



# Gold Tat Group International Limited

## Third Quarterly Report 2015



(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8266

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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 the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months and nine months ended 31 December 2015*

		Three months ended 31 December		Nine months ended 31 December	
	Note	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Continuing operations</b>					
Turnover		<b>204,176</b>	305,391	<b>524,363</b>	976,930
Cost of sales		<b>(196,477)</b>	(291,451)	<b>(505,653)</b>	(933,463)
<b>Gross profit</b>		<b>7,699</b>	13,940	<b>18,710</b>	43,467
Other net income		<b>234</b>	9,683	<b>220</b>	10,234
Employment costs		<b>(6,141)</b>	(4,502)	<b>(16,728)</b>	(13,630)
Research and development expenses		<b>(562)</b>	(462)	<b>(981)</b>	(3,112)
Depreciation		<b>(485)</b>	(460)	<b>(1,594)</b>	(1,388)
Transportation expenses		<b>(322)</b>	(1,417)	<b>(836)</b>	(4,175)
Other operating expenses		<b>(11,278)</b>	(10,713)	<b>(26,118)</b>	(26,661)
<b>(Loss)/profit from operations</b>		<b>(10,855)</b>	6,069	<b>(27,327)</b>	4,735
Finance costs	2	<b>(1,301)</b>	(2,809)	<b>(5,787)</b>	(9,468)
Share of profit/(losses) of associates		<b>674</b>	(2,526)	<b>4,895</b>	(1,410)
<b>(Loss)/profit before tax</b>		<b>(11,482)</b>	734	<b>(28,219)</b>	(6,143)
Income tax expense	3	<b>(59)</b>	(637)	<b>(157)</b>	(1,638)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(11,541)</b>	97	<b>(28,376)</b>	(7,781)
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	4	<b>–</b>	4,788	<b>–</b>	3,905
<b>(Loss)/profit for the period</b>		<b>(11,541)</b>	4,885	<b>(28,376)</b>	(3,876)

		Three months ended 31 December		Nine months ended 31 December	
		2015	2014	2015	2014
	<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Attributable to:</b>					
Owners of the Company					
– Continuing operations		(12,077)	138	(29,229)	(9,469)
– Discontinued operations		–	4,749	–	3,490
		<u>(12,077)</u>	<u>4,887</u>	<u>(29,229)</u>	<u>(5,979)</u>
Non-controlling interests					
– Continuing operations		536	(41)	853	1,688
– Discontinued operations		–	39	–	415
		<u>536</u>	<u>(2)</u>	<u>853</u>	<u>2,103</u>
<b>(Loss)/earnings per share</b>					
<i>(HK cents)</i>	5				
<i>From continuing and discontinued operations</i>					
Basic		<u>(0.348)</u>	<u>0.191</u>	<u>(0.980)</u>	<u>(0.262)</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<i>From continuing operations</i>					
Basic		<u>(0.348)</u>	<u>0.005</u>	<u>(0.980)</u>	<u>(0.414)</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

For the three months and nine months ended 31 December 2015

	Three months ended 31 December 2015		Nine months ended 31 December 2015	
	HK\$'000	2014 HK\$'000	HK\$'000	2014 HK\$'000
<b>(Loss)/profit for the period</b>	<b>(11,541)</b>	4,885	<b>(28,376)</b>	(3,876)
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(674)	(67)	(2,189)	(15)
Exchange differences reclassified to profit or loss on disposal of foreign operations	48	(518)	48	(518)
<b>Other comprehensive income for the period, net of tax</b>	<b>(626)</b>	(585)	<b>(2,141)</b>	(533)
<b>Total comprehensive income for the period</b>	<b>(12,167)</b>	4,300	<b>(30,517)</b>	(4,409)
<b>Attributable to:</b>				
Owners of the Company				
– Continuing operations	(12,626)	72	(31,127)	(9,492)
– Discontinued operations	–	4,231	–	2,972
	<b>(12,626)</b>	4,303	<b>(31,127)</b>	(6,520)
Non-controlling interests				
– Continuing operations	459	(42)	610	1,696
– Discontinued operations	–	39	–	415
	<b>459</b>	(3)	<b>610</b>	2,111

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

	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	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
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
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
At 1 April 2015	20,847	270,001	16,375	2,943	569	5,220	-	59,161	(178,719)	196,397	62,861	259,258
Total comprehensive income for the period	-	-	-	-	(1,898)	-	-	-	(29,229)	(31,127)	610	(30,517)
Shares issued upon placement	3,487	38,978	-	-	-	-	-	-	-	42,465	-	42,465
Shares issued upon exercise of share options	55	1,639	-	-	-	(644)	-	-	-	1,050	-	1,050
Shares issued upon conversion of convertible bonds	3,636	101,207	-	-	-	-	-	(59,161)	-	45,682	-	45,682
Transaction costs attributable to issue of new shares	-	(1,354)	-	-	-	-	-	-	-	(1,354)	-	(1,354)
Lapse of share options	-	-	-	-	-	(812)	-	-	812	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(873)	(873)
At 31 December 2015	28,025	410,471	16,375	2,943	(1,329)	3,764	-	-	(207,136)	253,113	62,598	315,711

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

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

These unaudited condensed consolidated financial statements do not included all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

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 2015.

## 2. Finance costs

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
<b>Continuing operations</b>				
Wholly repayable within five years				
– Effective interest expenses on liability component of convertible bonds	158	964	1,579	4,196
– Interest on bank loans	424	1,012	1,734	2,872
– Interest on other loan	117	224	661	561
– Finance lease charges	7	11	23	44
Not wholly repayable within five years based on repayment schedules				
– Interest on bank loans	95	98	290	298
– Interest on long term bonds	500	500	1,500	1,497
	<b>1,301</b>	<b>2,809</b>	<b>5,787</b>	<b>9,468</b>

### 3. Income tax expense

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Hong Kong Profits Tax	–	567	–	1,530
– PRC Enterprise Income Tax	<u>60</u>	<u>71</u>	<u>160</u>	<u>111</u>
	60	638	160	1,641
Deferred tax	<u>(1)</u>	<u>(1)</u>	<u>(3)</u>	<u>(3)</u>
Income tax expenses	<u>59</u>	<u>637</u>	<u>157</u>	<u>1,638</u>

Hong Kong Profits Tax is provided at 16.5% (2014: 16.5%) based on the estimated assessable profits for the period.

PRC Enterprise Income Tax has been provided at a rate of 25% (2014: 25%).

### 4. Discontinued operations

On 17 November 2014, the Company entered into a sale and purchase agreement with a director of Mobile Telecom (BVI) Limited ("Mobile Telecom") to dispose of the Company's entire equity interest in Mobile Telecom. Mobile Telecom and its subsidiaries were principally engaged in the provision of mobile data solution and related services. The disposal was completed on 19 December 2014.

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period from discontinued operations</b>				
Revenue	–	6,486	–	27,215
Other net income	–	364	–	700
Telecom operators and content providers costs	–	(1,661)	–	(6,376)
Employment costs	–	(3,138)	–	(12,269)
Research and development costs	–	(1,363)	–	(5,821)
Depreciation and amortisation	–	(144)	–	(555)
Other operating expenses	–	(1,008)	–	(4,241)
Loss from operations	–	(464)	–	(1,347)
Finance costs	–	–	–	–
Loss before tax	–	(464)	–	(1,347)
Income tax expense	–	–	–	–
Loss after tax	–	(464)	–	(1,347)
Gain on disposal of discontinued operations	–	5,252	–	5,252
Profit for the period from discontinued operations (attributable to owners of the Company)	–	4,788	–	3,905

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Research and development expenses</b>				
Staff costs	–	1,363	–	5,821

## 5. (Loss)/earnings per share

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

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

	Unaudited			
	Three months ended		Nine months ended	
	31 December 2015	2014	31 December 2015	2014
(Loss)/profit for the period attributable to owners of the Company ( <i>HK\$'000</i> )				
– Continuing operations	(12,077)	138	(29,229)	(9,469)
– Discontinued operations	–	4,749	–	3,490
	<u>(12,077)</u>	<u>4,887</u>	<u>(29,229)</u>	<u>(5,979)</u>
Weighted average number of ordinary shares in issue during the period ( <i>in '000</i> )	<u>3,474,810</u>	<u>2,558,751</u>	<u>2,983,053</u>	<u>2,288,514</u>
Basic (loss)/earnings per share ( <i>HK cents</i> )				
– Continuing operations	(0.348)	0.005	(0.980)	(0.414)
– Discontinued operations	–	0.186	–	0.152
	<u>(0.348)</u>	<u>0.191</u>	<u>(0.980)</u>	<u>(0.262)</u>

### (b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds and outstanding share options for the three months ended and nine months ended 31 December 2015 and 2014 would be anti-dilutive, no diluted loss per share was presented for the three months and nine months ended 31 December 2015 and 2014.

## **6. Dividend**

The Directors have not declared nor proposed any dividends in respect of the nine months ended 31 December 2015 (2014: Nil).

## **7. Event after the reporting period**

On 28 January 2016, Gold Basin Capital Limited ("Gold Basin"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") pursuant to which Gold Basin has agreed to purchase and the vendor has agreed to sell 70 shares of Coulman International Limited (the "Target Company"), representing 7% of the entire issued share capital of the Target Company for a total consideration of HK\$63,000,000.

Further details of the transaction are set out in the Company's announcement dated 28 January 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

The Group had been participating in the following activities:

- Trading of Electronic Hardware Components (Display and Touch Panel Modules) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment

## BUSINESS REVIEW

### Continuing Operation

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

Since the start of 2015, trading of electronic hardware components has started to enter into a very difficult period, which was mainly caused by the overcapacity of suppliers and saturation of certain electronic devices on the market. This, thus, caused the selling prices of such components coming down sharply and rapidly, noticeably in the months of April to June; and even fell below the manufacturers' costs of productions. Inadvertently, such manufacturers were forced to make production adjustments accordingly so that the price decline started to become more stable in the month of August. Based on the current market situation, supply of electronic hardware components, especially display units, has started to become tense. However, this was not due to the increase in the demand on the market, but mainly on the prices being fallen sharply in the previous months caused by a reduction of supplies by numerous manufacturers.

Given the volatility of the prices in the electronic hardware components, the management team of ETC Technology Limited ("ETC") had been monitoring the overall changes in the relevant markets and together comes with the unfavourable market conditions, more attention and resources were diverted in the trading of our IC Drivers section, whereas no such volatility of the prices were experienced and, most importantly, to minimise the impact that would have caused us were we to have kept our trading of display units in the old pace. Moreover, such move would enable to minimise ETC's exposure and reliance on such fierce and volatile market of the display units and to strengthen our position in the IC Drivers.

Management of ETC expects that, in the next three months, revenue from the trading of the display units will increase. This was mainly attributable to that the price decline was too deep and too rapid, and now that the prices have become relatively stable plus the noticeable increase in customers' willingness to place orders. Nonetheless, with the advances in technology, thin-film display units have started to become commercialised in recent months. Whereas almost all manufacturers of display units are still adjusting and upgrading their production scope and productions, and with other new manufacturers entering into the market, competitions will surely be fierce. The management of ETC will continue to closely monitor the changes in such market, notwithstanding the changes and enhancement of our electronic hardware components being traded; so that a better product-mix, better margins and a more stable selling prices for trading of our products can be achieved.

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

The Group has a real estate development portfolio of three and displayed the concentration effort in the area of Yangjiang City. The most notable project is Xiangjiang Peninsula, with stage two constructions underway and near its completion phase whereas the Group had also already begun the pre-sale of stage two. However, the progress of the pre-sale of stage two was slow and fell behind the management's expectation. In regard of this, the Group will keep a close eye on the progress of pre-sales activities of Xiangjiang Peninsula and whether if any extra promotional and/or marketing activities were needed.

It was noted that despite a general downturn of the Chinese economy, the local appetite and sentiment for the real estate had maintained because of the general public's housing needs; however the sentiment remained conservative. The Group will continue with its cautious investment evaluation approach and along with more preparations aiming against possible adverse conditions.

### **Discontinuing Operations**

#### ***Mobile data solution business***

The Group discontinued its mobile application development and information technology consultant services business by entering into a sale and purchase agreement to dispose to a director of certain subsidiaries of the Company for a consideration of HK\$8,560,000. The disposal was completed on 19 December 2014.

## Prospects

Chinese real estate market in the past year is entering a period of adjustment, the growth rate of real estate investment decreased significantly. However, with a steady, positive and healthy development goal as enchanted and being implemented by the Central Government, long-term mechanism is being established to improve and enhance the state of the real estate market in China. Coupled with the control and reform policies such as the withdrawal of restricted measures imposed on loan to end users and purchase of properties, lowering of the Require Rate of Reserves and interest rates, the real estate market in first half of 2015 and especially in the third quarter of 2015 has noticeably picked up. The transaction volume also increased moderately. With the next stage of reforms for the Chinese economy, a prudent monetary policy and proactive fiscal policy are to be expected so as to stimulate the real estate adjustment and make it be more market-oriented, and thus conducive to the medium and long term development and enhancement of the real estate market in China. The Group will continue to closely monitor the development of our projects in the Guangdong Province, and will actively review our development strategies so to capture new market opportunities.

Moving forward, the Group will continue to explore new investment opportunities, with a view to enhance the profitability of the Group as well the return and growth of the shareholders.

## FINANCIAL REVIEW

For the nine months ended 31 December 2015, the Group recorded an unaudited turnover of approximately HK\$524,363,000 (2014: approximately HK\$976,930,000), representing a decrease of 46.33% as compared to the corresponding period of last year. The revenue was mainly contributed by the trading of electronic parts and components business.

The Group recorded a loss for the nine months ended 31 December 2015 of approximately HK\$28,376,000 (2014: approximately HK\$3,876,000), representing an increase of 632.09% as compared with the corresponding period of last year.

The decrease in unaudited turnover and increase in unaudited net loss for the nine months ended 31 December 2015 as compared with that for the corresponding period in 2014 was mainly due to the decrease in both the Group's trading volume and selling prices of electronic parts and components in relation to display modules and touch panel modules in the nine months ended 31 December 2015 as compared to the corresponding period in 2014. The decrease in trading volume and selling prices was mainly attributable to a downturn in mobile phones and tablet market which in turn resulted in decrease in demand for LCD panels; and manufacturers' continuously price-cutting competition.

Loss attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$29,229,000 representing an increase of 388.86% as compared with approximately HK\$5,979,000 for the corresponding period in 2014.

## 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 2015, 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	Capacity	Nature of interest	Number of shares held	Number of shares issuable under share options granted	Approximate percentage of issued share capital (Note 1)
<b>Director:</b>					
Mr. Su MinZhi	Beneficial owner	Personal interest	46,496,000	–	1.30%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	0.05%

#### Note:

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

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company has or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

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

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholders' interest and short positions, being 5% or more of the issued share capital of the Company.

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

Name of substantial shareholders	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of the issued share capital
Mr. Fang Gang	Beneficial owner	Personal interest (Note 1)	433,808,000	900,006,979	25.10%
	Interest in controlled corporation	Corporate interest (Note 1)	466,198,979		
Fuze Investments Limited	Beneficial owner	Corporate interest (Note 1)	466,198,979	466,198,979	13.00%
Mr. Tang Hon Kwong	Security interest in shares	Personal interest (Note 1)	900,006,979	900,006,979	25.10%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest (Note 2)	355,571,722	355,571,722	9.91%
PetroAsian Energy Holdings Limited ("PetroAsian Energy")	Interest in controlled corporation	Corporate interest (Note 2)	355,571,722	355,571,722	9.91%

#### Notes:

1. Fuze Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company which is direct and wholly owned by Mr. Fang Gang. Mr. Fang Gang and Fuze Investments Limited pledged the 433,808,000 shares and 466,198,979 shares to Mr. Tang Hon Kwong respectively.
2. 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 2015.

## SHARE OPTIONS

### (i) 2003 Share Option Scheme

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

Movements in the outstanding share options granted under the 2003 Share Option Scheme during the nine months ended 31 December 2015 are set out below.

Name	Date of grant	Number of Share Options							Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2015	Transferred from/(to) other category during the period (Note 1)	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2015	Approximate percentage of the issued share capital			
<b>Executive Directors</b>											
Mr. Choi Ho Yan	29 June 2011	3,000,000	(3,000,000)	-	-	-	-	-	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman (Note 2)	29 June 2011	1,000,000	-	-	-	(1,000,000)	-	-	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	0.02%	29 June 2011 – 28 June 2021	1.00	0.140
<b>Other Participants</b>											
Employees in aggregate (Note 3)	29 June 2011	7,000,000	3,000,000	-	-	(3,000,000)	7,000,000	0.20%	29 June 2011 – 28 June 2021	1.00	0.140
		<u>11,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>	<u>7,500,000</u>	<u>0.22%</u>			

Notes:

- Mr. Choi Ho Yan resigned as an executive Director with effect from 1 September 2015 and was engaged as an advisor of the Company with effect from 1 September 2015.
- Mr. So Haw, Herman resigned as an executive Director with effect from 1 September 2015. According to the 2003 Share Option Scheme, he may exercise the share options within the period of one month following the date of his resignation. The relevant share options have been lapsed on 1 October 2015.
- Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

## (ii) 2013 Share Option Scheme

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

Movements in the outstanding share options granted under the 2013 Share Option Scheme during the nine months ended 31 December 2015 are set out below.

Name	Date of grant	Number of Share Options						Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$	
		Outstanding as at 1 April 2015	Transferred from/(to) other category during the period (Note 1)	Granted during the period	Exercised during the period (Note 2)	Lapsed during the period	Outstanding as at 31 December 2015				Approximate percentage of the issued share capital
<b>Executive Directors</b>											
Mr. Choi Ho Yan	28 March 2013	3,000,000	(3,000,000)	-	-	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
Mr. So Haw, Herman (Note 3)	28 March 2013	3,000,000	-	-	-	(3,000,000)	-	-	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	0.03%	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)	-	-	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
<b>Other Participants</b>											
Employees in aggregate (Note 4)	28 March 2013	37,500,000	6,000,000	-	(6,000,000)	(3,000,000)	34,500,000	0.96%	28 March 2013 – 27 March 2023	1.00	0.150
Other eligible participants	28 March 2013	1,000,000	-	-	(1,000,000)	-	-	-	28 March 2013 – 27 March 2023	1.00	0.150
		48,650,000	-	-	(7,000,000)	(6,000,000)	35,650,000	0.99%			

Notes:

- Mr. Choi Ho Yan resigned as an executive Director with effect from 1 September 2015 and was engaged as an advisor of the Company with effect from 1 September 2015. Mr. Wong Chun Wai resigned as the chief executive officer of the Company with effect from 3 April 2015 but remained as the director of a subsidiary of the Company.
- The weighted average closing price of the shares immediately before the date on which the options were exercised was HK\$0.148.
- Mr. So Haw, Herman resigned as an executive Director with effect from 1 September 2015. The relevant share options have been lapsed on 1 September 2015.
- Employees working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

## **PURCHASE, SALE OR REDEMPTION OF 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 2015.

## **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 2015, 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.2.1 and E.1.2.

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

The chairman is responsible for management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Group. Mr. So Loi Fat held the offices of chairman of the Board since January 2014.

The role of chief executive is responsible to undertake the day-to-day management of the Group's business. Following the resignation from the post of chief executive officer of the Company of Mr. Wong Chun Wai on 3 April 2015 due to his personal intention to spend more time with his family, the role of chief executive officer has been left vacant. The Board has been in the process of identifying a suitable candidate to fill the role of chief executive officer.

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting of the Company. Mr. So Loi Fat, the chairman of the Board did not attend the annual general meeting of the Company held on 28 August 2015 (“AGM”) due to his other prior business engagement. Four (out of five) executive Directors and the chairman and all the members of each of the audit, remuneration and nomination committees of the Board attended the AGM. The Company considers that their presence is sufficient for addressing the queries from, and maintaining effective communication with, the shareholders attending the AGM.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions of the Company. The Company has made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2015.

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

## **AUDIT COMMITTEE**

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising all independent non-executive Directors namely Mr. Tam Yiu Cheung (as chairman), Mr. Chiu Wai Piu and Mr. Tam Kin Yip.

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 2015 and has provided advice and comments thereon.

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

Hong Kong, 11 February 2016

*As at the date of this report, the Board comprises four executive Directors, namely, Mr. So Loi Fat (Chairman), Mr. Su Minzhi, Mr. Wong Shiu Wah, Williamson and Mr. Chen Dong Quan; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Tam Yiu Cheung and Mr. Tam Kin Yip.*