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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 2016

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 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

		Six months ended 30 September	
		2016	2015
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**78,395**	47,064
Gross proceeds from sale of investments held for trading		**646,659**	714,969
Total		**725,054**	762,033

	NOTES	Six months ended 30 September 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Revenue	*3*	**78,395**	47,064
Other income	*5*	**8,993**	12,653
Other gains and losses	*5*	**(1,462,359)**	68,363
Administrative expenses		**(51,385)**	(35,026)
Share of result of an associate		**(254)**	–
Finance costs	*6*	**(44,301)**	(42,240)
(Loss) profit before taxation		**(1,470,911)**	50,814
Taxation credit (charge)	*7*	**218,886**	(37,014)
(Loss) profit for the period	*8*	**(1,252,025)**	13,800
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial instruments of foreign operations		**(4,556)**	(5,842)
Net fair value gain (loss) on available-for-sale investments:			
– Impairment loss recognised		**56,227**	–
– Fair value change during the period		**(258,893)**	516,042
– Reclassified to profit or loss upon disposal		**(53,212)**	(29,300)
Other comprehensive (expense) income for the period (net of tax)		**(260,434)**	480,900
Total comprehensive (expense) income for the period		**(1,512,459)**	494,700
(Loss) profit for the period attributable to:			
Owners of the Company		**(1,253,646)**	13,899
Non-controlling interests		**1,621**	(99)
		(1,252,025)	13,800
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(1,526,828)**	503,468
Non-controlling interests		**14,369**	(8,768)
		(1,512,459)	494,700
			(Restated)
(Loss) earnings per share	*9*		
Basic *(HK cents)*		**(30.57)**	0.41
Diluted *(HK cents)*		**(30.57)**	0.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016

	NOTES	**30.9.2016** ***HK$'000*** **(unaudited)**	31.3.2016 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**82,150**	82,202
Prepaid lease payment		**15,763**	16,480
Premium over prepaid lease payment		**129,182**	130,542
Intangible assets		**11,000**	–
Available-for-sale investments	*11*	**1,229,612**	1,399,486
Financial assets designated at fair value through profit or loss		**22,727**	24,252
Loan receivables	*12*	**120,237**	118,569
Investment in an associate		**2,080**	–
Deposits		**1,132**	964
		1,613,883	1,772,495
Current assets			
Inventories		**3,023**	407
Trade and bills receivables	*13*	**67,167**	36,226
Other receivables, deposits and prepayments		**381,281**	48,027
Loan receivables	*12*	**920,981**	709,220
Derivative financial instruments		**–**	466,150
Consideration receivables	*14*	**585,888**	72,120
Investments held for trading	*15*	**3,026,182**	4,860,141
Prepaid lease payment		**370**	370
Pledged bank deposits		**35,229**	167,424
Bank balances, trust and segregated account		**38,195**	–
Bank balances and cash		**557,407**	295,782
		5,615,723	6,655,867
Current liabilities			
Trade payables	*16*	**53,915**	–
Other payables, deposits received and accruals		**51,353**	16,287
Borrowings	*17*	**339,877**	463,894
Secured notes		**214,483**	203,074
Derivative financial instruments		**145,088**	41,515
Tax payables		**14,613**	5,018
Deferred tax liability		**338,863**	567,335
		1,158,192	1,297,123

	NOTES	30.9.2016	31.3.2016
		HK$'000	HK$'000
		(unaudited)	(audited)
Net current assets		**4,457,531**	5,358,744
Total assets less current liabilities		**6,071,414**	7,131,239
Non-current liabilities			
Borrowings	*17*	**164,550**	164,550
Other long term liability		**102,525**	98,560
		267,075	263,110
Net assets		**5,804,339**	6,868,129
Capital and reserves			
Share capital	*19*	**41,801**	36,423
Reserves		**5,330,567**	6,623,458
Equity attributable to owners of the Company		**5,372,368**	6,659,881
Non-controlling interests		**431,971**	208,248
Total equity		**5,804,339**	6,868,129

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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) money lending; (ii) securities investment; (iii) trading of futures and; (iv) provision of commodities and securities brokerage service.

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").

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The Group has the following significant events and transactions during the current interim period:

(i) The Group has commenced its business in provision of commodities brokerage service through incorporation of a wholly-owned subsidiary, King International Bullion Limited on 29 March 2016. Besides, following the acquisition of the entire issued share capital of Paul Securities Limited (see Note 10 for details), the Group has commenced its business in provision of securities brokerage service. The provision of commodities and securities brokerage services has become a separate reportable segment of the Group during the current interim period.

(ii) On 22 July 2016, Hao Tian Investment (China) Company Limited ("Hao Tian China"), an indirect wholly-owned subsidiary of the Company, and Fujian Nuoqi Co., Ltd. ("Fujian Nuoqi") entered into a restructuring agreement (the "HT China Restructuring Agreement"). Pursuant to the HT China Restructuring Agreement, Hao Tian China conditionally agreed to (i) participate in the restructuring of Fujian Nuoqi, as the party responsible for restructuring under reorganisations plan; and (ii) Hao Tian China conditionally agreed to pay RMB150,583,000 (equivalent to HK$174,198,000) for the retention of Fujian Nuoqi's assets which included, among others, land use rights, properties and other office equipment, these assets shall be retained by Fujian Nuoqi for its future business operations as well as 51% equity interest in Fujian Nuoqi. Fujian Nuoqi is a joint stock limited liability company incorporated under the laws of the PRC and the H Shares of which are listed on the Main Board of the Stock Exchange. The equity transfer of Fujian Nuoqi was completed on 5 September 2016.

(iii) On 22 May 2016, Hao Tian Management (Hong Kong) Limited ("Hao Tian Management"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement (the "HTM Subscription Agreement") with Vandi Investments Limited ("Vandi"), an independent third party, pursuant to which, Vandi agreed to subscribe for, and Hao Tian Management agreed to issue, 821 new ordinary shares for a consideration of US$40 million (equivalent to HK$311,561,000) (the "HTM Subscription"). The HTM Subscription was completed on 23 August 2016. Upon completion of the HTM Subscription, Hao Tian Management remains as an indirect non-wholly-owned subsidiary of the Company and will be owned as to approximately 92.41% and approximately 7.59% by the Company and Vandi respectively. As part of the HTM Subscription Agreement, upon the completion of the HTM Subscription, the Company entered into a call option deed ("Call Option Deed") with Vandi, pursuant to which, the Company granted a call option to Vandi to subscribe up to 389,940,000 shares of the Company (the "HTD Option") at an exercise price of HK$0.8 per share.

(iv) On 28 June 2016, the Group exercised the put options which were granted by Up Energy Development Group Limited ("Up Energy") and requested Up Energy to issue additional consideration shares in accordance with the top-up options which were granted by Up Energy and recognised loss on change in fair value of HK$127,281,000.

(v) The Group recognised fair value loss of HK$1,306,233,000 on its investments held-for-trading during the current interim period.

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the period.

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 HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKAS 1	Disclosure initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

The application of the above amendments to HKFRSs in the current interim period has 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) Securities investment

(c) Trading of futures

(d) Commodities and securities brokerage

During the current interim period, the Group has commenced its business in provision of commodities and securities brokerage services, which has been regarded as a reportable segment 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 2016

	Money lending HK$'000 (unaudited)	Securities investment HK$'000 (unaudited)	Trading of futures HK$'000 (unaudited)	Commodities and securities brokerage HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Segment revenue	**74,785**	**–**	**–**	**3,610**	**78,395**
Segment results	**67,798**	**(1,299,036)**	**(7,197)**	**(5,006)**	**(1,243,441)**
Other income					**8,933**
Other gains and losses					**(156,126)**
Central administration costs					**(35,722)**
Finance costs					**(44,301)**
Share of result of an associate					**(254)**
Loss before taxation					**(1,470,911)**

For the six months ended 30 September 2015

	Money lending *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				(166,797)
Central administration costs				(29,810)
Finance costs				(42,240)
Profit before taxation				50,814

Segment results represent the profit earned or loss incurred by each segment without allocation of other income, other gains and losses (other than fair value gain on investments held for trading), 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	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income		
Dividend income from available-for-sale investments	**1,988**	2,842
Interest earned on bank deposits	**4,818**	2,905
Sundry income	**2,187**	6,906
	8,993	12,653
Other gains and losses		
Fair value (loss) gain on investments held for trading *(Note a)*	**(1,306,233)**	235,160
Impairment loss on available-for-sale investments	**(69,627)**	–
Fair value (loss) gain on derivative financial instruments	**(124,682)**	283,039
Loss on disposal of property, plant and equipment	**(54)**	(10)
Fair value of put option at initial recognition	**–**	(5,238)
Gain on disposal of available-for-sale investments	**53,212**	29,300
Impairment loss of loan receivables and interest receivables	**(2,677)**	–
Net exchange loss	**(12,298)**	(7,866)
Loss on issuance of warrants *(Note b)*	**–**	(466,022)
	(1,462,359)	68,363

Notes:

(a) During the six months ended 30 September 2016, realised loss of HK$970,226,000 (six months ended 30 September 2015: realised gain of HK$15,577,000) was recognised for the Group's investments held for trading.

(b) 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.

6. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on borrowings	**40,336**	36,036
Issuance cost of corporate bonds	**–**	2,900
Interest on other long term liability	**3,965**	3,304
	44,301	42,240

During the six months ended 30 September 2016, interest expenses of approximately HK$11,968,000 (six months ended 30 September 2015: HK$15,993,000) was incurred for borrowings obtained solely for the Group's money lending business.

7. TAXATION (CREDIT) CHARGE

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong:		
Current tax	**9,586**	874
Deferred tax	**(228,472)**	36,140
Income tax (credit) charge	**(218,886)**	37,014

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. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payment	**174**	183
Amortisation of premium over prepaid lease payment	**1,360**	1,359
Depreciation of property, plant and equipment	**2,513**	2,822
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**17,244**	11,876
Retirement benefit scheme contributions	**428**	241
Share-based payments	**400**	–
	18,072	12,117

9. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) 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	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) Earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share ((loss) profit for the period attributable to the owners of the Company)	**(1,253,646)**	13,899

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

	Six months ended 30 September	
	2016	2015
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**4,100,753**	3,387,203
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**–**	70,021
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**4,100,753**	3,457,224

The weighted average number of ordinary shares for the six months ended 30 September 2015 has been adjusted to reflect the impact of the bonus issue took place on 5 February 2016.

For the six months ended 30 September 2016, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options, since the assumed exercise would reduce loss per share.

For the six months ended 30 September 2015, 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 period.

10. ACQUISITION OF A SUBSIDIARY

On 8 August 2016, the Group acquired the entire issued share capital of Paul Securities Limited from independent third parties at a consideration of HK$29,158,000. This acquisition has been accounted for using the purchase method. Paul Securities Limited is engaged in the provision of securities brokerage service in Hong Kong.

Consideration transferred

	HK$'000
Cash consideration	29,158
Less: Bank balances and cash acquired	(18,833)
Net cash used in acquisition	10,325

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis):

	HK$'000
Property, plant and equipment	125
Intangible assets	11,000
Deposits	200
Trade and other receivables	2,259
Bank balances, trust and segregated accounts	40,386
Bank balances and cash	18,833
Trade and other payables	(43,636)
Tax payable	(9)
	29,158

The initial accounting for the above acquisition has been determined provisionally, awaiting the finalisation of professional valuation in relation to intangible assets.

The fair value as well as the gross contractual amounts of the trade and other receivables acquired amounted to HK$2,259,000 at the date of acquisition.

Impact of acquisition on the results of the Group

During the six months ended 30 September 2016, Paul Securities Limited contributed HK$337,000 to the Group's revenue and HK$253,000 to the loss for the period between the respective date of acquisition and 30 September 2016.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**982,805**	1,317,504
Unlisted equity securities, at cost	**541,460**	363,235
Less: accumulated impairment loss	**(294,653)**	(281,253)
Unlisted equity securities at cost less accumulated impairment loss	**246,807**	81,982
	1,229,612	1,399,486

As at 30 September 2016, the Group has pledged certain available-for-sale investments of approximately HK$164,859,000 (31 March 2016: HK$463,733,000) to secure a bank loan advanced to the Group.

12. LOAN RECEIVABLES

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current:		
Secured, fixed-rate loan receivables	**116,336**	112,961
Unsecured, fixed-rate loan receivables	**3,901**	5,608
	120,237	118,569
Current:		
Secured, fixed-rate loan receivables *(Note)*	**751,233**	636,508
Unsecured, fixed-rate loan receivables	**169,748**	72,712
	920,981	709,220
	1,041,218	827,789

Note: The loan receivables are secured by properties of the borrowers. The Group's loans receivables included debtors, with carrying amount of HK$63,220,000 (31 March 2016: HK$58,257,000) 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 2016.

13. TRADE AND BILLS RECEIVABLES

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from clients arising from		
– commodities brokerage	**54**	–
– securities brokerage	**824**	–
Margin and other trade related deposits with brokers and financial institution arising from		
– commodities brokerage	**16,758**	–
Interest receivables in relation to money lending business	**49,531**	36,226
	67,167	36,226

For those cash commodities and securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The margin clients of the commodities and securities brokerage business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Trade receivables from cash and margin clients arising from the commodities and securities brokerage business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of directors, the aging analysis does not provide additional value in view of the nature of commodities and securities dealing business.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreement entered with its customers ranging from 1 month to 6 months (31 March 2016: 1 month to 6 months).

As at 30 September 2016, HK$9,688,000 (31 March 2016: HK$7,893,000) interest receivables in relation to money lending business was past due but not impaired.

The interest receivables are secured by properties pledged to the Group. The Group assessed the fair value of the pledged properties. The risk of non-recoverability of the amount is minimal, and no impairment is required as at 30 September 2016.

14. CONSIDERATION RECEIVABLES

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Consideration receivables in respect of:		
Menggang group disposal	**69,720**	72,120
CIFG Disposal *(Note)*	**516,168**	–
	585,888	72,120

Note: On 23 September 2016, the Group entered into a sale and purchase agreement with an independent third party (the "CIFG Purchaser"), pursuant to which, the Group agreed to dispose of 1,737,940,350 shares of CIFG (the "CIFG Disposal") at the consideration of HK$0.297 per Share or (approximately HK$516,168,000). The consideration has been fully settled subsequent to the end of the reporting period.

15. INVESTMENTS HELD FOR TRADING

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
Investments held for trading include:		
Equity securities and derivatives listed in Hong Kong, at fair value	**3,022,631**	4,859,871
Derivatives listed outside Hong Kong, at fair value	**3,551**	270
	3,026,182	4,860,141

As at 30 September 2016, included in the Group's investments held for trading, carrying amount of approximately HK$899,801,000 (31 March 2016: HK$1,422,000,000) and HK$764,400,000 (31 March 2016: HK$864,500,000) (the "Pledged Shares") are pledged to secure a banking facility of HK$300,000,000 (31 March 2016: HK$450,000,000) with a term of twelve months and to secure the secured notes respectively. The Pledged Shares as security will be released upon the full repayment of the loan.

16. TRADE PAYABLES

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables to clients arising from commodities and securities brokerage	**15,139**	–
Margin and other deposits payable to clients arising from commodities and securities brokerage	**37,719**	–
Trade payables to brokers and clearing houses arising from commodities and securities brokerage	**1,057**	–
	53,915	–

17. BORROWINGS

	30.9.2016	31.3.2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Bank overdrafts – secured	**29,877**	34,275
Bank loans – secured	**310,000**	429,619
Corporate bonds and notes – unsecured	**164,550**	164,550
	504,427	628,444

18. CHANGE OF GROUP'S INTEREST IN SUBSIDIARY

According to the HTM Subscription Agreement and the Call Option Deed, Hao Tian Management issued 821 new shares to Vandi for a consideration of US$40 million (equivalent to HK$311,561,000) and the Company issued call options of the Company to Vandi to subscribe up to 389,940,000 shares of the Company. The difference between the increase in non-controlling interest of HK$209,354,000, the cash consideration of HK$311,561,000, and the fair value of HTD Option, HK$107,697,000, has been debited to other reserve.

19. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Share capital *HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2016 and 30 September 2016	0.01	50,000,000,000	500,000
Issued:			
At 1 April 2016	0.01	3,642,348,316	36,423
Issue of new shares upon exercise of warrants *(Note)*	0.01	537,743,800	5,378
At 30 September 2016	0.01	4,180,092,116	41,801

Note: During the six months ended 30 September 2016, a total of 537,743,800 new ordinary shares of the Company of HK$0.01 each were issued upon the exercise of 537,743,800 warrants at HK$0.4545 per share (adjusted to reflect the impact of the bonus issue took place on 5 February 2016). As at 30 September 2016, there was no warrants outstanding.

All the shares issued during the six months ended 30 September 2016 rank pari passu with the then existing shares of the Company in all respects.

20. DIVIDENDS

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 September 2016 and 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$74.8 million (2015: approximately HK$47.1 million), representing an increase of 58.8%. The main services of this segment include money lending in respect of property mortgage loans and personal loans to customers in Hong Kong. As at 30 September 2016, the outstanding loan receivables of the money lending business of the Group (net of impairment) has reached approximately HK$1,041.2 million (31 March 2016: approximately HK$827.8 million).

Securities Investment Business (Investments held for trading)

During the period under review, the net realised losses from disposal of investments held for trading were approximately HK$970.2 million (2015: realised gain approximately HK$15.6 million) and the unrealised fair value losses from investments held for trading, comprising listed equity securities, were approximately HK$328.8 million (2015: unrealised fair value gain of approximately HK$217.5 million). The substantial losses incurred were mainly attributable to the partial disposal of China Innovative Group Finance Limited ("CIFG" and formerly known as Heritage International Holdings Limited) which incurred a realised loss of approximately HK$970.0 million and a fair value loss for the remaining CIFG shares of approximately HK$363.8 million. However, as of the date of this announcement, we have received gross proceeds of approximately HK$516.2 million (including the gross proceeds from partial disposal of CIFG shares held as available-for-sale investments) from the partial disposal of CIFG which greatly enhanced our cashflow position and provide the Group with solid capital base to pursue other potential investments.

As of 30 September 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as investments held for trading amounted to approximately HK$3,022.6 million (31 March 2016: approximately HK$4,860.0 million). Such amount mainly comprised of the following listed securities, namely: (1) CIFG (stock code: 412); (2) Carnival Group International Holdings Limited (stock code: 996); and (3) Imperial Pacific International Holdings Limited (stock code: 1076) ("Imperial Pacific").

Investments classified as available-for-sale investments

During the period under review, the realised gain from disposal of available-for-sale investments were approximately HK$53.2 million (2015: approximately HK$29.3 million). As of 30 September 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as available-for-sale investments amounted to approximately HK$982.8 million (31 March 2016: approximately HK$1,317.5 million). Such value comprised of securities of three listed companies, namely: (1) Imperial Pacific (stock code: 1076); (2) HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited) (stock code: 136); and (3) CIFG (stock code: 412). There was no material change in the portfolio composition classified under available-for-sale investments during the period and the decrease in the balance of available-for-sales investments was mainly attributable to the partial disposal of CIFG as mentioned in preceding paragraphs together with an impairment loss being recognised for another listed equity securities.

Trading of Futures Business

During the period under review, the Group had incurred a loss in the futures trading business segment and recorded a loss of approximately HK$7.2 million (2015: profit of HK$2.1 million) which is attributable to the volatility of the commodities market.

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 warehousing and logistics business purposes. During the period under review, no revenue was recorded from the warehousing and logistics business of the Group as the development was still in its preliminary stage.

Completion of acquisition of a brokerage firm and commencement of trading platforms for trading of bullion

Our Group had successfully acquired the entire issued share capital of Paul Securities Limited which is principally engaged in the provision of brokerage services in Hong Kong and is a corporation licensed to carry out Type 1 activity (Dealing in Securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). The acquisition was completed on 8 August 2016.

In mid-July 2016, our Group had successfully established an electronic trading platform for customers in relation to the trading of bullion through King International Bullion Limited, an indirect wholly-owned subsidiary of the Company. There has been an increasing trend on the number of customers and the platform was well received by the market.

In October 2016, King International Futures Limited, another subsidiary which plans to adopt similar business model by using electronic trading platform for customers in the trading of futures, had successfully obtained approval from the Securities and Futures Commission of Hong Kong ("SFC") and become a corporation licensed to carry out Type 2 activity (Dealing in Futures Contract) under the SFO. We plan to commence the business of trading of futures by the end of 2016.

BUSINESS PROSPECTS

The volatile stock market and the fluctuations of the property market in Hong Kong had posed new challenges for our 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 its growth in this segment. In view of the possible property market adjustment, the Group will also continue to strengthen the risk control on the money lending business and optimize the scale of operation.

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 in Hong Kong. The Group will prudently capture the opportunities in connection with trading in listed securities and continue to identify more investment opportunities to broaden investment strategy and balance investment risks. Depending on the market conditions, the Group is also considering to adjust its portfolio of securities investment and may acquire additional securities and dispose of some of the securities currently held by the Group.

The completion of the acquisition of a brokerage firm in Hong Kong which possess the required license to carry out Type 1 activity (Dealing in Securities), the recent approval obtained in relation to the carry out of Type 2 activity (Dealing in Futures Contract) and the successful launch of the electronic trading platforms to customers for the trading of bullion, represents major milestones of the Group to diversify different segments of the financial market so that the Group will be able to provide a full range of financial services in Hong Kong in the long run. We are also confident that the above newly engaged activities can achieve synergy with our existing money lending business. In view of this, we plan to inject further capital in cash to our brokerage firm in order to strengthen the equity base so as to expand the customer base and the scale of operation and hence the market share. We will also explore potential fund raising alternatives available in the capital market to complement our expansion plan.

Our Group also recognizes that there is an increasing public awareness recently over the healthcare matters in the PRC and we believe that it is an opportunity for the Group to explore the related market niche. Recently, the Group has entered into an investment framework agreement to invest in the Innovative Camellia Oleifera Health Industry Project (創新型油茶健康產業項目) (the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. Although we are confident of the success of the Project, we will be cautious on the level of capital expenditure required during the pre-operation period.

The Group believes that its development plans in various business segments as mentioned above will help the Group's business to be more diversified and more balanced in the long run which will then be translated into a long term growth for our Group.

INTERIM DIVIDEND

The Board does not recommend the payment of a cash interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK$1,252.0 million for the six months ended 30 September 2016 (2015: profit of approximately HK$13.8 million). Such loss was mainly attributable to the partial disposal of CIFG ("CIFG Disposal") of approximately HK$970.0 million and a fair value loss for the remaining CIFG shares of approximately HK$363.8 million as mentioned in the Business Review section. Such impact had been partially relieved by the continuing growth of the money lending business and the gain on disposal of certain available-for-sales investments.

Interest income from money lending business amounted to approximately HK$74.8 million (2015: approximately HK$47.1 million). The increase was mainly attributable to the continual increase in the number of customers for our property mortgaged loan business and personal loan business. Interest expenses of approximately HK$12.0 million (2015: approximately HK$16.0 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 periods under review.

The Group recorded losses in other gains and losses from gains of HK$68.4 million for the six months ended 30 September 2015 to losses of approximately HK$1,462.4 million for the six months ended 30 September 2016. Such loss was mainly attributable to the fair value loss on investments held for trading of HK$1,306.2 million (2015: fair value gain of HK$235.2 million) which in turn was mainly attributable to the CIFG Disposal.

Administrative Expenses

For the six months ended 30 September 2016, administrative expenses were approximately HK$51.4 million (2015: approximately HK$35.0 million), representing an increase of approximately HK$16.4 million or 46.9% as compared with the same period last year. The increase was mainly due to the increase in the number of subsidiaries after the acquisition of Paul Securities Limited and the establishment of various companies under King International Financial Holdings Limited which are engaged in the trading of futures and trading of bullion.

Finance Costs

For the six months ended 30 September 2016, the finance costs were approximately HK$44.3 million (2015: approximately HK$42.2 million), representing an increase of approximately HK$2.1 million or 5.0% as compared with the same period last year. There was no material fluctuation on the level of finance costs.

Taxation

For the six months ended 30 September 2016, net income tax credit was approximately HK$218.9 million (2015: income tax expense of approximately HK$37.0 million). The existence of such income tax credit was mainly due to the reversal of deferred tax expenses previously charged in relation to fair value gains on investments held for trading in previous years. Such reversal was generally in line with the existence of fair value loss on investments held for trading incurred for the six months ended 30 September 2016.

Loss Attributable to Owners of the Company

For the six months ended 30 September 2016, the Group recorded a loss attributable to owners of the Company of approximately HK$1,253.7 million (2015: a profit of approximately HK$13.9 million) which was attributable to the factors as mentioned in preceding paragraphs.

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 2016, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK$592.6 million (31 March 2016: approximately HK$463.2 million). The Group's working capital decreased to approximately HK$4,457.5 million (31 March 2016: approximately HK$5,358.7 million). Such decrease was mainly resulted from the substantial fair value loss on investments held for trading incurred during the period under review.

As at 30 September 2016, the Group had outstanding borrowings (including secured notes) of approximately HK$718.9 million (31 March 2016: approximately HK$831.5 million). The Group had various 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$164.9 million, investments held for trading of HK$1,664.2 million and certain bank deposits held by the Group.

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 certain warrants of the Company at a subscription price of HK$0.4545 per share (adjusted to reflect the impact of the bonus issue took place on 5 February 2016). During the six months ended 30 September 2016, all the outstanding warrants were exercised by Asia Link and gross proceeds of approximately HK$244.4 million was received by the Company.

Gearing ratio (being the ratio of total borrowings including secured notes to total assets) as at 30 September 2016 was 9.9% (31 March 2016: 9.9%). There was no material fluctuation in the level of gearing.

Capital Commitment and Contingent Liabilities

As at 30 September 2016, the Group had capital commitment amounted to HK$135.7 million (31 March 2016: HK$140.4 million) 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$493.7 million (31 March 2016: HK$54.0 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 and the development of the Camellia Oleifera Project.

The Group had no material contingent liabilities as at 30 September 2016.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other income 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$, US$ 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 2016, the Group had a total of approximately 120 employees (31 March 2016: 69 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of 51% of equity interest in Fujian Nuoqi Co., Ltd. ("Nuoqi")

On 22 July 2016, Hao Tian Investment (China) Company Limited ("HT China"), a subsidiary of the Company and Nuoqi had entered into a restructuring agreement ("HT China Restructuring Agreement") pursuant to which HT China agreed to participate in the restructuring of Nuoqi (stock code: 1353) under a reorganisation proposal approved by creditors' meeting of Nuoqi which required HT China to pay RMB150,583,125.05 for settlement of certain creditors' debt and the reorganisation proposal also provided 51% equity interest of Nuoqi to be transferred to HT China. The HT China Restructuring Agreement was completed on 5 September 2016. Details of the HT China Restructuring Agreement were disclosed in the announcement dated 25 July 2016.

Upon signing of the HT China Restructuring Agreement, our Group had an obligation under the Hong Kong Code on Takeovers and Mergers issued by the SFC to make a general offer to all shares of Nuoqi not already owned by our Group. In addition, Nuoqi had to submit a resumption proposal to the Stock Exchange which have to satisfy certain resumption conditions. Our Group will allocate adequate and timely resources to assist the completion of general offer, resumption of the trading of Nuoqi's shares and to resume the normal business operation of Nuoqi.

Deemed partial disposal of a subsidiary and the issue of a call option by the Company

On 22 May 2016, Hao Tian Management (Hong Kong) Limited ("HTM"), an indirect wholly-owned subsidiary of the Company which is principally engaged in securities investment, investment holding and provision of management services, entered into a subscription agreement (the "CCB Subscription Agreement") with Vandi Investments Limited (the "Investor"), a wholly-owned subsidiary of CCB International (Holdings) Limited, pursuant to which the Investor agrees to subscribe for new shares issued and allotted by HTM at a consideration of USD40 million. The above transaction was completed on 23 August 2016. Gross proceeds of approximately HK$311.6 million were received by HTM and HTM is now owned as to approximately 92.41% and approximately 7.59% by the Company and the Investor respectively.

On 20 July 2016, the Company, HTM and the Investor have entered into a call option deed ("CCB Option Deed") pursuant to which the Company, without additional consideration, grants to the Investor a call option to require the Company to allot and issue new shares to the Investor at a price of HK$0.8 per share (subject to adjustment) exercisable from the period commencing from the date of the CCB Option Deed and ending on the date that falls on the fifth anniversary thereof.

Details of the CCB Subscription Agreement and CCB Option Deed were disclosed in the Circular dated 28 June 2016.

SIGNIFICANT LITIGATIONS

Claim against Inner-Mongolia Shuangxin Resources Group Co. Ltd ("Shuangxin")

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 million payable by Shuangxin under the sale and purchase agreement (the "Menggang Agreement") entered into between the Group and Shuangxin in relation to the sale and purchase of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries.

Shuangxin initially withheld the payment of RMB80 million as a result of the issued tax demand note and subsequently withheld payment 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 million on 8 October 2013. An arbitral award was delivered in favour of the Group on 27 June 2014. Subsequently, 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, such application has been formally accepted on 14 May 2015. As at the date of this announcement, the Group had received RMB20 million and the execution procedures for enforcing the court order are still in progress.

As for the final instalment of RMB40.5 million payable by Shuangxin, which is in addition to the aforementioned RMB80 million, 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. Shuangxin had paid the Group an aggregate sum of approximately RMB34 million in full pursuant to the determination made by the CIETAC.

On 21 August 2014, Shuangxin filed a legal action in the Inner-Mongolia Autonomous Regional High People's Court claiming against the Group for damages in an aggregate amount of approximately RMB103 million (the "Case"). 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 against such civil ruling at the Supreme People's Court of the People's Republic of China and the appeal was dismissed. On 22 March 2016, Shuangxin applied to the High People's Court of Mongolia Autonomous Region for the temporary suspension of execution with regard to the mandatory enforcement applied by the Group on 6 February 2015 and the decision was ruled in favour of Shuangxin. The Group then filed an appeal against such ruling and the appeal was dismissed on 5 May 2016. Subsequently, the High People's Court of Mongolia Autonomous Region commenced the hearing of the Case on 13 April 2016 and 17 June 2016 and the court hearing is still in progress. The Board will provide updates on the legal position of the Group as and when appropriate.

Claim against Up Energy Development Group Limited

On 12 August 2016, the Company claimed against Up Energy Mining Limited and Up Energy Development Group Limited (the "Defendants") for (i) issuance of the top-up consideration shares of Up Energy Development Group Limited ("Up Energy") and (ii) cash payment pursuant to an agreement entered into between the Company as a vendor and the Defendants for the sale and purchase of shares in and assignment of shareholder's loan due from Champ Universe Limited on 12 October 2012. Details of the claim are disclosed in the announcements of the Company dated 29 June 2016 and 12 August 2016.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintain 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 and in the interests of its Shareholders.

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 2016, save and except Code Provisions A.2.1 and A.5.1:

(i) Roles of chairman and chief executive officer performed by the Board collectively

Before 15 August 2016, the Company did not have a chief executive officer and role of chairman was performed by the Board collectively. Having considered the business operation of the Group at the material time, the Directors considered 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.

On 15 August 2016, the Company has appointed Mr. Gao Shufang as the chief executive officer of the Company, thus the responsibilities between the chairman and chief executive officer are separate and not performed by the same individual.

(ii) The Nomination Committee is not chaired by 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.

Save for the aforesaid, the Board is of the view that the Company has complied with the code provisions as set out in the Corporate Governance Code during the period and up to the date of this announcement.

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.

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 2016.

GRANT OF GENERAL MANDATE

On 26 September 2016, 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 general mandate granted the directors of the Company the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the issued share capital of the Company as at the date of the AGM.

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 2016. 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, 29 November 2016

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.