



Gold Tat Group International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266

2016
INTERIM
REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 six months ended 30 September 2016, together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 September 2016

		Three months ended 30 September		Six months ended 30 September	
	Note	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	3	170,410	153,331	321,008	320,187
Cost of sales		(163,495)	(147,513)	(308,025)	(309,176)
Gross profit		6,915	5,818	12,983	11,011
Other net income		10	(141)	18	(14)
Employment costs		(7,674)	(5,447)	(14,859)	(10,587)
Research and development expenses		180	(29)	(265)	(419)
Depreciation		(275)	(552)	(562)	(1,109)
Transportation expenses		(294)	(56)	(603)	(514)
Other operating expenses		(5,508)	(8,629)	(10,545)	(14,840)
Loss from operations		(6,646)	(9,036)	(13,833)	(16,472)
Finance costs	4	(1,047)	(1,991)	(2,092)	(4,486)
Share of profit of associates		251	3,837	606	4,221
Loss before tax		(7,442)	(7,190)	(15,319)	(16,737)
Income tax (credit)/expense	5	1	(35)	2	(98)
Loss for the period		(7,441)	(7,225)	(15,317)	(16,835)
Attributable to:					
Owners of the Company		(7,448)	(8,438)	(15,511)	(17,152)
Non-controlling interests		7	1,213	194	317
		(7,441)	(7,225)	(15,317)	(16,835)
Loss per share (HK cents)	6				
Basic		(0.21)	(0.30)	(0.43)	(0.63)
Diluted		N/A	N/A	N/A	N/A

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

For the three months and six months ended 30 September 2016

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss for the period	(7,441)	(7,225)	(15,317)	(16,835)
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(108)	(1,528)	(889)	(1,515)
Other comprehensive income for the period, net of tax	(108)	(1,528)	(889)	(1,515)
Total comprehensive income for the period	(7,549)	(8,753)	(16,206)	(18,350)
Attributable to:				
Owners of the Company	(7,545)	(9,799)	(16,297)	(18,501)
Non-controlling interests	(4)	1,046	91	151
	(7,549)	(8,753)	(16,206)	(18,350)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	8	7,032	8,013
Investment properties		9,500	9,500
Goodwill		24,911	24,911
Intangible assets		1,718	1,718
Available-for-sale financial assets		63,229	63,229
Investments in associates		115,454	114,848
Deposit for investment in available-for-sale financial assets		–	10,800
Deposit for acquisition of intangible assets		11,399	11,788
Structured deposit		3,875	–
		237,118	244,807
Current assets			
Inventories		10,154	10,537
Trade, bills and other receivables, deposits and prepayments	9	131,913	115,912
Properties under development		45,520	45,680
Pledged bank deposits		22,307	20,564
Tax refundable		1,335	1,001
Bank and cash balances		50,204	38,886
		261,433	232,580
Current liabilities			
Trade and other payables and receipt in advance	10	101,421	97,203
Due to an associate		21,469	22,201
Bank and other loans	11	53,198	54,986
Finance lease payables		318	391
Promissory note		38,000	38,000
		214,406	212,781
Net current assets		47,027	19,799
Total assets less current liabilities		284,145	264,606

	<i>Note</i>	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Non-current liabilities			
Long term bonds		40,000	40,000
Deferred tax liabilities		168	170
		40,168	40,170
NET ASSETS		243,977	224,436
Capital and reserves			
Share capital	12	32,195	28,025
Reserves		159,274	143,994
Equity attributable to owners of the Company		191,469	172,019
Non-controlling interests		52,508	52,417
TOTAL EQUITY		243,977	224,436

For the six months ended 30 September 2016

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities	(12,881)	(22,716)
Net cash (used in)/generated from investing activities	(5,639)	47,675
Net cash generated from/(used in) financing activities	30,794	(6,385)
Net increase in cash and cash equivalents	12,274	18,574
Effect of foreign exchange rate changes	(956)	(1,969)
Cash and cash equivalents at 1 April	38,886	58,470
Cash and cash equivalents at 30 September	50,204	75,075
Analysis of cash and cash equivalents:		
Bank and cash balances	50,204	75,075

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 31 March 2016 (the “2016 Annual Financial Statements”).

2. Significant accounting policies and estimates

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties which are measured at fair values.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the 2016 Annual Financial Statements, except for the application of the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group’s operations and effective for the Group’s annual periods beginning on 1 April 2016.

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of those amendments has had no material impact on the Group’s results of operations and financial position.

In preparing these unaudited condensed consolidated financial statements, the critical judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2016 Annual Financial Statements.

3. Segment information

The Group has three reportable segments as follows:

Trading of electronic parts and components	–	trading of electronic parts and components and provision of professional solution with engineering services
Property development	–	sale of developed properties
Property investment	–	rental income

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		Property development		Property investment		Total
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Revenue from external customers	321,008	317,001	–	–	–	3,186	321,008
Segment profit/(loss)	991	(3,723)	(7,121)	(1,062)	(59)	(533)	(6,189)

Reconciliations of reportable segment profit or loss:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Total loss of reportable segments	(6,189)	(5,318)
Unallocated corporate results	(9,128)	(11,517)
Consolidated loss for the period	(15,317)	(16,835)

4. Finance costs

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Wholly repayable within five years				
– Effective interest expenses on liability components of convertible bonds	–	719	–	1,421
– Interest on bank loans	406	463	818	1,310
– Interest on other loan	116	207	223	544
– Finance lease charges	5	7	10	16
Not wholly repayable within five years based on repayment schedules				
– Interest on bank loans	20	95	41	195
– Interest on long term bonds	500	500	1,000	1,000
	1,047	1,991	2,092	4,486

5. Income tax (credit)/expense

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	–	–	–
Current tax – PRC Enterprise Income Tax				
– Provision for the period	–	36	–	100
	–	36	–	100
Deferred tax				
Hong Kong Profits Tax	(1)	(1)	(2)	(2)
Income tax (credit)/expense	(1)	35	(2)	98

No Hong Kong Profits Tax has been provided for as the Group has sufficient tax losses brought forward to set off against current periods' estimated assessable profits. No Hong Kong Profits Tax has been provided for the three months and six months ended 30 September 2015 as the Group has no estimated assessable profits.

No provision for PRC Enterprise Income Tax is required since the Group has no assessable profits in the PRC for the three months and six months ended 30 September 2016. The amount provided for the three months and six months ended 30 September 2015 was calculated at 25%.

6. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is as follows:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
Loss for the period attributable to owners of the Company (HK\$'000)	(7,448)	(8,438)	(15,511)	(17,152)
Weighted average number of ordinary shares in issue during the period (in '000)	3,679,267	2,804,115	3,633,034	2,735,831
Basic loss per share (HK cents)	(0.21)	(0.30)	(0.43)	(0.63)

(b) Diluted loss per share

As the exercise of the Group's outstanding share options for the three months ended and six months ended 30 September 2016 (2015: outstanding convertible bonds and outstanding share options) would be anti-dilutive, no diluted loss per share was presented for the three months and six months ended 30 September 2016 and 2015.

7. Dividend

The Directors have not declared nor proposed any dividends in respect of the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

8. Property, plant and equipment

During the six months ended 30 September 2016, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$47,000 (six months ended 30 September 2015: approximately HK\$5,000).

Items of property, plant and equipment with carrying amount of approximately HK\$22,000 were disposed during the six months ended 30 September 2016, resulting in a loss on disposals of property, plant and equipment of approximately HK\$2,000. No property, plant and equipment were disposed during the six months ended 30 September 2015.

The Group had no significant commitments for the purchase of property, plant and equipment as at 30 September 2016 and 31 March 2016.

9. Trade, bills and other receivables, deposits and prepayments

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Trade receivables	71,145	55,027
Bills receivables	9,734	1,323
Other receivables	47,872	55,544
Deposits and prepayments	3,162	4,018
	131,913	115,912

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
0 to 30 days	46,947	38,294
31 to 60 days	14,138	5,083
61 to 90 days	4,478	6,503
Over 90 days	5,582	5,147
	71,145	55,027

The credit terms granted by the Group to its customers are generally cash on delivery to 90 days.

10. Trade and other payables and receipt in advance

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Trade payables	75,830	59,967
Other payables	24,124	34,279
Receipt in advance	1,006	1,496
Bond interest payables	461	1,461
	101,421	97,203

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
0 to 30 days	60,883	41,587
31 to 60 days	13,650	13,940
61 to 90 days	1,287	3,110
Over 90 days	10	1,330
	75,830	59,967

11. Bank and other loans

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Secured bank loans subject to repayable on demand clause	3,592	3,665
Secured bank loans on demand or within one year	222	297
Unsecured other loan subject to repayable on demand clause	4,000	4,066
Bank invoice loans	45,384	46,958
	53,198	54,986

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 person of subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company.

Bank and other loans of approximately HK\$45,384,000 (31 March 2016: approximately HK\$46,958,000) denominated in US\$ and of approximately HK\$7,814,000 (31 March 2016: approximately HK\$8,028,000) denominated in HK\$.

The effective annual interest rates on the bank and other loans range from 2.25% to 12% per annum.

12. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of US\$0.001 each		
<i>Authorised:</i>		
At 1 April 2015, 31 March 2016 and 30 September 2016	40,000,000,000	312,000
<i>Issued and fully paid:</i>		
At 1 April 2015	2,666,092,967	20,847
Shares issued upon conversion of convertible bonds	466,198,979	3,636
Shares issued upon exercise of share options	7,000,000	55
Shares issued upon placement	447,000,000	3,487
At 31 March 2016	3,586,291,946	28,025
Shares issued upon placement	534,608,000	4,170
At 30 September 2016	4,120,899,946	32,195

13. Operating lease commitments

As at 30 September 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Within one year	4,505	4,488
In the second to fifth years inclusive	2,635	4,298
	7,140	8,786

Operating lease payments represent rentals payable by the Group for certain offices and staff quarters. Leases are negotiated for an average term of one to four years (31 March 2016: one to four years) and rentals are fixed over the lease terms and do not include contingent rent.

14. Contingent Liabilities

There have been no material changes in contingent liabilities since 31 March 2016.

15. Related parties transactions

The Group's key management personnel compensation for the six months ended 30 September 2016 amounted to approximately HK\$4,290,000 (six months ended 30 September 2015: approximately HK\$1,930,000).

16. 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. Fair value measurements are categorised into three levels as follows:

- | | |
|-----------------|--|
| 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 has no financial instruments that are measured at fair values as at 30 September 2016 and 31 March 2016.

17. Event after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2016 and up to the date of this interim report.

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

Trading of Electronic Hardware Components (Display Modules including LCD panel and IC Drivers) with Compatibility Solutions Advisory Services

The business segment has been facing enormous challenges despite sales for the six months ended 30 September 2016 increased by around 0.26%, from approximately HK\$320,187,000 in the same period last year to approximately HK\$321,008,000 in this year's period. However, this segment obtained a turnaround from loss of approximately of HK\$3,723,000 to profit of approximately of HK\$991,000. As the LCD panel prices in the markets of PRC and Taiwan started to fall sharply as early as in the beginning of 2015, resulting in panel makers to reduce production or even turn off some of their production lines in order to reduce losses, together with the 2016 February earthquake in Taiwan which made Taiwanese panel makers (our main suppliers) needing to stop for line maintenances, so that panel supplies have been further reduced for the short term. However, under the experienced management leadership of ETC Technology Limited ("ETC"), this business unit has been continuing its effort to expand its foothold in the IC Drivers market despite fewer sales in LCD panel business.

Given the volatility of the prices in the electronic hardware components, the management team of ETC closely monitored the overall changes in the relevant markets. More attention and resources were diverted in the trading of IC Drivers which less price volatility was experienced and, most importantly, to minimise the negative impact happened to the trading of display units. Such adjustment would minimise ETC's exposure to and reliance on 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 modules may increase steadily. This is mainly attributable to that the selling prices have started to fall plus the noticeable increase in customers' willingness to place orders. The management of ETC will continue to closely monitor the changes in the market, so that a better product-mix, better margins and 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 projects concentrated in the area of Yangjiang City. The most notable project is Xiangjiang Peninsula, with stage three and four constructions getting underway. However, the progress 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 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.

In Hong Kong, we currently have one investment property which is now vacant and we are looking for tenant to fill the void.

Prospects

China real estate market, especially in the third and fourth-tier cities is still in an adjustment period whereas the growth rate of real estate investment has also decreased significantly accordingly. The "Out Stock" policy by the Central PRC Government and other regulatory policies, will be conducive to long term stable development of the real estate market in China. The Group will continue to closely monitor the development of our property development projects in Guangdong Province, and will actively adjust development strategies to capture new market opportunities.

Looking ahead, the Group will continue to build our existing businesses, and will actively looking for new investment opportunities to steadily enhance the Group's profitability and the return of the shareholders.

FINANCIAL REVIEW

Revenue and Results

For the six months ended 30 September 2016, the Group recorded an unaudited turnover of approximately HK\$321,008,000 (2015: approximately HK\$320,187,000), representing a slight increase of 0.3% as compared to the corresponding period of last year. All the revenue was contributed by the trading of electronic parts and components business.

The Group recorded a loss for the six months ended 30 September 2016 of approximately HK\$15,317,000 (2015: approximately HK\$16,835,000), representing a slight decrease of 9% as compared with the corresponding period of last year.

Loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK\$15,511,000, representing a decrease of 9.6% as compared with approximately HK\$17,152,000 for the corresponding period in 2015.

The improvement in performance of the Group was due to a turnaround of results of trading segment which recorded a profit for the six months ended 30 September 2016 as compared to the loss for the same corresponding period of 2015.

Liquidity, Financial Resources and Gearing

The Group financed its operations with the revenue generated from its operations and banking facilities provided by its bankers in Hong Kong. At 30 September 2016, the Group had total outstanding indebtedness of approximately HK\$131,516,000 which comprised of bank and other loans, long term bonds, promissory note and finance lease payables (31 March 2016: approximately HK\$133,377,000).

69.6% (31 March 2016: 70.0%) of the indebtedness are considered as current liabilities and repayable within one year and 30.4% (31 March 2016: 30.0%) are repayable in 2020. HK and US dollar denominated indebtedness accounted for 65.5% (31 March 2016: 64.8%) and 34.5% (31 March 2016: 35.2%) of the total indebtedness respectively.

37.4% (31 March 2016: 38.2%) of indebtedness are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 4.00% (31 March 2016: 2.25% to 4.00%); 30.4% (31 March 2016: 30.0%) are seven-year 5% coupon straight bonds due 2020; 28.9% (31 March 2016: 28.5%) are non-interest bearing promissory note which was denominated in HK dollars, due on the date immediately following two years after the date of issue of the note; 3.0% (31 March 2016: 3.0%) of indebtedness are interest bearing other loans at fixed interest rate of 1% per month and the remaining 0.3% (31 March 2016: 0.3%) are interest bearing finance lease obligations at fixed interest rate.

At 30 September 2016, the Group had cash reserves of approximately HK\$50,204,000 (31 March 2016: approximately HK\$38,886,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC. 98.4% (31 March 2016: 99.2%) of the Group's cash and cash equivalents (comprising cash on hand and bank balances) were denominated in HK dollar or US dollar, whereas 1.6% (31 March 2016: 0.8%) were denominated in Renminbi.

The gearing ratio as at 30 September 2016 was 53.9% (31 March 2016: 59.4%). The gearing ratio was derived by dividing the total indebtedness of approximately HK\$131,516,000 (31 March 2016: approximately HK\$133,377,000) by the amount of shareholders' equity of approximately HK\$243,977,000 (31 March 2016: approximately HK\$224,436,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 121.9% (31 March 2016: 109.3%).

To strengthen its cash resources and working capital position, on 30 August 2016, the Company entered into a placing agreement with an independent placing agent, pursuant to which the Company has agreed to place through the placing agent, on a best efforts basis, of up to 534,608,000 ordinary shares of the Company to not less than six independent placees at the placing price of HK\$0.069 per placing share (the "Placing"). The aggregate nominal value of the placing shares was US\$534,608. The placing price of HK\$0.069 represented a discount of approximately 18.82% to the closing price of HK\$0.085 per share of the Company as quoted on the Stock Exchange on 30 August 2016. The completion of the Placing took place on 15 September 2016 and 534,608,000 shares, representing approximately 12.97% of the issued share capital of the Company as enlarged by the issue of the 534,608,000 placing shares, have been placed to not less than six placees at the placing price of HK\$0.069 per placing share. The gross and net proceeds from the Placing amounted to approximately HK\$36,890,000 and HK\$35,750,000, respectively. The net placing price was approximately HK\$0.067 per placing share. The said proceeds will be used as general working capital of the Group.

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 cost 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

Pursuant to the placing agreement dated 30 August 2016, 534,608,000 ordinary shares of the Company were issued and allotted on 15 September 2016 at a price of HK\$0.069 per share. Share premium increased by approximately HK\$32,718,000 accordingly.

Save as disclosed above, there was no change in the share capital of the Company during the six months ended 30 September 2016.

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 the Group's Assets

As at 30 September 2016, 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\$9,500,000 (31 March 2016: HK\$9,500,000);

- (ii) the leasehold properties with carrying amount of approximately HK\$4,552,000 (31 March 2016: approximately HK\$4,606,000);
- (iii) bank deposits of approximately HK\$26,182,000 (31 March 2016: approximately HK\$20,564,000).

And, a leased motor vehicle with carrying amount of approximately HK\$349,000 (31 March 2016: approximately HK\$437,000) was charged to secure the Group's finance lease payables.

Contingent Liabilities

During the year ended 31 March 2016, a wholly-owned subsidiary of the Company was under tax investigation by the Shenzhen Provisional Office of State Administration of Taxation regarding the receipt of factitious Value-Added Tax ("VAT") invoice from certain suppliers for the period from November 2013 to January 2015 as those suppliers were under tax investigation by respective provisional office of State Administration of Taxation. Up to the reporting period end date, the case was still undergoing and the Group considered the probability to win the case was remote, a provision of approximately HK\$5,880,000 (31 March 2016: HK\$6,012,000) was made regarding the overdue payment and the non-deductible input VAT from these suppliers.

Except for the above, the Group did not have any significant contingent liabilities as at 30 September 2016 (31 March 2016: Nil).

Employee Information

As at 30 September 2016, the Group had an aggregate of 63 (31 March 2016: 50) employees of which 26 (31 March 2016: 30) 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\$14,859,000 for the six months ended 30 September 2016 (six months ended 30 September 2015: approximately HK\$10,587,000). 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 2016, 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 Directors	Capacity	Nature of interest	Number of shares held	Number of shares issuable under share options granted (Note 1)	Approximate percentage of the issued share capital
Mr. Su Minzhi	Beneficial owner	Personal interest	46,496,000	–	1.13%
Mr. Chiu Wai Piu	Beneficial owner	Personal interest	–	1,650,000	0.04%

Note:

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

Save as disclosed above, as at 30 September 2016, 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 2016, 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	21.84%
	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	11.31%
China Oil Resources Group Limited ("China Oil")	Beneficial owner	Corporate interest (Note 2)	355,571,722	355,571,722	8.63%
PetroAsian Energy Holdings Limited (now named as Tou Rong Chang Fu Group Limited)	Interest in controlled corporation	Corporate interest (Note 2)	355,571,722	355,571,722	8.63%
Mr. Kwok Lung	Beneficial owner	Personal interest (Note 3)	350,000,000	350,000,000	8.49%

Notes:

1. Fuze Investments Limited is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Fang Gang. Mr. Fang Gang and Fuze Investments Limited pledged his 433,808,000 shares and its 466,198,979 shares respectively to Kingston Finance Limited. Kingston Finance Limited is 100% controlled by Ample Cheer Limited, Ample Cheer Limited is 80% controlled by Best Forth Limited which is in turn 100% controlled by Ms. Chu Yuet Wah.
2. China Oil is wholly and beneficially owned by PetroAsian Energy Holdings Limited (now named as Tou Rong Chang Fu Group Limited). PetroAsian Energy Holdings Limited is a company incorporated in the Cayman Islands whose shares are listed on the Main Board (stock code: 850).
3. Mr. Kwok Lung pledged his 350,000,000 shares to Kingston Finance Limited. Kingston Finance Limited is 100% controlled by Ample Cheer Limited, Ample Cheer Limited is 80% controlled by Best Forth Limited which is in turn 100% controlled by Ms. Chu Yuet Wah.

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 2016.

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 six months ended 30 September 2016 are set out below.

Name	Date of grant	Number of Share Options				Outstanding as at 30 September 2016	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 2016	Granted during the period	Exercised during the period	Lapsed during the period					
Independent Non-executive Directors										
Mr. Chiu Wai Piu	29 June 2011	500,000	–	–	–	500,000	0.01%	29 June 2011 – 28 June 2021	1.00	0.140
Other Participants										
Employees in aggregate (Note)	29 June 2011	7,000,000	–	–	–	7,000,000	0.17%	29 June 2011 – 28 June 2021	1.00	0.140
		7,500,000	–	–	–	7,500,000	0.18%			

Note: 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 six months ended 30 September 2016 are set out below.

		Number of Share Options								
Name	Date of grant	Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2016	Approximate percentage of the issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
Independent Non-executive Directors										
Mr. Chu Wai Piu	28 March 2013	1,150,000	–	–	–	1,150,000	0.03%	28 March 2013 – 27 March 2023	1.00	0.150
Other Participants										
Employees in aggregate (Note)	28 March 2013	34,500,000	–	–	–	34,500,000	0.84%	28 March 2013 – 27 March 2023	1.00	0.150
		35,650,000	–	–	–	35,650,000	0.87%			

Note: 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 THE COMPANY’S LISTED SECURITIES

On 15 September 2016, the Company placed an aggregate of 534,608,000 shares of the Company at a price of HK\$0.069 per placing share. The net proceeds from the placing were approximately HK\$35,750,000, with the details as set out in the announcement made by the Company dated 30 August 2016 and 15 September 2016, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2016.

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 2016, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to 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. The role of chief executive is responsible to undertake the day-to-day management of the Group's business.

Mr. So Loi Fat is the chairman of the Company and there was no chief executive officer appointed by the Company and the day-to-day management of the Group was led by Mr. So Loi Fat. There is no time schedule to change this structure, as the Directors consider that this structure provides the Group with consistent leadership in the Company's decision making process and operational efficiency.

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting of the Company. The chairman of the Board did not attend the annual general meeting of the Company held on 31 August 2016 ("AGM") due to his other prior business engagement. The other two executive Directors, the chairman and all the members of the audit and remuneration committees of the Board, and the external auditor 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 six months ended 30 September 2016.

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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in Directors' information as notified to the Company subsequent to the date of the 2016 Annual Report are set out as follows:

Mr. Chen Dongquan, the executive Director, was appointed as a member of the nomination committee and remuneration committee of the Board with effect from 12 August 2016.

Mr. Miu Hon Kit, the independent non-executive Director, was appointed as an independent non-executive director of Chong Kin Group Holdings Limited (stock code: 1609) with effect from 27 September 2016.

Save as disclosed above, there is no other change of information in respect of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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. Miu Hon Kit (as chairman), Mr. Chiu Wai Piu and Mr. Li Shiu Ki, Ernest.

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 2016 and has provided advice and comments thereon.

By Order of the Board
Gold Tat Group International Limited
Chen Dongquan
Executive Director

Hong Kong, 14 November 2016

As at the date of this report, the Board comprises three executive Directors, namely, Mr. So Loi Fat (Chairman), Mr. Su Minzhi and Mr. Chen Dongquan; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Miu Hon Kit and Mr. Li Shiu Ki, Ernest.