000,000	21,720,000	0.81%

*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. As at 31 December 2014, the Company had a total of 2,666,092,967 shares in issue.

Save as disclosed above, as at 31 December 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, UNDERLYING SHARES AND DEBENTURES 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 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	Approximate percentage of the issued share capital	
					Total	
Mr. Poon Sum	Founder of a discretionary	Other interest (Note 1, 2 & 3)	227,345,632	466,198,982	693,544,614	26.01%
BNP Paribas Jersey Trust Corporation Limited ("BNP Paribas Jersey")	Trustee	Other interest (Note 1, 2 & 3)	227,345,632	466,198,982	693,544,614	26.01%
Red Tiles Limited ("Red Tiles")	Interest in controlled corporation	Corporate interest (Note 1, 2 & 3)	227,345,632	466,198,982	693,544,614	26.01%
Time Concord Limited ("Time Concord")	Beneficial owner	Corporate interest (Note 3)	51,020,408	153,061,224	693,544,614	26.01%
	Interest in controlled corporation	Corporate interest (Note 1, 2 & 3)	176,325,224	313,137,758		
Gold Horn Investments Limited ("Gold Horn")	Beneficial owner	Corporate interest (Note 3)	163,157,224	313,137,758	476,294,982	17.87%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest (Note 4)	355,571,722	–	355,571,722	13.34%
PetroAsian Energy Holdings Limited ("PetroAsian Energy")	Interest in controlled corporation	Corporate interest (Note 4)	355,571,722	–	355,571,722	13.34%

*Notes:*

1. 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.
2. Out of 227,345,632 shares held, 13,168,000 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\$45,687,500 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 31 December 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 nine months ended 31 December 2014 are set out below.

		Number of Share Options								
		Outstanding as at 1 April 2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2014	Approximate percentage of the issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
Name	Date of grant									
<b>Other Participants</b>										
Employees in aggregate <i>(Note)</i>	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 nine months ended 31 December 2014 are set out below.

Name	Date of grant	Number of Share Options						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	Transferred from/(to) other category during the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2014				
<b>Executive Directors</b>											
Mr. Chan Wai Kwong, Peter	29 June 2011	3,000,000	(3,000,000)	-	-	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Choi Ho Yan	29 June 2011	3,000,000	-	-	-	-	3,000,000	0.113%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman	29 June 2011	1,000,000	-	-	-	-	1,000,000	0.037%	29 June 2011 – 28 June 2021	1.00	0.140
<b>Independent Non-executive Directors</b>											
Mr. Chiu Wai Piu	29 June 2011	500,000	-	-	-	-	500,000	0.019%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Cheung Kwan Hung, Anthony	29 June 2011	500,000	-	-	(500,000) (Note 2)	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Heung Chee Hang, Eric	29 June 2011	500,000	-	-	(500,000) (Note 2)	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
<b>Other Participants</b>											
Employees in aggregate (Note 1)	17 February 2010	314,126	-	-	(163,346) (Note 3)	-	150,780	0.006%	17 February 2010 – 16 February 2020	1.00	0.107 (Adjusted)
	29 June 2011	4,000,000	3,000,000	-	-	-	7,000,000	0.263%	29 June 2011 – 28 June 2021	1.00	0.140
		12,814,126	-	-	(1,163,346)	-	11,650,780	0.438%			

**Notes:**

1. 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).
2. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK\$0.191.
3. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK\$0.189.

## (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 2014 are set out below.

Name	Date of grant	Number of Share Options						Outstanding as at 31 December 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	Transferred from/(to) other category during the period	Granted during the period	Exercised during the period (Note 2)	Lapsed during the period						
<b>Executive Directors</b>												
Mr. Chan Wai Kwong, Peter	28 March 2013	3,000,000	(3,000,000)	–	–	–	–	–	–	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Choi Ho Yan	28 March 2013	3,000,000	–	–	–	–	3,000,000	0.113%	–	28 March 2013 – 27 March 2023	1.00	0.150
Mr. So Haw, Herman	28 March 2013	3,000,000	–	–	–	–	3,000,000	0.113%	–	28 March 2013 – 27 March 2023	1.00	0.150
<b>Independent Non-executive Directors</b>												
Mr. Chiu Wai Piu	28 March 2013	1,150,000	–	–	–	–	1,150,000	0.043%	–	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Cheung Kwan Hung, Anthony	28 March 2013	1,150,000	–	–	(1,150,000)	–	–	–	–	28 March 2013 – 27 March 2023	1.00	0.150
Mr. Heung Chee Hang, Eric	28 March 2013	1,150,000	–	–	(1,150,000)	–	–	–	–	28 March 2013 – 27 March 2023	1.00	0.150
<b>Chief Executive</b>												
Mr. Wong Chun Wai	28 March 2013	3,000,000	–	–	–	–	3,000,000	0.113%	–	28 March 2013 – 27 March 2023	1.00	0.150
<b>Other Participants</b>												
Employees in aggregate (Note 1)	28 March 2013	47,000,000	3,000,000	–	(12,500,000)	–	37,500,000	1.406%	–	28 March 2013 – 27 March 2023	1.00	0.150
Other eligible participants	28 March 2013	35,000,000	–	–	(12,000,000)	–	23,000,000	0.863%	–	28 March 2013 – 27 March 2023	1.00	0.150
		97,450,000	–	–	(26,800,000)	–	70,650,000	2.651%				

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. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK\$0.189.

## **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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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, 12 February 2015

*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.*