Gold Tat Group International Limited
金達集團國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8266)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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.

This announcement, 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 announcement 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 announcement misleading.

RESULTS

The board of Directors (the "Board") of Gold Tat Group International Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 March 2017, together with the comparative audited figures for the corresponding year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**567,406**	666,873
Cost of sales		**(543,327)**	(642,325)
Gross profit		**24,079**	24,548
Other net income	*4*	**4,084**	33
Employment costs		**(29,359)**	(25,717)
Research and development expenses		**(1,252)**	(952)
Depreciation		**(1,093)**	(1,919)
Transportation expenses		**(1,161)**	(1,112)
Other operating expenses		**(51,945)**	(42,724)
Impairment loss on available-for-sale financial assets		**(21,452)**	–
Write-down of properties under development		**(11,717)**	(15,295)
Loss from operations		**(89,816)**	(63,138)
Finance costs	*6*	**(4,385)**	(6,869)
Impairment losses on investments in associates		**(27,902)**	(24,948)
Loss on disposal of subsidiaries		**–**	(2,973)
Share of profits/(losses) of associates		**6,251**	(21,903)
Loss before tax		**(115,852)**	(119,831)
Income tax expense	*7*	**(7)**	(129)
Loss for the year	*8*	**(115,859)**	(119,960)
Attributable to:			
Owners of the Company		**(90,745)**	(110,611)
Non-controlling interests		**(25,114)**	(9,349)
		(115,859)	(119,960)
Loss per share *(HK cents)*	*10*		
Basic		**(2.34)**	(3.53)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(115,859)**	(119,960)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(941)**	(1,881)
Exchange differences reclassified to profit or loss on disposal of foreign operations	**–**	48
Other comprehensive income for the year, net of tax	**(941)**	(1,833)
Total comprehensive income for the year	**(116,800)**	(121,793)
Attributable to:		
Owners of the Company	**(91,707)**	(112,222)
Non-controlling interests	**(25,093)**	(9,571)
	(116,800)	(121,793)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**6,467**	8,013
Investment property		**11,500**	9,500
Goodwill		**24,911**	24,911
Intangible asset		**1,718**	1,718
Available-for-sale financial assets		**45,652**	63,229
Investments in associates		**93,197**	114,848
Deposit for acquisition of intangible assets		**11,056**	11,788
Deposits for investment in available-for-sale financial assets		**–**	10,800
		194,501	244,807
Current assets			
Inventories		**7,454**	10,537
Trade, bills and other receivables, deposits and prepayments	*11*	**115,965**	115,912
Properties under development		**34,727**	45,680
Pledged bank deposits		**22,314**	20,564
Tax refundable		**–**	1,001
Bank and cash balances		**28,055**	38,886
		208,515	232,580
Current liabilities			
Trade and other payables and receipt in advance	*12*	**89,028**	97,203
Due to an associate		**22,063**	22,201
Bank and other loans		**70,131**	54,986
Finance lease payables		**242**	391
Promissory note		**38,000**	38,000
Current tax liabilities		**3**	–
		219,467	212,781
Net current (liabilities)/assets		**(10,952)**	19,799
Total assets less current liabilities		**183,549**	264,606
Non-current liabilities			
Long term bonds		**40,000**	40,000
Deferred tax liabilities		**166**	170
		40,166	40,170
NET ASSETS		**143,383**	224,436
Capital and reserves			
Share capital		**32,194**	28,025
Reserves		**83,865**	143,994
Equity attributable to owners of the Company		**116,059**	172,019
Non-controlling interests		**27,324**	52,417
TOTAL EQUITY		**143,383**	224,436

Notes:

1. Basis of preparation and accounting policies

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of GEM Listing Rules and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

These consolidated financial statements have been prepared under the historical cost convention, unless investment property and certain financial instruments that are measured at fair value.

The Group incurred a loss of HK$115,859,000 during the year ended 31 March 2017 and, as at that date, the Group had net current liabilities of HK$10,952,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis. Management has prepared cash flow projections which cover a period of fifteen months from the date of the consolidated statement of financial position. The directors have reviewed the Group's cash flow projections. The directors closely monitor the Group's liquidity position and financial performance. The Group disposed of its entire 50% equity interest in an associate at a consideration of HK$73,506,000. Besides, HK$11,056,000 will be reimbursed to the Group in relation to the cost the Group had incurred in relation to the development of the smart home system. In the opinion of the directors, in light of the above, together with the anticipated cash flows from operations, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2. Adoption of new and revised Hong Kong Financial Reporting Standards and Requirements

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2016. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.
- Presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to HKAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
Annual improvement to HKFRS 2014-16 cycle	1 January 2018
Amendment to HKAS 40 Investment Property	1 January 2018
HK-IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16 Leases	1 January 2019
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The Group's financial assets that are currently classified as available-for-sale include certain listed and unlisted equity securities. The Group expects to irrevocably designate these equity securities as fair value through other comprehensive income. This will give rise to a change in accounting policy. The unlisted equity securities are currently measured at cost less impairment with any impairment losses recognised in profit or loss. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations in the contract

5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements and has considered that no material impact on current revenue recognition policy.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to HK$4,736,000 as at 31 March 2017. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

3. Revenue

An analysis of the Group's revenue for the year is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Sales of electronic parts and components	**567,406**	662,345
Rental income	**–**	625
Sublease rental income	**–**	3,903
	567,406	666,873

4. Other net income

	2017 *HK$'000*	2016 *HK$'000*
Interest income	**34**	407
Net foreign exchange gains	**163**	–
Fair value gain/(loss) on investment property	**2,000**	(2,200)
Sundry income	**1,887**	1,826
	4,084	33

5. Segment information

The Group has three (2016: 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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss do not include unallocated corporate results.

Information about reportable segment profit or loss:

	Trading of electronic parts and components *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Year ended 31 March 2017				
Revenue from external customers	**567,406**	**–**	**–**	**567,406**
Segment (loss)/profit	**(752)**	**(77,562)**	**1,881**	**(76,433)**
Depreciation	**187**	**386**	**–**	**573**
Impairment loss on investments in associates	**–**	**27,902**	**–**	**27,902**
Write-down of properties under development	**–**	**11,717**	**–**	**11,717**
Year ended 31 March 2016				
Revenue from external customers	662,345	–	4,528	666,873
Segment loss	(8,818)	(84,624)	(2,273)	(95,715)
Depreciation	181	601	660	1,442
Impairment loss on investments in associates	–	24,948	–	24,948
Write-down of properties under development	–	15,295	–	15,295

Reconciliations of reportable segment revenue and profit or loss:

	2017 ***HK$'000***	2016 *HK$'000*
Revenue		
Total revenue	**567,406**	666,873
Profit or loss		
Total loss of reportable segments	**(76,433)**	(95,715)
Unallocated corporate results	**(39,426)**	(24,245)
Consolidated loss for the year	**(115,859)**	(119,960)
Reconciliation of other material items:		
Other material items – depreciation and amortisation		
Total depreciation of reportable segments	**573**	1,442
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate use	**520**	477
Consolidated depreciation	**1,093**	1,919

Geographical information

	Non-current assets	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**44,431**	43,812
The PRC except Hong Kong	**104,418**	126,966
Consolidated total	**148,849**	170,778

Geographical information excluded available-for-sale financial assets and deposit for investment in available-for-sale financial assets.

Majority of the revenue generated by the Group for the years ended 31 March 2017 and 31 March 2016 were attributable to customers based in the PRC. In presenting the geographical information, revenue is based on the location of the customers.

Revenue from major customers

	2017	2016
	HK$'000	*HK$'000*
Customer A	**152,377**	160,756
Customer B	**98,380**	133,406

Revenue from two (2016: two) customers of the Group's trading of components segment.

6. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Wholly repayable within five years		
– Effective interest expenses on liability components of convertible bonds	**–**	1,578
– Interest on bank loans	**1,823**	2,181
– Interest on other loan	**463**	746
– Finance lease charges	**18**	28
Not wholly repayable within five years based on repayment schedule		
– Interest on bank loans	**81**	336
– Interest on long term bonds	**2,000**	2,000
	4,385	6,869

7. Income tax expense

Income tax has been recognised in profit or loss as following:

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Over-provision in prior years	**–**	(27)
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**11**	160
Deferred tax liabilities	**(4)**	(4)
Income tax expense	**7**	129

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit (2016: Nil).

PRC Enterprise Income Tax has been provided at a rate of 25% (2016: 25%).

8. Loss for the year

The Group's loss for the year is stated after charging/(crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
– Current year	**1,350**	900
– Under-provision in prior year	**100**	–
	1,450	900
Cost of inventories sold	**543,327**	642,325
Depreciation of property, plant and equipment	**1,093**	1,919
Direct operating expense of investment property that generate rental income	**–**	117
Fair value (gain)/loss on investment property	**(2,000)**	2,200
Impairment loss on inventories	**–**	1,872
Inventories written off	**169**	527
Other receivables written off	**19,143**	442
Impairment losses on other receivables	**12,570**	2,490
Gain on disposal of property, plant and equipment	**(473)**	(1)
Fair value loss on Put and Call Option of convertible bonds	**–**	2,574
Fair value loss on conversion of convertible bonds	**–**	2,115
Write-off of property, plant and equipment	**435**	–
Operating lease charges		
– Premises	**3,055**	3,011
– Premises for sub-leasing	**–**	2,073
Research and development expenses		
– Other expenses	**1,252**	952

9. Dividend

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2017 (2016: Nil).

10. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$90,745,000 (2016: approximately HK$110,611,000) and the weighted average number of ordinary shares of 3,876,298,478 (2016: 3,133,038,420) in issue during the year.

(b) Diluted loss per share

As the exercise of the Group's outstanding share options for the years ended 31 March 2017 and 2016 would be anti-dilutive, no diluted loss per share was presented in both years.

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

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**50,159**	55,027
Bills receivables	**23,426**	1,323
Other receivables	**39,803**	55,544
Deposits and prepayments	**2,577**	4,018
	115,965	115,912

The ageing analysis of trade receivables, based on the goods delivery date, and before allowance, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**30,220**	38,294
31 to 60 days	**10,116**	5,083
61 to 90 days	**4,625**	6,503
Over 90 days	**5,198**	5,147
	50,159	55,027

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

12. Trade and other payables and receipt in advance

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**54,629**	59,967
Other payables	**31,215**	34,279
Receipt in advance	**1,723**	1,496
Bond interest payable	**1,461**	1,461
	89,028	97,203

The ageing analysis of trade payables of the Group, based on the goods receipt date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**35,678**	41,587
31 to 60 days	**15,907**	13,940
61 to 90 days	**3,044**	3,110
Over 90 days	**–**	1,330
	54,629	59,967

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; sales dropped by 14.3% from HK$662,345,000 to HK$567,406,000 for the year ended 31 March 2016 and 2017, respectively. However, loss for the year ended 31 March 2017 has narrowed down to HK$752,000 from HK$8,818,000 in the preceding year.

In 2016, the LCD panel prices were quite volatile. The occurrence of the earthquake in the beginning of the year in Taiwan, coupled with the desirable shipment of smart phones, resulted in short supply of panels and the increased phone screen sizes brought increase in panel areas. Driven by demand, the prices of LCD panel registered constant increase and panels fell short of supply, which affected customers' speed of placing order. After the National Day holiday, an array of unfavorable factors such as India's abolishment of banknotes, increased supply due to increased capacity of LCD factories, completion of repairs and upgrading of LCD factories in Taiwan made LCD prices plummet from high prices, affecting customers' confidence and speed of placing orders.

Looking forward in 2017, the business segment still faces considerable difficulties. Our customers have adopted prudent and stable marketing strategies for their businesses. It is estimated that, as from the beginning of the second half of the year, the gradual consumption of customers' overstock, coupled with the rise of sales on the market from a low level will make the business promising.

Under the experienced management leadership of ETC Technology Limited ("ETC"), the business unit will continue efforts to monitor and expand potential market and customers.

Given the volatility of the prices in the electronic hardware components, the management team of ETC has been closely monitoring the overall changes in the relevant markets. More attention and resources were diverted in the trading of IC Drivers and the monitoring of the market of display units, which can lower ETC's risk in the volatile market of display units and strengthen our position in the IC Drivers.

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 for the year ended 31 March 2017. The most notable project is Xiangjiang Peninsula, with stage three and four construction set to get underway. During the year under review, sale of residential units of Xiangjiang Peninsula has picked up. This was mainly attributable to the enhancement and improvement effort that had been put in by the management. However, such growth in costs in developing properties of Xiangjiang Peninsula has led margins being narrowed notwithstanding that the property selling price had not been increasing in the same pace. Having performed our regular impairment assessment, the carrying amount of Xiangjiang Peninsula, would be dropping drastically.

As at 27 June 2017, the Group decided to dispose its 50% interests in 陽江市中裕房地產開發有限公司 (Yangjiang Zhongyu Property Development Company Limited ("Zhongyu")), which is the property developer of Xiangjiang Peninsula. The purchasers are the owners of the other 50% of Zhongyu. The terms and conditions were determined after arm's length negotiations among the parties. On the same date, the Group also acquired 9 villas and 36 commercial units of Xiangjiang Peninsula. The reason is that, as mentioned above, the pace of the sale of properties of Xiangjiang Peninsula has been improving throughout the year, which would mean the people flow within the complex would be on an upward trend. This, thus, would help to minimise the risks of making such acquisition; and taking into account of the valuation performed by an independent professional valuer being greater than the acquisition amount, it would represent a good opportunity to invest in the property market.

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 renovation and we are looking for tenant to fill the void in due course.

Prospects

For 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 accordingly. Policies by the PRC Government and/or other regulatory policies, are believed to 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/or surrounding provinces, 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 to the shareholders.

FINANCIAL REVIEW

Revenue and results

The Group recorded revenue of approximately HK$567,406,000 for the year ended 31 March 2017 (2016: approximately HK$666,873,000), representing a year-on-year decrease of 14.9%. All revenue was generated from the trading of electronic parts and components business.

Loss attributable to owners of the Company was approximately HK$90,745,000 (2016: approximately HK$110,611,000). The loss per share was 2.34 HK cents (2016: 3.53 HK cents).

Segment Information

Trading of electronic parts and components

For the year ended 31 March 2017, this segment continued to perform weakly, turnover for the year amounted to approximately HK$567,406,000, representing a 14.33% drop in turnover from last year of approximately HK$662,345,000. Despite a decrease in turnover, gross profit margin for the year is 4.24%, which is higher than the margin of 3.02% for the preceding year. Loss for the year significantly decreased from approximately HK$8,818,000 for the preceding year to approximately HK$752,000 for the year.

Although this trading business recorded operating losses for the year, the cash-generating units of this trading business demonstrates sufficient cashflow projection that justifies the carrying value of the goodwill and accordingly, no impairment of goodwill is considered necessary.

Property development

The Group has 2 vacant lands of total site area of approximately 16,128 square meters in Yangjiang City, Guangdong Province, the PRC for commercial and residential development. No revenue attributable to the property development segment was recorded (2016: Nil) as the development has still not yet commenced. For the year ended 31 March 2017, due to further delay of the construction and change of the development plan, write down of the properties under development of approximately HK$11,717,000 (2016: approximately HK$15,295,000) has been recognised in the current year.

Apart from the direct development by its subsidiaries, the Group is also engaged in property development through its two associates. For the year ended 31 March 2017, the Group shared a profit of approximately HK$6,251,000 from its associates, while a loss of approximately HK$21,903,000 for the year ended 31 March 2016.

Subsequent to the year end, on 27 June 2017, the Group disposed of one of the associates (the "Disposal Associate") at a consideration of approximately RMB65,194,000 (equivalent to approximately HK$73,506,000). The carrying amount of the Disposal Associate as at 31 March 2017 amounted to approximately HK$101,408,000, and accordingly, an impairment loss of approximately HK$27,902,000 was recognised for the year. Further details regarding this transaction were contained in the announcement of the Company dated 27 June 2017.

Property investment

For the year ended 31 March 2017, no revenue was generated from this segment as the investment property owned by the Group has not been rented out. Revenue for the year ended 31 March 2016 amounted to approximately HK$4,528,000. For the year ended 31 March 2017, this segment recorded a profit of approximately HK$1,881,000, while for the year ended 31 March 2016, a loss of HK$2,273,000 was reported. It should however be noted that the profit recorded for 2017 included a fair value gain of HK$2,000,000 on the increase in fair value of the investment property, while a corresponding fair value loss of HK$2,200,000 was recorded in 2016. If the effects of these fair value changes are excluded, this segment would have reported a loss of approximately HK$119,000 for the year under review, as compared to HK$73,000 for the preceding year.

Liquidity and financial resources

The Group financed its operations with the revenue generated from its operations, the net proceeds from placement and banking facilities provided by its bankers in Hong Kong. As at 31 March 2017, the Group had total indebtedness of approximately HK$148,373,000 (2016: approximately HK$133,377,000) which comprised of bank and other loans, long term bonds, promissory note and finance lease payables.

73.0% (2016: 70.0%) of the indebtedness are considered as current liabilities and repayable within one year, 27.0% (2016: 30.0%) are repayable in 2020. HK and US dollar denominated indebtedness accounted for 57.9% (2016: 64.8%) and 42.1% (2016: 35.2%) of the total indebtedness respectively.

44.6% (2016: 38.2%) of the indebtedness are interest bearing bank loans on floating rate terms, the effective annual interest rates range from 2.25% to 4.00% (2016: 2.25% to 4.00%); 27.0% (2016: 30.0%) are seven-year 5% coupon straight bonds due 2020; 25.6% (2016: 28.5%) are non-interest bearing promissory note which was denominated in HK dollars and will be repayable on 30 January 2018; 2.7% (2016: 3.0%) of indebtedness are interest bearing other loans at fixed interest rate of 1% per month and the remaining 0.1% (2016: 0.3%) are interest bearing finance lease obligation at fixed interest rate.

At 31 March 2017, the Group had cash reserves of approximately HK$28,055,000 (2016: approximately HK$38,886,000). Most of the cash reserves were placed with major banks in Hong Kong and the PRC. 97.6% (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 2.4% (2016: 0.8%) were denominated in Renminbi.

The gearing ratio as at 31 March 2017 was 103.5% (2016: 59.4%). The gearing ratio was derived by dividing the total indebtedness of approximately HK$148,373,000 (2016: approximately HK$133,377,000) by the amount of shareholders' equity of approximately HK$143,383,000 (2016: approximately HK$224,436,000). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 95.0% (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 USD534,608. 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$36,887,000 and HK$35,747,000, respectively. The net placing price was approximately HK$0.067 per placing share. The net proceeds from the Placing were intended to be used for general working capital of the Group and the net proceeds were fully used as intended as at 31 March 2017. Details of the Placing are set out in the Company's announcement dated 30 August 2016 and 15 September 2016.

The management of the Company will continue to make good efforts to improve the liquidity condition. Measures will include but not limited to tightening of costs control, expansion of current businesses, the securing of additional loan facilities and/or raising funds from the capital market.

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in HK dollar, US dollar and Renminbi, the impact of foreign exchange exposure to the Group is considered minimal in this respect and no hedging or other arrangements to reduce the currency risk have been implemented.

SHARE STRUCTURE

The capital of the Company comprises only ordinary shares. As at 31 March 2017, the total number of ordinary shares of the Company was 4,120,899,946 shares.

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. Details of the transaction are set out in the Company's announcement dated 30 August 2016 and 15 September 2016.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 March 2017.

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group held 70 shares or 7% of Coulman International Limited ("Coulman") as at 31 March 2017 and 31 March 2016. The carrying amount of investment in Coulman of approximately HK$41,777,000 (31 March 2016: approximately HK$63,229,000) accounts for approximately 10.37% and 13.24% of the Group's total assets as at 31 March 2017 and 31 March 2016 respectively. Coulman is an investment holding company and its non-wholly-owned subsidiaries operate in natural gas business, including construction of pipelines, selling and distribution of natural gas, operation of fueling stations as well as installation of natural gas equipment in the PRC.

As the actual performance of the Coulman group was less favourable than the estimate of the management, subject to a revaluation by an independent valuer, there was a downward adjustment to the carrying amount of the investment of Coulman from approximately HK$63,229,000 as at 31 March 2016 to approximately HK$41,777,000 as at 31 March 2017. The impairment loss of approximately HK$21,452,000 has been included in the profit or loss.

Save as disclosed, the Group did not have any significant investments. There was no plan authorised by the Board for any material investments or other additions of capital assets at the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals during the year ended 31 March 2017.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2017, the Group pledged the following assets to secure loans and bank loan facilities of the Group:

(i) the investment property with fair value of HK$11,500,000 (2016: HK$9,500,000);

(ii) the leasehold properties with carrying amount of approximately HK$4,496,000 (2016: approximately HK$4,606,000);

(iii) bank deposits in the total amount of approximately HK$22,314,000 (2016: approximately HK$20,564,000); and

(iv) structured deposit in the total amount of approximately HK$3,875,000 (2016: Nil).

And, a leased motor vehicle with carrying amount of approximately HK$262,000 (2016: approximately HK$437,000) was charged to secure the Group's finance lease payable. Saved as disclosed, the Group did not have any charges on assets of the Group.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

EMPLOYEE INFORMATION

As at 31 March 2017, the Group had a total of 68 (2016: 50) employees, of which 21 (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$29,359,000 for the year ended 31 March 2017 (2016: approximately HK$25,717,000). 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.

EVENT AFTER REPORTING PERIOD

On 27 June 2017, the Group entered into a sale and purchase agreement with Zhang Huiyan, Guan Zhongfen, Zeng Guangqing, Luo Zexun and Mai Baojian to dispose of the Group's entire 50% equity interests in an associate, Zhongyu for a consideration of RMB65,194,000 (equivalent to approximately HK$73,506,000).

The Company's subsidiary, 深圳市鑫泰溢投資發展有限公司 ("Xintaiyi"), entered into a contract ("Intangible Assets Development Contract") in 2015 to engage a service provider for the development of a smart home system for the Group's residential properties development. The total contract sum was RMB25,000,000 (equivalent to HK$28,188,000). As at 31 March 2017, the deposit paid amounted to RMB9,806,000 (equivalent to HK$11,056,000 (2016: HK$11,788,000)).

Pursuant to an agreement dated 27 June 2017 ("Assignment Agreement") entered among Xintaiyi, Zhongyu and the service provider, Zhongyu has taken up the rights, risks and benefits in the Intangible Assets Development Contract and, in return, Zhongyu would reimburse to Xintaiyi all the costs incurred by Xintaiyi up to the date of the Assignment Agreement in relation to the Intangible Assets Development Contract.

On 27 June 2017, the Group entered into a properties transfer agreement with Zhongyu to acquire from Zhongyu certain properties at a consideration of RMB75,000,000 (equivalent to HK$84,562,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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$35,747,000, 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2017, 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 code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual.

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 officer 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 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 31 August 2016 due to his other prior business engagement. One of the executive Directors, the chairman and all members of each of the audit, remuneration and nomination committees of the Board attended the annual general meeting. The Company considers that their presence is sufficient for addressing the queries from, and maintaining effective communication with, the shareholders attending the annual general meeting.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 March 2017. The report includes paragraphs of an emphasis of matter, without qualification.

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2[#] in the consolidated financial statements, which indicates that the Group incurred a loss of HK$115,859,000 during the year ended 31 March 2017 and, as at that date, the Group had net current liabilities of HK$10,952,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

[#] *As reproduced in note 1 of this announcement.*

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising all independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Miu Hon Kit 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 the quarterly reports, interim report and annual report and accounts of the Group; and overseeing the Company's financial reporting system, risk management and internal control systems.

The audit committee has reviewed and discussed with the management and the external auditor the annual results for the year ended 31 March 2017 and has provided advice and comments thereon.

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

Hong Kong, 28 June 2017

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.goldtatgroup.com.