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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 2015 PROPOSED BONUS ISSUE OF SHARES

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 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

		Six months ended 30 September	
		2015	2014
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**47,064**	31,966
Gross proceeds from sale of investments held for trading		**714,969**	–
Total		**762,033**	31,966

	NOTES	Six months ended 30 September **2015** ***HK$'000*** **(unaudited)**	2014 *HK$'000* (unaudited)
Revenue	*3*	**47,064**	31,966
Other income	*5*	**12,653**	5,994
Other gains and losses	*5*	**534,385**	1,363,299
Other expense	*8*	**(466,022)**	–
Administrative expenses		**(35,026)**	(40,119)
Finance costs	*6*	**(42,240)**	(31,327)
Profit before taxation		**50,814**	1,329,813
Taxation	*7*	**(37,014)**	(264,150)
Profit for the period	*8*	**13,800**	1,065,663
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial instruments of foreign operations		**(5,842)**	9
Net fair value gain (loss) on available-for-sale investments:			
– Fair value change during the period		**516,042**	697,979
– Reclassified to profit or loss upon disposal		**(29,300)**	(128,617)
Other comprehensive income for the period (net of tax)		**480,900**	569,371
Total comprehensive income for the period		**494,700**	1,635,034
Profit (loss) for the period attributable to:			
Owners of the Company		**13,899**	1,065,817
Non-controlling interests		**(99)**	(154)
		13,800	1,065,663
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**503,468**	1,635,188
Non-controlling interests		**(8,768)**	(154)
		494,700	1,635,034
Earnings per share	*9*		
Basic *(HK cents)*		**0.45**	63.65
Diluted *(HK cents)*		**0.44**	53.64

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

	NOTES	**30.9.2015** **HK$'000** **(unaudited)**	31.3.2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**84,661**	82,935
Prepaid lease payment		**16,703**	17,761
Premium over prepaid lease payment		**131,902**	133,261
Available-for-sale investments		**1,760,904**	1,288,455
Derivative financial instruments		**–**	585,324
Loan receivables	*10*	**69,823**	56,365
Deposits		**977**	1,017
		2,064,970	2,165,118
Current assets			
Inventories		**654**	1,239
Trade and bills receivables	*11*	**9,713**	30,967
Other receivables, deposits and prepayments		**66,788**	250,081
Loan receivables	*10*	**649,419**	387,650
Derivative financial instruments		**656,163**	–
Consideration receivable		**121,973**	152,230
Investments held for trading	*12*	**3,364,746**	2,956,687
Prepaid lease payment		**370**	370
Pledged bank deposits		**184,155**	45,276
Bank balances and cash		**282,412**	203,575
		5,336,393	4,028,075
Current liabilities			
Other payables, deposits received and accruals		**9,874**	11,478
Other borrowings	*13*	**169,310**	572,801
Secured notes	*14*	**191,663**	–
Derivative financial instruments		**34,702**	202,601
Tax payables		**21,667**	21,298
Deferred tax liability		**351,295**	315,155
		778,511	1,123,333

	NOTES	30.9.2015	31.3.2015
		HK$'000	HK$'000
		(unaudited)	(audited)
Net current assets		**4,557,882**	2,904,742
Total assets less current liabilities		**6,622,852**	5,069,860
Non-current liabilities			
Other borrowings	*13*	**164,550**	144,550
Other long term liability	*15*	**94,595**	–
		259,145	144,550
Net assets		**6,363,707**	4,925,310
Capital and reserves			
Share capital	*16*	**32,843**	29,443
Reserves		**6,038,882**	4,895,867
Equity attributable to owners of the Company		**6,071,725**	4,925,310
Non-controlling interests		**291,982**	–
Total equity		**6,363,707**	4,925,310

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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, (iii) securities investment and (iv) trading of futures.

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 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the period.

Change in ownership of a subsidiary

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above 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 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

(d) Trading of futures

During the year ended 31 March 2015, 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 and futures. Securities investment and trading of futures have been regarded as reportable segments of the Group since then.

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.

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 is reported below:

For the six months ended 30 September 2015

	Money lending *HK$'000* **(unaudited)**	**Trading of commodities** *HK$'000* **(unaudited)**	**Securities investment** *HK$'000* **(unaudited)**	**Trading of futures** *HK$'000* **(unaudited)**	**Consolidated** *HK$'000* **(unaudited)**
Segment revenue	**47,064**	**–**	**–**	**–**	**47,064**
Segment results	**41,848**	**–**	**233,022**	**2,138**	**277,008**
Other income					**12,653**
Other gains and losses					**299,225**
Other expense					**(466,022)**
Central administration costs					**(29,810)**
Finance costs					**(42,240)**
Profit before taxation					**50,814**

For the six months ended 30 September 2014

	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	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				1,329,813

Segment results represent the profit earned or loss incurred by each segment without allocation of other income, other gains and losses (other than the fair value gain on investments held for trading), other expense, 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	
	2015	2014
	HK\$'000	*HK\$'000*
	(unaudited)	(unaudited)
Other income		
Dividend income from available-for-sale investments	**2,842**	297
Interest earned on bank deposits	**2,905**	671
Interest earned on loan receivables (other than money lending business)	**–**	324
Sundry income	**6,906**	4,702
	12,653	5,994
Other gains and losses		
Fair value gain on investments held for trading	**235,160**	1,595,646
Fair value gain on financial assets designated at fair value through profit or loss	**–**	4,756
Initial loss arising from derivative financial instruments	**–**	(68,763)
Fair value gain (loss) on derivative financial instruments	**283,039**	(300,646)
Loss on disposal of property, plant and equipment	**(10)**	(5)
Fair value of put option at initial recognition *(note 15)*	**(5,238)**	–
Gain on disposal of available-for-sale investments	**29,300**	128,617
Gain on disposal of loan receivable	**–**	3,689
Net exchange (loss) gain	**(7,866)**	5
	534,385	1,363,299

6. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expense on borrowings		
– wholly repayable within five years	**33,112**	11,815
– not wholly repayable within five years	**2,924**	2,071
Issuance cost of corporate bonds	**2,900**	17,441
Interest on other long term liability	**3,304**	–
	42,240	31,327

note: During the six months ended 30 September 2015, interest expense of approximately HK$15,993,000 (six months ended 30 September 2014: HK$8,681,000) 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	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong:		
Current tax	**874**	1,210
Deferred tax	**36,140**	262,940
Income tax expense	**37,014**	264,150

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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

8. PROFIT FOR THE PERIOD

	Six months ended 30 September 2015 HK$'000 (unaudited)	2014 HK$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payment	**183**	–
Amortisation of premium over prepaid lease payment	**1,359**	–
Depreciation of property, plant and equipment	**2,822**	2,738
Warrant expense *(note)*	**466,022**	–
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**11,876**	10,871
Retirement benefit scheme contributions	**241**	198
Share-based payments	**–**	7
	12,117	11,076

note: On 10 April 2015, the Company entered into a subscription agreement with Asia Link Capital Investment Holdings Limited ("Asia Link"), the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK$0.50. The subscription was completed on 2 July 2015 and proceeds of HK$589,000 were received on the same date. The share price of the Company on the date of issue was HK$1.21 per share. In accordance with the valuation performed by Roma Appraisals Limited, an independent professional valuer, the fair value of the warrants as at the date of issue, by using Binomial Option Pricing Model, was estimated at HK$466,611,000 which represented HK$0.7924 per warrant granted. The difference between the fair value of the warrants and the proceeds received, i.e. HK$466,022,000, was charged to the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2015. Details of the issue of warrants are set out in the Company's circular dated 31 May 2015.

9. EARNINGS PER SHARE

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	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**13,899**	1,065,817

The basis of denominators used is the same as those detailed in the calculation of basic and diluted earnings per share both periods below.

	Six months ended 30 September	
	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,079,276**	1,674,509
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**63,602**	312,570
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,142,878**	1,987,079

For the six months ended 30 September 2015 and 2014, the computation of diluted earnings per share did 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 periods.

10. LOAN RECEIVABLES

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current:		
Secured, fixed-rate loan receivables	**65,706**	56,365
Unsecured, fixed-rate loan receivables	**4,117**	–
	69,823	56,365
Current:		
Secured, fixed-rate loan receivables *(note)*	**449,950**	272,310
Unsecured, fixed-rate loan receivables	**199,469**	115,340
	649,419	387,650
	719,242	444,015

note: The loan receivables are secured by properties of the borrowers. Included in the Group's loans receivables are debtors, with carrying amount of HK$2,300,000 (31.03.2015: HK$27,245,000) which are past due at the reporting date. The loan receivables are secured by properties pledged to the Group. The Group assessed the fair value of the pledged properties, in the opinion of the directors, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 30 September 2015.

11. TRADE AND BILLS RECEIVABLES

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**–**	7,615
Bills receivables arising from trading of commodities	**–**	5,783
	–	13,398
Interest receivables in relation to money lending business	**9,713**	17,569
	9,713	30,967

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:

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
61 to 90 days	**–**	1,511
91 to 365 days	**–**	4,272
Over 365 days	**–**	7,615
	–	13,398

12. INVESTMENTS HELD FOR TRADING

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Investments held for trading include:		
Equity securities and derivatives listed in Hong Kong, at fair value	**3,358,780**	2,952,114
Derivatives listed outside Hong Kong, at fair value	**5,966**	4,573
	3,364,746	2,956,687

13. OTHER BORROWINGS

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank overdrafts – secured	**23,720**	26,000
Bank loans – secured	**139,619**	345,283
Bank loans – unsecured	**5,971**	–
Corporate bonds and notes – unsecured	**164,550**	144,550
Securities margin loans – secured	**–**	201,518
	333,860	717,351

14. SECURED NOTES

On 6 July 2015, the Group entered into a subscription agreement (the "SN Subscription Agreement") with an independent third party (the "SN Subscriber"). Pursuant to the SN Subscription Agreement, the Group agreed to issue and the SN Subscriber agreed to subscribe for Notes (the "Notes") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the Notes is two years after the issue date. The Notes bear fixed coupon rate at 9% per annum. As at 30 September 2015, the Notes are secured by certain Group's investments held for trading in the aggregate amount of HK$777,200,000.

Pursuant to the SN Subscription Agreement, the SN Subscriber has the right to request the Group to redeem the Notes in whole or in part at the sum of (a) the principal amount outstanding on the Notes; (b) the outstanding interest up to the date of redemption; (c) any default interest; and (d) any other outstanding amount due but unpaid under that Notes. Hence, the Notes are recognised as current liabilities in the condensed consolidated statement of financial position.

As part of the SN Subscription Agreement, the Group entered into a call option deed (the "CIFG Call Option Deed") and a warrant agreement (the "HTF Warrant Agreement") with the SN Subscriber. Pursuant to the CIFG Call Option Deed, the SN Subscriber is granted a right to purchase up to 80,729,170 shares of China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) ("CIFG") at an exercise price of HK$1.44 per share (the "CIFG Option"). The SN Subscriber is entitled to exercise the option at any time before 14 July 2018.

Pursuant to the HTF Warrant Agreement, the SN Subscriber is granted a right to subscribe in aggregate up to a maximum amount of US$15,000,000 worth of the shares of Hao Tian Finance Company Limited ("Hao Tian Finance"), an indirect subsidiary of the Company (the "HTF Warrants"), in the period from the grant of the HTF Warrants until three years after such grant. The exercise price will be determined (i) if the HTF Warrants are exercised before the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the net assets value per Hao Tian Finance share as at 31 March 2016; or (ii) if the HTF Warrants are exercised after the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the lower of (a) the net assets value per Hao Tian Finance share as at 31 March 2016; or (b) net assets value per Hao Tian Finance share as at 31 March 2017.

As at the date of issue, the fair values of the Notes, the CIFG Option and the HTF Warrants were HK$188,198,000, HK$24,253,000 and HK$20,048,000 respectively.

The Notes represent the present value of the contractually determined stream of future cash flows discounted at the rate of interests, on initial recognition, of instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the CIFG Option and the HTF Warrants. The effective interest rate of the Notes is 21.157% per annum. The Notes also include the value of the early repayment option as the option is closely related to the host debt instrument. The

Notes are classified as financial liabilities as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") and were carried in the condensed consolidated statement of financial position at amortised cost in accordance with HKAS 39.

The CIFG Option and the HTF Warrants were carried in the condensed consolidated statement of financial position as derivative financial instruments.

During the six months ended 30 September 2015, an imputed interest on the Notes of HK$4,738,000 (six months ended 30 September 2014: nil) is recognised as finance costs in the condensed consolidated statement of profit or loss and other comprehensive income.

15. CHANGE OF GROUP'S INTEREST IN A SUBSIDIARY/OTHER LONG TERM LIABILITY

On 9 April 2015, Hao Tian Finance entered into a subscription agreement (the "First Subscription Agreement") with Rui Sheng Global Holdings Limited ("RSGHL"), an independent third party. Pursuant to the First Subscription Agreement, RSGHL has agreed to subscribe for and Hao Tian Finance has agreed to issue, its new shares at the consideration of HK$100 million (the "First Subscription"). The First Subscription was completed on 13 May 2015. Upon completion of the First Subscription, Hao Tian Finance remains an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 90.1% and approximately 9.9% by the Company and RSGHL respectively.

On 28 April 2015, Hao Tian Finance entered into a subscription agreement (the "Second Subscription Agreement") with Century Golden Resources Investment Co., Ltd ("CGRICL"), an independent third party. Pursuant to the Second Subscription Agreement, CGRICL has agreed to subscribe for, and Hao Tian Finance has agreed to issue, its new shares at the consideration of HK$200 million (the "Second Subscription"). The Second Subscription was completed on 15 May 2015. Upon completion of the Second Subscription, Hao Tian Finance remains an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 75%, 16.67% and 8.33% by the Company, RSGHL and CGRICL respectively.

This change in Group's interest in Hao Tian Finance did not result in a loss of control over Hao Tian Finance and was accounted for as an equity transaction, whereby adjustments were made to reflect an increase in non-controlling interests of approximately HK$300,750,000 and a debit to other reserve of approximately HK$750,000 upon the completion of the First Subscription and the Second Subscription.

As part of the First Subscription Agreement, the Company granted RSGHL a right with a consideration of HK$1.00 that on the occurrence of Hao Tian Finance and the Company fails to have all the shares of Hao Tian Finance to be listed on either the Main Board or the Growth Enterprise Market of the Stock Exchange within three years after the completion of the First Subscription (the "Event"), RSGHL shall have the right to request the Company to purchase all or part of the shares at a price of HK$1.15 per share (the "HTF Put Option") at any time within three months after occurrence of the Event. As at date of issue, the fair value of gross liability of HK$91,291,000 of the HTF Put Option has been accounted for as another long term liability in the condensed consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

During the six months ended 30 September 2015, an imputed interest on the other long-term liability of HK$3,304,000 (six months ended 30 September 2014: nil) is recognised as finance costs in the profit or loss and other comprehensive income.

The HTF Put Option is classified as an equity instrument. As at the date of issue, the fair value of the HTF Put Option was HK$5,238,000 which was charged to the consolidated statement of profit or loss and other comprehensive income.

16. SHARE CAPITAL

	Nominal value per share *HK$*	**Number of shares**	**Share capital** *HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2015 and 30 September 2015	0.01	50,000,000,000	500,000
Issued:			
At 1 April 2015	0.01	2,944,303,100	29,443
Issue of new shares upon exercise of warrants *(note i)*	0.01	100,000,000	1,000
Issue of new shares *(note ii)*	0.01	240,000,000	2,400
At 30 September 2015	0.01	3,284,303,100	32,843

notes:

(i) During the six months ended 30 September 2015, a total of 100,000,000 new ordinary shares of the Company of HK$0.01 each were issued upon the exercise of 100,000,000 warrants at HK$0.50 per share. As at 30 September 2015, there was 488,858,000 warrants outstanding which are convertible into 488,858,000 new ordinary shares of the Company.

(ii) On 28 July 2015, a top-up placing transaction of 240,000,000 new ordinary shares of HK$0.01 each in the Company at placing price of HK$0.90 per share to independent third party investors was completed.

All the shares issued during the six months ended 30 September 2015 rank pari passu with the then existing shares of the Company in all respects.

17. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of a cash interim dividend for the six months ended 30 September 2015.

BUSINESS REVIEW

Money Lending Business

During the period under review, the money lending business of the Group generated an interest income of approximately HK$47.1 million (2014: approximately HK$32.0 million), representing an increase of 47.2%. The main services of this segment include money lending in respect of property mortgage loans in Hong Kong and personal loans to customers in Hong Kong. As at 30 September 2015, the outstanding loan receivables of the money lending business of the Group has reached approximately HK$719.2 million (31 March 2015: approximately HK$444.0 million).

Securities Investment Business

During the period under review, the Group engaged in securities investment business by adopting an integrated strategy of long-term investments and short-term investments. The realised gains from disposal of available-for-sale investments were approximately HK$29.3 million (2014: approximately HK$128.6 million) and the fair value gains from investments, comprising listed equity securities held for trading, were approximately HK$233.0 million (2014: approximately HK$1,595.6 million).

Trading of Futures Business

During the period under review, the Group grasped the investment opportunities in the futures trading in the global market, and recorded a profit of approximately HK$2.1 million (2014: Nil).

Warehousing and Logistics Business

The Group owns a piece of land located at Ganquanbao Industrial Park, Urumqi, Xinjiang（新疆烏魯木齊市甘泉堡工業園區）with a site area of approximately 151,100 sq.m., which is designated for logistics, warehousing and development of warehousing and logistics business purposes. During the period under review, as the development was at its preliminary stage, no revenue was recorded from the warehousing and logistics business of the Group.

Fund raising activities for business development

During the period under review, new fundings raised by the Group was approximately HK$799 million (including the allotment of new shares by a subsidiary of the Company, issue of secured notes by the Company, placing of new shares by the Company and the partial exercise of warrants by our controlling shareholder). These new fundings were being used for the expansion in the money lending business, other business development and for general working capital of the Group.

FINANCIAL REVIEW

The Group's profit for the six months ended 30 September 2015 had been substantially decreased to approximately HK$13.8 million (2014: approximately HK$1,065.7 million). Such decrease was mainly attributable to (i) the decrease in fair value gain on investments held for trading; (ii) the decrease in the amount of gain on disposal of available-for-sale investments; and (iii) the expense incurred in relation to issuance of warrants to the controlling shareholder of the Company.

Interest income from money lending business amounted to approximately HK$47.1 million (2014: approximately HK$32.0 million). The increase was mainly attributable to the increase in the number of customers for our property mortgaged loan business and personal loan business. Interest expense of approximately HK$16.0 million (2014: approximately HK$8.7 million) was incurred for bank 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 2015, the Group recorded other income of approximately HK$12.7 million (2014: approximately HK$6.0 million), this increase was mainly attributable to (i) increase in the amount of dividend income from available-for-sale-investment; (ii) increase in the amount of interest income on bank deposits and (iii) certain upfront fees received from property mortgaged loan customers and personal loan customers.

The Group recorded a substantial decrease in other gains and losses from HK$1,363.3 million for the six months ended 30 September 2014 to HK$534.4 million for the six months ended 30 September 2015. Such decrease was mainly attributable to the decrease in fair value gain on investments held for trading by the Group and the decrease in the amount of gain on disposal of available-for-sale investments.

Other expense

During the six months ended 30 September 2015, the Group incurred other expense of HK$466,022,000 in relation to the issue of 588,858,000 warrants of the Company to our controlling shareholder on 2 July 2015 at an issue price of HK$0.001 per warrant and the subscription price for each underlying share for each warrant share shall be HK$0.50. The fair value of this two-year warrants as at the date of issue on 2 July 2015 (at which date the share price of the Company was HK$1.21 per share) was estimated to be HK$466,611,000 which represented HK$0.7924 per warrant granted. The other expense represented the difference between the fair value of the warrants (HK$466,611,000) and the proceeds received (HK$589,000) and therefore an aggregate sum of HK$466,022,000 was charged to the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2015. Subsequently, the closing share price of the Company was HK$0.55 as at 30 September 2015. Details of the above issue of warrants were set out in the Company's circular dated 31 May 2015.

Administrative Expenses

For the six months ended 30 September 2015, administrative expenses were approximately HK$35.0 million (2014: approximately HK$40.1 million), representing a decrease of approximately HK$5.1 million or 12.7% as compared with the same period last year. The decrease was mainly due to better control on overhead expenditure.

Finance Costs

For the six months ended 30 September 2015, the finance costs were approximately HK$42.2 million (2014: approximately HK$31.3 million), representing an increase of approximately HK$10.9 million or 34.8% as compared with the same period last year. The increase was mainly due to the increase in interest expenses incurred on new bank borrowings for the Group's money lending business and due to the interest expenses together with the costs in relation to the issue of secured notes of US$30,000,000 ("CCBI Notes") to a company held by CCBI Investments Limited in July 2015.

Taxation

For the six months ended 30 September 2015, income tax expenses was approximately HK$37.0 million (2014: approximately HK$264.2 million). The decrease was mainly due to the decrease in the amount of provision of deferred tax in Hong Kong, which was generally in line with the decrease in the fair value gain on investments held for trading.

Profit Attributable to Owners of the Company

For the six months ended 30 September 2015, the Group recorded a profit attributable to owners of the Company of approximately HK$13.9 million (2014: approximately HK$1,065.8 million). The basic and diluted earnings per share were approximately HK0.45 cents and HK0.44 cents respectively (2014: basic HK63.65 cents and diluted HK53.64 cents respectively).

Liquidity, Capital Structure and Financial Resources

The Group mainly funds its operations from a combination of operating cash flows, borrowings and equity. As at 30 September 2015, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK$466.6 million (31 March 2015: approximately HK$248.9 million including pledged bank deposit). The Group's working capital increased to approximately HK$4,557.9 million (31 March 2015: approximately HK$2,904.7 million). Such increase was mainly resulted from the increase in (i) proceeds received from various fund raising exercises during the period under review; (ii) fair value gain on investments held for trading during the period under review; and (iii) reclassification of derivative financial instruments from non-current assets to current assets as such instruments will be expired within the next twelve months as of 30 September 2015.

As at 30 September 2015, the Group had outstanding borrowings (including secured notes) of approximately HK$525.5 million (31 March 2015: approximately HK$717.4 million). Such borrowings included a bank borrowing of approximately HK$129.6 million and was secured by a standby letter of credit issued by a bank in the PRC which in turn was secured by certain bank deposits held by the Group. The Group also had other banking facilities from financial institutions in Hong Kong which were secured by certain assets of the Group, including the Group's available-for-sale investments of HK$368.5 million, investments held for trading of HK$1,013.3 million, a yacht of HK$56.7 million and certain bank deposits held by the Group.

In addition, on 6 July 2015, the Group entered into a subscription agreement (the "Subscription Agreement") with a company held by CCBI Investments Limited. Pursuant to the Subscription Agreement, the Group agreed to issue the CCBI Notes in an aggregate principal amount of up to US$30,000,000. The CCBI Notes was secured by certain investments held for trading of the Group of approximately HK$777.2 million. Details of the CCBI Notes have been disclosed in the announcement dated 7 July 2015.

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

Gearing ratio (being the ratio of total borrowings including secured notes to total assets) as at 30 September 2015 was 7.1% (31 March 2015: 11.6%), such decrease was due to the increase in equity base in relation to the placing of new shares, partial exercise of warrants by our controlling shareholder, increase in fair value of investments held for trading and available-for-sale investments, coupled with the decrease in the aggregate balance of bank borrowings and secured notes outstanding as of 30 September 2015 compared with those as of 31 March 2015.

Significant Investment, Material Acquisitions and Disposals

On 13 May 2015 and 15 May 2015, a subsidiary of the Company, Hao Tian Finance Company Limited ("Hao Tian Finance"), has allotted and issued 100 million and 200 million new shares to Rui Sheng Global Holdings Limited and Century Golden Resources Investment Co., Ltd, respectively (both being independent third parties) for cash consideration of HK$100 million and HK$200 million (the "Consideration") respectively. The Consideration had been received by the Group and was determined with reference to the unaudited net assets value of Hao Tian Finance as at 31 March 2015. After such allotments, the Group's equity interest in Hao Tian Finance had been diluted from 100% to approximately 75.21%. Details of the above transactions were disclosed in the announcements of the Company dated 9 April 2015 and 28 April 2015.

On 1 November 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of a company incorporated in Hong Kong (the "Target Company"), which is principally engaged in the provision of brokerage services, for an aggregate consideration of i) a fixed premium of HK$11,000,000 and ii) net assets value of the Target Company as at the date of completion, which is expected to be on or before 30 April 2016 (the "Proposed Acquisition").

The Proposed Acquisition is subject to the fulfilment of the conditions precedent under the sale and purchase agreement and is not yet completed up to the date of this announcement.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the six months ended 30 September 2015 and up to the date of this announcement.

Capital Commitment and Contingent Liabilities

As at 30 September 2015, the Group had capital commitment amounted to HK$142.3 million (31 March 2015: nil) in respect of addition of property, plant and equipment which had been contracted for but not provided for. The Group also had certain capital commitments amounted to HK$56.9 million (31 March 2015: HK$237.1 million) in respect of addition of property, plant and equipment which had been authorized but not contracted for in the condensed consolidated financial statements. The above capital commitments were mainly related to the development of the logistics warehousing business in Xinjiang.

The Group had no material contingent liabilities as at 30 September 2015.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other income are denominated mainly in Hong Kong dollars ("HK$") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK$ and RMB. The Group has certain foreign currency bank balances 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 2015, the Group had a total of approximately 62 employees (31 March 2015: 60 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in 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 the notes to the condensed consolidated financial statements of the Company. 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 (the "CIETAC") for the outstanding amount of RMB80,000,000 payable by Shuangxin under the Menggang Agreement.

Shuangxin withheld the payment of RMB80,000,000 initially on the ground of a tax demand note issued from the local tax bureau, and after revocation of the tax demand note, on the ground of non-fulfillment 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 arbitral award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing Second Intermediate People's Court to set aside the arbitral award. Beijing Second Intermediate People's Court issued a civil ruling on 18 December 2014 dismissing Shuangxin's application for the revocation of the arbitral award. On 6 February 2015, the Group applied for the mandatory enforcement at the Ordos City Intermediate People's Court, and the Ordos City Intermediate People's Court has formally accepted the application on 14 May 2015. At present, the case is under execution procedures.

As for 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 Menggang Agreement (as supplemented by a supplemental agreement dated 19 November 2012), the Group filed an arbitration claim to the CIETAC in January 2014 and an arbitral award was delivered in favour of the Group on 3 August 2015. The Group then applied for the mandatory enforcement at the Ordos City Intermediate People's Court on 8 September 2015. The Board will provide updates on the position of the Group as and when appropriate.

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional High People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional High People's Court. On 2 June 2015, the Mongolia Autonomous Regional High People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal from such civil ruling at the Supreme People's Court of the People's Republic of China and the Group is now waiting for the court's decision.

BUSINESS PROSPECTS

As the volatile Hong Kong stock market posed new challenges for money lending businesses, the Group will grasp such business environment where opportunities and challenges co-exist, capture the opportunities in money lending market, strive to provide diversified, high quality and tailor-made loan products and service to maintain our growth in this segment. In view of the possible property market adjustment, the Group will also continue to strengthen the risk control on money lending business and optimize the scale of operation.

Furthermore, following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the prospective Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities markets of Hong Kong. The Group will prudently capture the opportunities for trading in listed securities and continue to identify more investment opportunities to broaden investment strategy and balance investment risks. The Group will also continue to identify suitable Hong Kong securities companies to develop securities trading and securities financing businesses through acquisitions should such opportunities arise.

Meanwhile, the Group also plans to develop non-bank financial service business in the financial markets of Mainland China, and will actively search for opportunities to develop P2P, financial credit guarantee and financial advisory businesses, and to establish financial internet platform to complement relevant the development of the financial service businesses.

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 six months ended 30 September 2015.

GRANT OF GENERAL MANDATE TO ISSUE NEW SHARES

On 25 September 2015, an ordinary resolution approving the grant of general mandate to issue new shares was duly passed by way of poll in the Annual General Meeting of the Company ("AGM"). The grant of general mandate to issue new shares authorized the directors 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 AGM.

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 of 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 Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2015, save and except Code Provisions A.2.1 and A.5.1:

(i) Resignation of Chief Executive Officer with effect from 1 September 2015

Before 1 September 2015, the roles of Chairman and Chief Executive Officer of the Company were separate and performed by the Board collectively and Ms. Li Shao Yu respectively. The Board collectively focused on the overall strategic planning and development of the Group and effective functioning of the Board while Ms. Li was responsible for overseeing the day-to-day management of the business and operations of the Group.

Ms. Li has resigned as the Chief Executive Officer of the Company with effect from 1 September 2015. Having considered the current business operation of the Group, the Directors consider that the Board can achieve effective functioning of the Board and other members of the senior management can oversee the day-to-day management of the Group. In light of the aforesaid, the Board has decided not to appoint another Chief Executive Officer of the Company for the time being.

(ii) Nomination Committee not chaired by an independent non-executive Director

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 the daily 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 a cash interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

PROPOSED BONUS ISSUE OF SHARES

The Board recommends, subject to the approval of the shareholders of the Company at an extraordinary general meeting (the "EGM"), a bonus issue of shares (the "Bonus Issue") in recognition of the support of the shareholders of the Company. The recommended Bonus Issue includes a proposed allotment and issue of one bonus share (the "Bonus Share") for each existing 10 shares held by the shareholders whose names appear on the register of members on the Record Date (as defined below).

A circular in respect of the Bonus Issue will be despatched for the purpose of seeking the approval of the shareholders of the Company at the EGM on the Bonus Issue. The EGM is proposed to be held on 14 January 2016. Further details regarding the Bonus Issue will be included in the circular.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF THE BONUS ISSUE

In order to determine the entitlement of the Bonus Issue, the register of members will be closed from 25 January 2016 – 27 January 2016 (both dates inclusive), during which period no transfer of shares can be registered. In order to qualify for the Bonus Issue (if approved by the shareholders of the Company), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 22 January 2016. The Bonus Issue is subject to the approval of the shareholders of the Company at the EGM and if approved, the Bonus Shares will be allotted and issued on Friday, 5 February 2016 to those shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 27 January 2016, being the record date (the "Record Date").

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 2015. 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, 27 November 2015

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.*