昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the "Board") of Hao Tian Development Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		Six months ended 30 September	
		2014	2013
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)
Continuing operations			
Revenue	*3*	**31,966**	15,674
Other income	*5*	**5,994**	2,119
Other gains and losses	*5*	**1,363,299**	(55,021)
Administrative expenses		**(40,119)**	(36,568)
Finance costs	*6*	**(31,327)**	(6,054)

		Six months ended 30 September	
		2014	2013
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)
Profit (loss) before taxation		**1,329,813**	(79,850)
Taxation	*7*	**(264,150)**	–
Profit (loss) for the period from continuing operations	*8*	**1,065,663**	(79,850)
Discontinued operations			
Profit for the period from discontinued operations		**–**	87,550
Profit for the period		**1,065,663**	7,700
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Reclassification adjustments relating to foreign operations disposed of during the period		**–**	(77,771)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial instruments of foreign operations		**9**	13,291
Net fair value gain (loss) on available-for-sale investments:			
– Fair value change during the period		**697,979**	(9,441)
– Impairment loss recognised		**–**	54,033
– Reclassified to profit or loss upon disposal		**(128,617)**	(792)

	NOTE	Six months ended 30 September **2014** *HK$'000* (unaudited)	2013 *HK$'000* (unaudited) (restated)
Other comprehensive income (expense) for the period (net of tax)		**569,371**	(20,680)
Total comprehensive income (expense) for the period		**1,635,034**	(12,980)
Profit (loss) for the period attributable to:			
Owners of the Company		**1,065,817**	7,893
Non-controlling interests		**(154)**	(193)
		1,065,663	7,700
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**1,635,188**	(12,787)
Non-controlling interests		**(154)**	(193)
		1,635,034	(12,980)
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
Basic *(HK cents)*		**63.65**	0.49
Diluted *(HK cents)*		**53.64**	0.49
From continuing operations			
Basic *(HK cents)*		**63.65**	(4.94)
Diluted *(HK cents)*		**53.64**	(4.94)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2014

	NOTES	**30.9.2014** ***HK$'000*** **(unaudited)**	31.3.2014 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**71,324**	73,410
Available-for-sale investments		**1,501,439**	1,056,319
Financial asset designated at fair value through profit or loss		**–**	4,745
Derivative financial instruments		**446,877**	550,573
Loan receivables		**36,601**	6,572
Deposits		**151,011**	151,011
		2,207,252	1,842,630
Current assets			
Inventories		**1,968**	2,776
Trade and bills receivables	*10*	**54,218**	80,473
Other receivables, deposits and prepayments		**20,862**	9,332
Loan receivables		**127,310**	267,035
Consideration receivables		**157,726**	166,946
Investments held for trading	*11*	**2,354,625**	–
Pledged bank deposits		**45,179**	44,613
Bank balances and cash		**260,113**	416,322
		3,022,001	987,497
Current liabilities			
Bill payables	*12*	**19,781**	24,748
Other payables, deposits received and accruals		**5,149**	8,866
Borrowings		**172,313**	210,000
Derivative financial instruments		**270,713**	–
Tax payable		**19,892**	18,656
Deferred tax liability		**262,940**	–
		750,788	262,270

	NOTE	30.9.2014	31.3.2014
	NOTE	***HK$'000***	*HK$'000*
		(unaudited)	(audited)
Net current assets		**2,271,213**	725,227
Total assets less current liabilities		**4,478,465**	2,567,857
Non-current liabilities			
Borrowings		**99,550**	14,000
Net assets		**4,378,915**	2,553,857
Capital and reserves			
Share capital	*13*	**19,860**	198,602
Reserves		**4,354,255**	2,350,301
Equity attributable to owners of the Company		**4,374,115**	2,548,903
Non-controlling interests		**4,800**	4,954
Total equity		**4,378,915**	2,553,857

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include (i) lending of money, (ii) trading of commodities and (iii) securities investment.

The 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 (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Revenue represents the amounts received or receivable for goods sold by the Group to outside customers, less sales tax, during the period and interest income generated from lending of money to outside borrowers.

Income from rendering of services is recognised when the services are provided.

4. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

(a) Money lending

(b) Trading of commodities

(c) Securities investment

The operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

During the current period, the board of directors of the Company has conducted a review of the Group's latest business development and strategy going forward and has resolved to engage in trading of listed securities. Securities investment business has been regarded as a reportable segment of the Group during the current period.

During the year ended 31 March 2014, the Group's operations in respect of sale of plastic and paper boxes for luxury consumer goods (the "Package Box Operation") were discontinued. During the period ended 30 September 2013, the Group's operations in respect of development underground coking coal mine, coal production and sale of coal ("Xinjiang Coal Mining Operation") were discontinued. The segment information reported for the period ended 30 September 2013 does not include any amounts for these business segments.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Information regarding the above segments from continuing operations is reported below:

For the six months ended 30 September 2014

Continuing operations

	Money lending *HK$'000* (unaudited)	Trading of commodities *HK$'000* (unaudited)	Securities investment *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Segment revenue	**31,466**	**51,360**	**–**	**82,826**
Less: Cost of commodities transactions	**–**	**(50,860)**	**–**	**(50,860)**
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	**31,466**	**500**	**–**	**31,966**
Segment results from continuing operations	**30,187**	**500**	**1,595,646**	**1,626,333**
Other income				**5,994**
Other gains and losses				**(232,347)**
Central administration costs				**(38,840)**
Finance costs				**(31,327)**
Profit before taxation from continuing operations				**1,329,813**

For the six months ended 30 September 2013 (Restated)

Continuing operations

	Money lending *HK$'000* (unaudited)	Trading of commodities *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Segment revenue	15,189	24,099	39,288
Less: Cost of commodities transactions	–	(23,614)	(23,614)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	15,189	485	15,674
Segment results from continuing operations	15,103	485	15,588
Other income			2,119
Other gains and losses			(55,021)
Central administration costs			(36,482)
Finance costs			(6,054)
Loss before taxation from continuing operations			(79,850)

Segment results represent the profit earned or loss incurred by each segment without allocation of other income, other gains and losses, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Other income		
Continuing operations		
Dividend income from available-for-sale investments	**297**	297
Interest earned on bank deposits	**671**	541
Interest earned on listed available-for-sale investments	**–**	119
Interest earned on loan receivables (other than money lending business)	**324**	438
Imputed interest income on consideration receivable	**467**	–
Sundry income	**4,235**	724
	5,994	2,119
Other gains and losses		
Continuing operations		
Fair value gain on investments held for trading	**1,595,646**	–
Fair value gain on secured notes	**–**	4,010
Fair value gain on financial assets designated at fair value through profit or loss	**4,756**	7,391
Initial loss arising from derivative financial instruments	**(68,763)**	–
Fair value loss on derivative financial instruments	**(300,646)**	(16,137)
Loss on disposal of property, plant and equipment	**(5)**	–
Gain on disposal of available-for-sale investments	**128,617**	387
Gain on disposal of loan receivable	**3,689**	–
Impairment loss recognised in respect of available-for-sale investments	**–**	(54,033)
Net exchange gain	**5**	3,361
	1,363,299	(55,021)

6. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Interest expense on borrowings		
– wholly repayable within five years	**11,815**	6,054
– not wholly repayable within five years	**2,071**	–
Issuance cost of corporate bonds and notes	**17,441**	–
	31,327	6,054

Note: During the six months period ended 30 September 2014, interest expense of HK$8,681,000 (2013: nil) was incurred for borrowings obtained solely for the Group's money lending business, which were wholly repayable within five years.

7. TAXATION

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Hong Kong:		
Current tax	**1,210**	–
Deferred tax	**262,940**	–
Income tax expense relating to continuing operations	**264,150**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. During the six months ended 30 September 2013, no provision for Hong Kong Profits Tax had been made since there was no assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September 2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Continuing operations		
Profit (loss) for the period from continuing operations has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,738**	725
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**10,871**	12,066
Retirement benefit scheme contributions	**198**	188
Share-based payments	**7**	2,273
	11,076	14,527

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share for the current and prior periods attributable to the owners of the Company is based on the following data:

	Six months ended 30 September 2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**1,065,817**	7,893

The basis of denominators used is the same as those detailed in the calculation of basic and diluted earnings (loss) per share from continuing operations for both periods below.

From continuing operations

The calculation of basic and diluted earnings per share for the current period from continuing operations attributable to the owners of the Company (2013: basic and diluted loss per share from continuing operations attributable to the owners of the Company) is based on the following data:

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Earnings (loss)		
Profit for the period attributable to the owners of the Company	**1,065,817**	7,893
Adjusted for: Profit for the period from discontinued operations	**–**	(87,550)
Profit (loss) for the purpose of calculating basic and diluted earnings (loss) per share from continuing operations	**1,065,817**	(79,657)

	Six months ended 30 September	
	2014	2013
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (2013: basic loss per share)	**1,674,509**	1,612,761
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**312,570**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (2013: diluted loss per share)	**1,987,079**	1,612,761

The weighted average number of ordinary shares for the six months ended 30 September 2013 has been adjusted to reflect the impact of the Capital Reorganisation, Open Offer and Bonus Issue *(as defined in Note 13)* that became effective during the six months ended 30 September 2014.

For the six months ended 30 September 2014, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price for shares for the period.

For the six months ended 30 September 2013, the computation of diluted loss per share did not assume the exercise of the share options and warrants which would reduce loss per share from continuing operations for the period.

From discontinued operations

Basic and diluted earnings per share from discontinued operations for the six months ended 30 September 2013 is HK$5.43 cents, based on the profit for the period from discontinued operations of HK$87,550,000 and the denominators used are the same as those detailed in the calculation of basic and diluted loss per share from continuing operations for the six months ended 30 September 2013 which has been adjusted to reflect the impact of the Capital Reorganisation, Open Offer and Bonus Issue.

10. TRADE AND BILLS RECEIVABLES

	30.9.2014	31.3.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**7,650**	9,774
Bills receivables arising from trading of commodities	**40,261**	57,627
	47,911	67,401
Interest receivables in relation to money lending business	**6,307**	13,072
	54,218	80,473

The Group allows credit period of 90 days to its customers of trading of commodities business and 120 to 180 days to its customers of sale of coal. The aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates is stated as follows:

	30.9.2014	31.3.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**–**	17,357
31 to 60 days	**–**	2,106
61 to 90 days	**33,905**	19,306
Over 90 days	**14,006**	28,632
	47,911	67,401

11. INVESTMENTS HELD FOR TRADING

During the current period, the Group acquired 745,000,000 shares of Heritage International Holdings Limited ("Heritage"), which was subsequently adjusted to 1,110,000,000 shares due to the bonus issue of Heritage. It represents approximately 26.21% of the issued share capital of Heritage. The investment in Heritage is classified as investments held for trading, as in the opinion of the directors, the investment is owned for short-term trading purpose and the Group has irrevocably undertaken to Heritage that the Group shall not participate or otherwise exercise any influence over the management or the operating and financial policy decisions of Heritage and shall not nominate any directors to or remove any directors from the board of directors of Heritage.

As at 30 September 2014, included in the Group's investments held for trading, carrying amount of HK$756,000,000 (31.3.2014: nil) (the "Pledged Shares") are pledged to a bank to secure a banking facility of HK$450,000,000 with a term of twelve months. The Pledged Shares as security will be released upon the full repayment of the loan.

12. BILL PAYABLES

	30.9.2014	31.3.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bill payables arising from trading of commodities	**19,781**	24,748

Bill payables principally comprise amounts outstanding for trade purchases. The credit period taken for trading of commodities is 0 to 90 days. The aged analysis of bill payables presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2014	31.3.2014
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**19,781**	23,264
31 to 60 days	**–**	1,484
	19,781	24,748

13. SHARE CAPITAL

	Nominal value per share	**Number of shares**	**Share capital**
	HK$		*HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2014	0.05	10,000,000,000	500,000
Decrease in authorised share capital *(Note i)*		(9,000,000,000)	–
Increase in authorised share capital *(Note ii)*		49,000,000,000	–
At 30 September 2014	0.01	50,000,000,000	500,000
Issued:			
At 1 April 2014	0.05	3,972,035,804	198,602
Capital Reorganisation *(Note i)*		(3,574,832,224)	(194,630)
Open offer with bonus issue *(Note iii)*		1,588,814,320	15,888
At 30 September 2014	0.01	1,986,017,900	19,860

Notes:

(i) On 30 July 2014, the Company completed capital reorganisation which comprised of (i) the share consolidation; (ii) the capital reduction; and (iii) the share subdivision (collectively known as the "Capital Reorganisation"). Every 10 shares of nominal value of HK$0.05 each in issued and unissued of the Company were consolidated into 1 share of nominal value of HK$0.50 each (the "Consolidated Shares"). The nominal value, HK$0.50, of each Consolidated Share is reduced to HK$0.01 each by the cancellation of HK$0.49 on each of the issued Consolidated Shares.

(ii) Pursuant to a special resolution passed on 12 May 2014, each of the Company's issued and unissued shares of par value HK$0.50 each were subdivided into fifty subdivided shares of par value of HK$0.01 each (the "Share Subdivision"). The Share Subdivision was effective on 30 July 2014, the authorised share capital of the Company was divided into 50,000,000,000 shares of HK$0.01 each.

(iii) During the current period, the Company issued 794,407,160 new shares by way of open offer (the "Open Offer") at HK$0.25 per offer share, and issued 794,407,160 bonus shares (the "Bonus Issue") based on one bonus share for every one offer share taken up. Details are stated in the Company's prospectus issued on 12 August 2014. The Open Offer and Bonus Issue were completed on 2 September 2014.

All the shares issued during the period ended 30 September 2014 rank pari passu with the then existing shares of the Company in all respects.

14. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The current principal businesses of the Group are provision of financial services, securities investment and trading of commodities.

During the period under review, the money lending business of the Group generated interest income of approximately HK$31.5 million (2013: approximately HK$15.2 million). Revenue from the money lending business increased by 107.2% year-on-year, accounting for 98.4% of the Group's total revenue during the period under review and has been one of the major revenue streams of the Group. The main services of this segment include secured personal loans to high net worth clients, alongside with provision of mortgage loans. The Group has been prudently growing the money lending business, utilizing internal resources as well as bank loans. The Group has raised approximately HK$190.0 million in the recent open offer (with bonus issue) and approximately HK$134.5 million has been utilized for the development and expansion of its money lending business.

The Company has been involved in securities investment as part of its strategy to diversify income streams. The realised gains from disposal of available-for-sale investments of the Group were approximately HK$128.6 million (2013: approximately HK$0.4 million) and the unrealised fair value gains from investment comprising listed equity securities held for trading were approximately HK$1,595.6 million (2013: nil). The Company has recently started trading in listed securities since July 2014 and saw solid performance in the securities trading segment in the period under review.

During the period under review, the commodities trading business of the Group recorded a gross revenue of approximately HK$51.4 million (2013: approximately HK$24.1 million) and a net profit of approximately HK$0.5 million (2013: approximately HK$0.5 million). The Company will review the trading risks and gradually scale down the trading volume.

The Group's natural gas business was still at the preliminary stage, hence no revenue was recorded during the period under review. Having considered the local social instability, the Group has been adopting stringent and prudent approach in the development plan and its implementation schedule for its natural gas projects in Xinjiang and will adjust the development plan and pace as and when appropriate.

Taking advantage of the Group's low gearing ratio and credit worthiness, the Company has raised long-to-medium term debt finance to strengthen the Group's working capital. As on 30 September 2014, the Company issued unsecured bonds and notes with principal amount of approximately HK$99.6 million to several independent third party investors, some of them are affluent investment immigration applicants from the mainland China.

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 September 2014 substantially increased to approximately HK$1,065.7 million (2013: approximately HK$7.7 million) for the corresponding period last year. The increased profit was mainly attributable to (a) fair value gain on investments held for trading; (b) gain on disposal of available-for-sale investments; and (c) interest income derived from money lending business.

Interest income from money lending business was amounted to approximately HK$31.5 million (2013: approximately HK$15.2 million). Interest expense of approximately HK$8.7 million (2013: nil) was incurred for borrowings obtained solely for the Group's money lending business. The Group financed the money lending business by external and internal resources during the period under review.

For the six months ended 30 September 2014, the Group recorded other income of approximately HK$6.0 million (2013: approximately HK$2.1 million), this increase was mainly attributable to (a) imputed interest income on consideration receivable; and (b) sundry income.

The Group recorded substantial other gains and losses from its continuing operations resulting from the fair value gain on investments held for trading by the Group, gain on disposal of available-for-sale investments and fair value loss on derivative financial instruments. The market value of the investment portfolio of the Group appreciated giving rise to a gain of approximately HK$1,363.3 million (2013: loss of approximately HK$55.0 million) during the period under review.

Administrative Expenses

For the six months ended 30 September 2014, administrative expenses from continuing operations were approximately HK$40.1 million (2013: approximately HK$36.6 million), representing an increase of approximately HK$3.5 million or 9.6% as compared with the same period last year. The increase was mainly due to increase in transaction costs attributable to securities investments, overseas travelling, depreciation and rental expenses.

Finance Costs

For the six months ended 30 September 2014, the finance costs from continuing operations were approximately HK$31.3 million (2013: approximately HK$6.1 million) in the period under review, representing a substantial increase of approximately HK$25.2 million or 4 times as compared with the same period last year. The increase was mainly due to the increase in (a) interest expenses incurred on borrowings for the Group's money lending business and (b) issuance cost of corporate bonds and notes.

Taxation

For the six months ended 30 September 2014, income tax expenses from continuing operations was approximately HK$264.2 million (2013: nil). The increase was mainly due to (a) the increase of income tax in Hong Kong and (b) provision of deferred tax of approximately HK$262.9 million in Hong Kong.

Profit Attributable to Owners

For the six months ended 30 September 2014, the Group recorded a profit from continuing operations of approximately HK$1,065.7 million (2013: approximately HK$7.7 million), while there was no profit from discontinued operations for the period under review (2013: a profit of approximately HK$87.6 million). As a result, the total net profit from continuing operations and discontinued operations attributable to the shareholders for the six months ended 30 September 2014 was approximately HK$1,065.8 million (2013: approximately HK$7.9 million). The basic and diluted profit per share from continuing operations and discontinued operations were approximately HK63.65 cents and HK53.64 cents respectively (2013: basic and diluted HK0.49 cents).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group funds its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2014, the Group had cash and cash equivalents including pledged bank deposits amounted to approximately HK$305.3 million (31 March 2014: approximately HK$460.9 million). The Group's working capital increased to approximately HK$2,271.2 million (31 March 2014: approximately HK$725.2 million). Such increase was mainly resulted from the increase in fair value gain on investments held for trading during the period under review.

At 30 September 2014, the Group had outstanding borrowings of approximately HK$271.9 million (31 March 2014: approximately HK$224.0 million). On 26 September 2014, the Group renewed a facility agreement with a bank, pursuant to which the bank made available to the Group a revolving loan facility of up to an aggregate of HK$450 million for a further term of 12 months, subject to the next annual review by the bank. This facility was used solely to finance our money lending business and was secured by debenture or charges created over assets and shares of Hao Tian Finance Company Limited and its immediate holding company as well as securities with fair market value of approximately HK$1,327.5 million as at 30 September 2014 and a yacht held by other members of the Group.

Save as stated, there were no other assets pledged at the reporting date.

Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2014 was 5.2% (31 March 2014: 7.9%), such decrease was due to fair value gain on investments held for trading during the period under review.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

On 4 July 2014, Hao Tian Management (Hong Kong) Limited ("HTM"), a wholly-owned subsidiary of the Company, and the optionholder (the "Optionholder") entered into a call option deed, pursuant to which HTM has granted call option (the "Call Option") to the Optionholder at a premium of HK$5 million. The Call Option is exercisable at any time during the period from 4 July 2014 to 3 July 2016 at the discretion of the Optionholder, who may purchase up to 240,000,000 option shares at the exercise price of HK$0.55 per option share.

On 5 August 2014, the Company, through HTM, executed an order with its broker to sell 37,500,000 shares in Willie International Holdings Limited at a price of HK$1.60 per share, generating gross sale proceeds of HK$60 million and a net gain of approximately HK$45.9 million.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal at the reporting date.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 September 2014, the Group had no capital commitment (31 March 2014: capital commitment amounted to HK$150.0 million). The decrease in capital commitment was a result of the reduction in the consideration payable under the sale and purchase agreement for the entire interest in the logistics project located in Urumqi, the People's Republic of China.

The Group had no material contingent liabilities as at the close of business on 30 September 2014.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's sales are denominated mainly in Hong Kong dollars ("HK$"), United States dollars ("US$") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK$ and RMB. The Group has certain foreign currency bank balances, investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEE INFORMATION

As at 30 September 2014, the Group had a total of approximately 60 employees (31 March 2014: 70 employees) in the Hong Kong and PRC. The Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group will be set out in note to the condensed consolidated financial statements. There is no outstanding award granted under the share award scheme during the period under review.

SIGNIFICANT LITIGATIONS

In connection with the sale and purchase agreement (the "Menggang Agreement") entered into between the Group and Inner-Mongolia Shuangxin Resources Group Co., Ltd, ("Shuangxin") for the sale and purchase of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries, which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC, on 16 May 2013, the Group filed an arbitration claim to the China International Economic and Trade Arbitration Commission for the outstanding amount of RMB80,000,000 payable by Shuangxin under the Mengang Agreement. Shuangxin withheld the payment of RMB80,000,000 initially on the ground of a tax demand note issued from the local tax bureau, after revocation of the tax demand note, on the ground of nonfulfillment by the Group of certain terms and obligations under the Menggang Agreement. Shuangxin filed a counter claim for RMB65,000,000 on 8 October 2013.

An arbitration award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing No. 2 Intermediate People's Court to set aside the arbitration award. We are now waiting for the court decision.

The final instalment in the amount of RMB40,500,000 payable by Shuangxin, which is in addition to the aforementioned RMB80,000,000, under the Mengang Agreement (as supplemented by a supplemental agreement dated 19 November 2012) has been due and owing. Another arbitration claim has been filed with the China International Economic and Trade Arbitration Commission for such outstanding amount.

The Board is also seeking legal advice on a potential litigation stemmed from the transaction under the Menggang Agreement and will provide updates on the position of the Group as and when appropriate.

BUSINESS PROSPECTS

Opportunities and challenges both lie ahead in the context of fierce competition and mixed consumer sentiment in slower economic growth. Yet we remain generally optimistic as to the prospect and profitability of the Group's money lending business in Hong Kong. Looking forward, the Group will seek to further expand its loan portfolio and customer base by deploying more resources and move to optimize the operational scale. We will also endeavor to review and improve our risk control and loan process.

Slower economic growth in mainland China and the decision to roll back of quantitative easing measures in the United States presents downside risks affecting the performance of the stock market in Hong Kong. It's the Company's investment strategy to also engage in and focus on short term trading of listed securities, in addition to holding available-for-sale investment portfolio. We believe this strategy provides the Company with greater flexibility. We will continue to pursue investment opportunities and to grow and manage our trade portfolio in financial instruments in measured and prudent manner.

The Company continues to be optimistic about the development of energy and logistics and warehousing services in the mainland China and will endeavor to look for development opportunities in relevant sectors. The Group has been working with the counter-party to complete the acquisition of a piece of land located in Urumqi designated for logistics and warehousing development purpose.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2014.

REFRESHMENT OF GENERAL MANDATE

On 26 September 2014, an ordinary resolution approving the grant of general mandate was duly passed by way of poll in the Annual General Meeting of the Company. The grant of general mandate granted the directors the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period ended 30 September 2014 except that the Nomination Committee is chaired by an executive director instead of an independent non-executive director because the Board believed that an executive director involved in operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate strategy.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2014. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company's independent auditor.

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haotianhk.com). The interim report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and that of the Company, respectively in due course.

By Order of the Board of
Hao Tian Development Group Limited
Fok Chi Tak
Executive Director

Hong Kong, 26 November 2014

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Hai Ying, Dr. Zhiliang Ou, JP (Australia) and Mr. Fok Chi Tak and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing, and Mr. Lee Chi Hwa, Joshua.