



Gold Tat Group International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266

INTERIM REPORT

2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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 2017, together with the unaudited comparative figures for the corresponding periods in 2016 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 September 2017

	<i>Note</i>	Three months ended 30 September		Six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	3	175,923	170,410	314,252	321,008
Cost of sales		(168,803)	(163,495)	(301,847)	(308,025)
Gross profit		7,120	6,915	12,405	12,983
Other net income		17	10	33	18
Employment costs		(7,244)	(7,674)	(14,563)	(14,859)
Research and development expenses		(1)	180	(458)	(265)
Depreciation		(239)	(275)	(493)	(562)
Transportation expenses		(271)	(294)	(562)	(603)
Other operating expenses		(4,131)	(5,508)	(8,752)	(10,545)
Loss from operations		(4,749)	(6,646)	(2,721)	(13,833)
Finance costs	4	(1,244)	(1,047)	(3,161)	(2,092)
Share of (losses)/profit of associates		(117)	251	(170)	606
Loss before tax		(6,110)	(7,442)	(15,281)	(15,319)
Income tax (expense)/credit	5	(10)	1	(13)	2
Loss for the period		(6,120)	(7,441)	(15,294)	(15,317)

	<i>Note</i>	Three months ended 30 September		Six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Attributable to:					
Owners of the Company		(6,247)	(7,448)	(15,024)	(15,511)
Non-controlling interests		127	7	(270)	194
		<u>(6,120)</u>	<u>(7,441)</u>	<u>(15,294)</u>	<u>(15,317)</u>
Loss per share (HK cents)	6				
Basic		<u>(0.15)</u>	<u>(0.21)</u>	<u>(0.37)</u>	<u>(0.43)</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 six months ended 30 September 2017

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Loss for the period	(6,120)	(7,441)	(15,294)	(15,317)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(161)	(108)	(213)	(889)
Other comprehensive income for the period, net of tax	(161)	(108)	(213)	(889)
Total comprehensive income for the period	(6,281)	(7,549)	(15,507)	(16,206)
Attributable to:				
Owners of the Company	(6,276)	(7,545)	(14,961)	(16,297)
Non-controlling interests	(5)	(4)	(546)	91
	(6,281)	(7,549)	(15,507)	(16,206)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	8	5,994	6,467
Investment property		11,500	11,500
Goodwill		24,911	24,911
Intangible asset		1,718	1,718
Available-for-sale financial assets		45,652	45,652
Investments in associates		93,027	93,197
Deposit for acquisition of intangible assets		—	11,056
		182,802	194,501
Current assets			
Inventories		5,241	7,454
Trade, bills and other receivables, deposits and prepayments	9	130,675	115,965
Properties under development		35,397	34,727
Pledged bank deposits		22,324	22,314
Tax refundable		549	—
Bank and cash balances		26,997	28,055
		221,183	208,515
Current liabilities			
Trade and other payables and receipt in advance	10	116,235	89,028
Due to an associate		11,459	22,063
Due to a director		420	—
Bank and other loans	11	69,668	70,131
Finance lease payable		163	242
Promissory note		38,000	38,000
Current tax liabilities		—	3
		235,945	219,467
Net current liabilities		(14,762)	(10,952)
Total assets less current liabilities		168,040	183,549

		Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
	<i>Note</i>		
Non-current liabilities			
Long term bonds		40,000	40,000
Deferred tax liabilities		164	166
		40,164	40,166
NET ASSETS		127,876	143,383
Capital and reserves			
Share capital	12	32,194	32,194
Reserves		68,904	83,865
Equity attributable to owners of the Company		101,098	116,059
Non-controlling interests		26,778	27,324
TOTAL EQUITY		127,876	143,383

For the six months ended 30 September 2017

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Net cash generated from/(used in) operating activities	<u>1,617</u>	<u>(12,881)</u>
Net cash generated from/(used in) investing activities	<u>6</u>	<u>(5,639)</u>
Net cash (used in)/generated from financing activities	<u>(2,547)</u>	<u>30,794</u>
Net (decrease)/increase in cash and cash equivalents	(924)	12,274
Effect of foreign exchange rate changes	(134)	(956)
Cash and cash equivalents at 1 April	<u>28,055</u>	<u>38,886</u>
Cash and cash equivalents at 30 September	<u>26,997</u>	<u>50,204</u>
Analysis of cash and cash equivalents:		
Bank and cash balances	<u>26,997</u>	<u>50,204</u>

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 2017 (the “2017 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 2017 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 2017.

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 2017 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 and property appreciation

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
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000
Revenue from external customers	314,252	321,008	–	–	–	–	314,252
Segment (loss)/profit	(552)	991	(5,335)	(7,121)	(58)	(59)	(5,945)

Reconciliations of reportable segment profit or loss:

Unaudited Six months ended 30 September	
	2017 HK\$'000
Total loss of reportable segments	(5,945)
Unallocated corporate results	(9,349)
Consolidated loss for the period	(15,294)

4. Finance costs

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wholly repayable within five years				
– Effective interest expenses on liability components of convertible bonds	–	–	–	–
– Interest on bank loans	665	406	1,278	818
– Interest on other loan	57	116	398	223
– Finance lease charges	3	5	6	10
Not wholly repayable within five years based on repayment schedules				
– Interest on bank loans	19	20	39	41
– Interest on long term bonds	500	500	1,000	1,000
	1,244	1,047	2,721	2,092

5. Income tax expense/(credit)

	Unaudited			
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	–	–	–
Current tax – PRC Enterprise Income Tax				
– Provision for the period	11	–	15	–
Deferred tax				
Hong Kong Profits Tax	(1)	(1)	(2)	(2)
Income tax expense/(credit)	10	(1)	13	(2)

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 2016 as the Group has no estimated assessable profits.

PRC Enterprise Income has been provided at rate of 25% (2016: 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	
	2017	2016	2017	2016
Loss for the period attributable to owners of the Company (HK\$'000)	(6,247)	(7,448)	(15,024)	(15,511)
Weighted average number of ordinary shares in issue during the period (in '000)	4,120,900	3,679,267	4,120,900	3,633,034
Basic loss per share (HK cents)	(0.15)	(0.21)	(0.37)	(0.43)

(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 2017 and 2016 would be anti-dilutive, no diluted loss per share was presented for the three months and six months ended 30 September 2017 and 2016.

7. Dividend

The Directors did not declare nor propose any dividends in respect of the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

8. Property, plant and equipment

During the six months ended 30 September 2017, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$16,000 (six months ended 30 September 2016: approximately HK\$47,000).

No property, plant and equipment were disposed during the six months ended 30 September 2017. 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.

The Group had no significant commitments for the purchase of property, plant and equipment as at 30 September 2017 and 31 March 2017.

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

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Trade receivables	75,801	50,159
Bills receivables	32,218	23,426
Other receivables	22,656	39,803
Deposits and prepayments	—	2,577
	130,675	115,965

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
0 to 30 days	44,528	30,220
31 to 60 days	16,910	10,116
61 to 90 days	8,956	4,625
Over 90 days	5,407	5,198
	75,801	50,159

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 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Trade payables	88,200	54,629
Other payables	26,762	31,215
Receipt in advance	812	1,723
Bond interest payables	461	1,461
	116,235	89,028

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
0 to 30 days	55,340	35,678
31 to 60 days	25,558	15,907
61 to 90 days	2,291	3,044
Over 90 days	5,011	—
	88,200	54,629

11. Bank and other loans

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Secured bank loans subject to repayable on demand clause	3,407	3,361
Secured bank loans on demand or within one year	107	303
Unsecured other loan subject to repayable on demand clause	8,450	4,000
Bank invoice loans	57,704	62,467
	69,668	70,131

The bank and other loans are secured by the investment properties, leasehold properties, properties owned by directors and related persons of a subsidiary, pledged bank deposits, personal guarantee with unlimited amount executed by directors and related persons of subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company.

Bank and other loans of approximately HK\$57,704,000 (31 March 2017: approximately HK\$62,467,000) denominated in US\$ and of approximately HK\$11,964,000 (31 March 2017: approximately HK\$7,664,000) 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 2016	3,586,291,946	28,025
Shares issued upon placement	534,608,000	4,169
At 31 March 2017	4,120,899,946	32,194
At 30 September 2017	4,120,899,946	32,194

13. Operating lease commitments

As at 30 September 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Within one year	2,633	3,640
In the second to fifth years inclusive	1,165	1,096
	3,798	4,736

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 three years (31 March 2017: three 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 2017.

15. Related parties transactions

The Group's key management personnel compensation for the six months ended 30 September 2017 amounted to approximately HK\$4,440,000 (six months ended 30 September 2016: approximately HK\$4,290,000).

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 2017 and 31 March 2017.

17. Event after the reporting period

Mandatory conditional cash offers (the “Offers”)

As disclosed in the joint announcement (the “**Joint Announcement**”) dated 10 October 2017 jointly issued by the Company and Pine Cypress Development Limited (the “**Offeror**”), on 4 October 2017, the Offeror acquired from Fuze Investments Limited (“**Fuze Investments**”), Mr. Fang Gang (“**Mr. Fang**”) and Mr. Su Peilin (“**Mr. Su**”) an aggregate of 1,296,278,979 Shares (the “**Sale Shares**”) (as to 466,198,979 Shares by Fuze Investments, 433,808,000 Shares by Mr. Fang and 396,272,000 Shares by Mr. Su respectively), representing approximately 31.46% of the entire issued share capital of the Company, for the aggregate consideration of HK\$108,628,178.44. Completion took place on 6 October 2017.

On 24 October 2017 and 25 October 2017, the Offeror further acquired an aggregate of 505,824,000 Shares. As at the date of this report, the Offeror and parties acting in concert with it owned an aggregate of 1,802,102,979 Shares, representing approximately 43.73% of the entire issued share capital of the Company. Pursuant to the Hong Kong Code on Takeovers and Mergers, Kingston Securities Limited will make the conditional mandatory cash offer for and on behalf of the Offeror (a) for all the Shares other than those already owned or to be acquired by the Offeror and parties acting in concert with it; and (b) for the cancellation of the outstanding share options of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The Group had been participating in the following activities:

- Trading of Electronic Hardware Components (Display Modules including mainly IC Drivers and LCD panel) with Compatibility Solutions Advisory Services; and
- Real Estate Development and Investment

BUSINESS REVIEW

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

The business segment has been facing continued challenges; sales for the six months ended 30 September 2017 fell around 2.1%, from approximately HK\$321,008,000 in the same period last year to approximately HK\$314,252,000 in this year's period. This segment obtained a loss of approximately of HK\$552,000 in this year's period while having a profit of approximately of HK\$991,000 for the corresponding prior period primarily due to increase in operating costs and finance costs. Approximately 99% of income is contributed by IC driver sales.

Real Estate Development and Investment

The Group has a real estate development portfolio of two projects concentrated in the area of Yangjiang City. One of the two property development projects held is still in active sales by the associate company on the few remaining residential and commercial units. The other project has been developed slowly while observing the local market conditions. It is noted that despite more and larger real estate developers have entered into Yangjiang City, the local appetite and sentiment for the real estate remain conservative. The Group will continue with its cautious investment approach and will make necessary preparations against possible adverse conditions due to market competition and tightened government policies for the sector.

The Group also has 9 villas and 36 shops in Yangjiang City as investment properties. In Hong Kong, we currently have one investment property which just finished renovation and we are looking for tenant to fill the void.

Prospects

Looking forward in the second half of the financial year ended 31 March 2018, the business segment will still face considerable difficulties. Our customers have adopted prudent and stable marketing strategies for their businesses. Under the leadership of ETC Technology Limited's ("ETC") experienced management, the business unit will continue the efforts to expand customer base. Given the volatility of the prices in the electronic hardware components, the management team of ETC has been closely monitoring the overall market changes, so as to achieve a better product-mix, better margins and more stable selling prices for our products.

The real estate market in the PRC, 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. Recent trend of PRC government policies is to restrict price increase and to make housing more affordable to mass population. Looking ahead, the Group will continue to closely monitor our existing property investments and property development projects, and will actively adjust development strategies to capture new market opportunities, in order to improve the Real Estate Segment's performance and the return to the shareholders.

FINANCIAL REVIEW

Revenue and Results

For the six months ended 30 September 2017, the Group recorded an unaudited turnover of approximately HK\$314,252,000 (2016: approximately HK\$321,008,000), representing a slight decrease of 2.1% 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 2017 of approximately HK\$15,294,000 (2016: approximately HK\$15,317,000), representing a slight decrease of 0.2% as compared with the corresponding period of last year.

Loss attributable to owners of the Company for the six months ended 30 September 2017 was approximately HK\$15,024,000, representing a decrease of 3.1% as compared with approximately HK\$15,511,000 for the corresponding period in 2016.

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 2017, the Group had total outstanding indebtedness of approximately HK\$147,831,000 which comprised of bank and other loans, long term bonds, promissory note and finance lease payables (31 March 2017: approximately HK\$148,373,000).

72.9% (31 March 2017: 73.0%) of the indebtedness are considered as current liabilities and repayable within one year, 27.1% (31 March 2017: 27.0%) are repayable in 2020. HK and US dollar denominated indebtedness accounted for 61.0% (31 March 2017: 57.9%) and 39.0% (31 March 2017: 42.1%) of the total indebtedness respectively.

41.4% (31 March 2017: 44.6%) of the indebtedness are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 4.00% (31 March 2017: 2.25% to 4.00%); 27.1% (31 March 2017: 27.0%) are seven-year 5% coupon straight bonds due 2020; 25.7% (31 March 2017: 25.6%) are non-interest bearing promissory note which was denominated in HK dollars and will be repayable on 30 January 2018; 5.7% (31 March 2017: 2.7%) of indebtedness are interest bearing other loans at fixed interest rate of 1% per month and the remaining 0.1% (31 March 2017: 0.1%) are interest bearing finance lease obligation at fixed interest rate.

At 30 September 2017, the Group had cash reserves of approximately HK\$26,997,000 (31 March 2017: approximately HK\$28,055,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC. 97.5% (31 March 2017: 97.6%) of the Group's cash and cash equivalents (comprising cash on hand and bank balances) were denominated in HK dollar or US dollar, whereas 2.5% (31 March 2017: 2.4%) were denominated in Renminbi.

The gearing ratio as at 30 September 2017 was 115.6% (31 March 2017: 103.5%). The gearing ratio was derived by dividing the total indebtedness of approximately HK\$148,371,000 (31 March 2017: approximately HK\$148,373,000) by the amount of shareholders' equity of approximately HK\$127,876,000 (31 March 2017: approximately HK\$143,383,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 93.7% (31 March 2017: 95.0%).

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

There was no change in the share capital of the Company during the six months ended 30 September 2017.

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 2017, 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\$11,500,000 (31 March 2017: HK\$11,500,000);
- (ii) the leasehold properties with carrying amount of approximately HK\$4,442,000 (31 March 2017: approximately HK\$4,496,000);
- (iii) bank deposits of approximately HK\$22,324,000 (31 March 2017: approximately HK\$22,314,000);
- (iv) structured deposit in the total amount of approximately HK\$3,875,000 (31 March 2017: approximately HK\$3,875,000).

And, a leased motor vehicle with carrying amount of approximately HK\$175,000 (31 March 2017: approximately HK\$262,000) was charged to secure the Group's finance lease payables.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2017 (31 March 2017: Nil).

Employee Information

As at 30 September 2017, the Group had an aggregate of 56 (31 March 2017: 68) employees of which 21 (31 March 2017: 21) 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\$14,563,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$14,859,000). 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 2017, 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 2017, 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 2017, 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%
Mr. Su Peilin	Beneficial owner	Personal interest	396,272,000	396,272,000	9.62%
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 known as Tou Rong Chang Fu Group Limited")	Interest in controlled corporation	Corporate interest (Note 2)	355,571,722	355,571,722	8.63%

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 known 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).

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 2017 are set out below.

		Number of Share Options								
		Outstanding as at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2017	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									
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	–	–	1,000,000	6,000,000	0.15%	29 June 2011 – 28 June 2021	1.00	0.140
		7,500,000	–	–	1,000,000	6,500,000	0.16%			

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 2017 are set out below.

		Number of Share Options				Outstanding as at 30 September 2017	Approximate percentage of the issued share capital	Option period	Consideration for the grant of the option <i>HK\$</i>	Exercise price per share <i>HK\$</i>
Name	Date of grant	Outstanding as at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period					
Independent Non-executive Directors										
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
Other Participants										
Employees in aggregate (Note)	28 March 2013	34,500,000	–	–	3,000,000	31,500,000	0.76%	28 March 2013 – 27 March 2023	1.00	0.150
		35,650,000	–	–	3,000,000	32,650,000	0.79%			

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

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 2017.

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 2017, 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 30 August 2017 ("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 2017.

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. 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 2017 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 2017

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.