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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: 474)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

The board (the "**Board**") of directors (the "**Directors**") of Hao Tian Development Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2017 together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*3*	**206,313**	129,986
Gross proceeds from sale of investments held for trading		**674,697**	767,976
Total		**881,010**	897,962
Revenue	*3*	**206,313**	129,986
Cost of sales and services		**(36,725)**	–
Gross profit		**169,588**	129,986
Other income	*5*	**11,777**	7,818
Other gains and losses	*6*	**(3,616,561)**	762,201
Administrative expenses		**(132,854)**	(89,284)
Other expenses	*7*	**(29,251)**	–
Share of result of an associate		**(1,567)**	–
Finance costs	*8*	**(87,873)**	(87,878)

	NOTES	2017 HK$'000	2016 HK$'000
(Loss) profit before taxation		**(3,686,741)**	722,843
Taxation credit (charge)	*9*	**497,893**	(256,869)
(Loss) profit for the year	*10*	**(3,188,848)**	465,974
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
– fair value changes		**(547,388)**	435,841
– impairment loss recognised		**74,728**	120,173
– reclassified to profit or loss upon disposal		**(53,212)**	(29,264)
Exchange difference arising on translation of foreign operations		**(8,040)**	(2,845)
Other comprehensive (expense) income for the year, net of tax		**(533,912)**	523,905
Total comprehensive (expense) income for the year		**(3,722,760)**	989,879
(Loss) profit for the year attributable to:			
Owners of the Company		**(3,078,901)**	524,398
Non-controlling interests		**(109,947)**	(58,424)
		(3,188,848)	465,974
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(3,577,978)**	1,082,381
Non-controlling interests		**(144,782)**	(92,502)
		(3,722,760)	989,879
(Loss) earnings per share	*12*		
– Basic and diluted *(HK cents)*		**(74.57)**	14.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**563,293**	82,202
Prepaid lease payment		**31,732**	16,480
Premium over prepaid lease payment		**127,822**	130,542
Available-for-sale investments	*13*	**764,488**	1,399,486
Financial assets designated at fair value through profit or loss	*14*	**27,779**	24,252
Goodwill	*15*	**415,164**	–
Intangible assets		**178,650**	–
Finance lease receivables		**4,241**	–
Loan receivables	*17*	**123,197**	118,569
Investment in an associate		**767**	–
Deferred tax assets	*22*	**6,364**	–
Pledged bank deposits		**4,603**	–
Deposits		**5,814**	964
		2,253,914	1,772,495
Current assets			
Inventories		**8,745**	407
Trade and interest receivables	*16*	**147,345**	36,226
Other receivables, deposits and prepayments		**60,884**	48,027
Loan receivables	*17*	**665,393**	709,220
Financial assets designated at fair value through profit or loss	*14*	**–**	466,150
Finance lease receivables		**3,112**	–
Consideration receivable	*19*	**67,680**	72,120
Investments held for trading	*18*	**1,241,008**	4,860,141
Tax recoverable		**1,359**	–
Prepaid lease payment		**329**	370
Pledged bank deposits		**44,661**	167,424
Bank balances, trust and segregated accounts		**32,400**	–
Bank balances and cash		**816,372**	295,782
		3,089,288	6,655,867

	NOTES	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade payables	*20*	**61,390**	–
Other payables, deposits received and accruals		**57,079**	16,287
Borrowings	*23*	**742,982**	463,894
Secured notes	*21*	**150,331**	203,074
Obligations under finance leases	*24*	**3,877**	–
Financial liabilities designated at fair value through profit or loss	*14*	**319,350**	41,515
Tax payables		**6,807**	5,018
		1,341,816	729,788
Net current assets		**1,747,472**	5,926,079
Total assets less current liabilities		**4,001,386**	7,698,574
Non-current liabilities			
Borrowings	*23*	**196,037**	164,550
Obligations under finance leases	*24*	**3,015**	–
Other long term liability		**106,490**	98,560
Deferred tax liabilities	*22*	**134,360**	567,335
		439,902	830,445
Net assets		**3,561,484**	6,868,129
Capital and reserves			
Share capital	*26*	**41,862**	36,423
Reserves		**3,282,127**	6,623,458
Equity attributable to owners of the Company		**3,323,989**	6,659,881
Non-controlling interests		**237,495**	208,248
Total equity		**3,561,484**	6,868,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL

Hao Tian Development Group Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Asia Link Capital Investment Holdings Limited ("Asia Link"), which is incorporated in the British Virgin Islands ("BVI"), and the ultimate controlling shareholder is Ms. Li Shao Yu ("Ms. Li"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Company are investment holding and provision of management service to its subsidiaries.

The Group's consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 1	Disclosure initiative
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
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 Disclosure initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively.

Other than disclosed at above, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consolidation[2]

1 *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*
2 *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*
3 *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*
4 *Effective for annual periods beginning on or after a date to be determined.*
5 *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use while other operating lease payments are presented as operating cash flows. Upon application of the HKFRS 16 by the Group, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to the lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify its leases as operating leases or finance leases.

Furthermore, extensive disclosures are required by HKFRS 16.

Upon the adoption of HKFRS 16, the directors of the Company expect that the commitments in the future in respect of leased premises with the terms of more than twelve months will be required to be recognised in the financial statements of the Group in the future as right-of-use assets and lease liabilities and the directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group’s results.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit and loss ("FVTPL"), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 Financial instruments: Recognition and measurement, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

Amendments to HKAS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively to the Group for annual periods beginning on 1 April 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The directors of the Company do not anticipate that the application of the other amendments to HKFRSs and the interpretation will have a material impact on the consolidated financial statements.

3. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Interest income generated from money lending	**138,141**	129,986
Commission income generated from commodities, futures and securities brokerage	**7,617**	–
Rental and other service income generated from construction machinery business *(Note a)*	**20,327**	–
Trading income generated from construction machinery business *(Note b)*	**30,905**	–
Revenue generated from retailing of men's and women's apparels	**9,323**	–
	206,313	129,986

Notes: (a) Amount represents revenue generated from leasing and sub-leasing of machinery and other service income

(b) Amount represents revenue generated from sales of machinery and spare part.

4. SEGMENT INFORMATION

During the year ended 31 March 2017, 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 construction machinery business and retailing of men's and women's apparels business through the Clear Lift Acquisition and Fujian Nuoqi Acquisition (both defined in note 27), which have been regarded as reportable segments of the Group during the current year. No operating segments have been aggregated to derive the reportable segments of the Group.

The Group is currently organised into below operating divisions and carried out by the following subsidiaries:

(a) Money lending division carried out by Hao Tian Finance Company Limited ("Hao Tian Finance")

(b) Securities investment division carried out by Hao Tian Management (Hong Kong) Limited ("Hao Tian Management")

(c) Trading of futures division carried out by Hong Kong Energy & Mining Investment Management Limited

(d) Commodities, futures and securities brokerage division carried out by King International Bullion Limited, King International Futures Limited and Hao Tian International Securities Limited ("Hao Tian Securities")

(e) Construction machinery division carried out by Hao Tian International Construction Investment Group Limited ("Hao Tian International Construction")

(f) Retailing of men's and women's apparels division carried out by Fujian Nuoqi Co., Ltd ("Fujian Nuoqi").

These 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.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2017

	Money lending *HK$'000*	Securities investment *HK$'000*	Trading of futures *HK$'000*	Commodities, futures and securities brokerage *HK$'000*	Construction machinery *HK$'000*	Retailing of men's and women's apparels *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	–	674,697	–	–	–	–	674,697
Segment revenue	138,141	–	–	7,617	51,232	9,323	206,313
Segment results	108,252	(3,060,503)	(16,210)	(14,214)	13,427	4,567	(2,964,681)
Other income							11,777
Other gains and losses							(540,256)
Central administration costs							(74,890)
Other expenses							(29,251)
Finance costs							(87,873)
Share of result of an associate							(1,567)
Loss before taxation							(3,686,741)

For the year ended 31 March 2016

	Money lending *HK$'000*	Securities investment *HK$'000*	Trading of futures *HK$'000*	Commodities, futures and securities brokerage *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	–	767,976	–	–	767,976
Segment revenue	129,986	–	–	–	129,986
Segment results	117,211	1,535,767	970	–	1,653,948
Other income					7,818
Other gains and losses					(778,037)
Central administration costs					(73,008)
Finance costs					(87,878)
Profit before taxation					722,843

All of the segment revenue reported for both years were from external customers.

5. OTHER INCOME

	2017 ***HK$'000***	2016 *HK$'000*
Interest earned on bank deposits	**5,737**	3,007
Interest earned on financial assets designated at FVTPL	**1,827**	811
Sundry income	**3,433**	1,158
Dividend income from available-for-sale investments	**780**	2,842
	11,777	7,818

6. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Fair value (loss) gain on investments held for trading	**(3,076,305)**	1,540,238
Fair value (loss) gain on financial assets/liabilities designated at FVTPL	**(468,986)**	85,465
Gain on disposal of property, plant and equipment	**98**	1,183
Gain on disposal of available-for-sale investments	**53,212**	29,264
Net foreign exchange loss	**(26,978)**	(21,263)
Impairment loss on available-for-sale investments	**(86,532)**	(401,426)
Fair value loss of put option at initial recognition	**–**	(5,238)
Loss on early redemption of secured notes *(note 21)*	**(2,959)**	–
Loss on issuance of warrants	**–**	(466,022)
Impairment loss on loan and interest receivables	**(8,111)**	–
	(3,616,561)	762,201

7. OTHER EXPENSES

The Group incurred professional fee of HK$16,386,000 and HK$12,865,000 in relation to Clear Lift Acquisition and Fujian Nuoqi Acquisition (as defined in note 27) respectively, which were charged to the profit and loss during the year ended 31 March 2017.

8. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest expense on borrowings	**79,899**	80,609
Interest expense on other long term liability	**7,930**	7,269
Interest expense of obligations under finance leases	**44**	–
	87,873	87,878

9. TAXATION (CREDIT) CHARGE

	2017	2016
	HK$'000	*HK$'000*
Hong Kong:		
Current tax	**18,354**	10,757
Overprovision in prior years	**(41)**	–
PRC:		
Overprovision in prior years	**–**	(6,068)
	18,313	4,689
Hong Kong:		
Deferred tax *(note 22)*	**(516,206)**	252,180
Income tax (credit) expense	**(497,893)**	256,869

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

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

10. (LOSS) PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,134**	1,400
Amortisation of prepaid lease payment	**337**	358
Amortisation of premium over prepaid lease payment	**2,720**	2,719
Cost of inventories recognised as expenses	**15,205**	–
Depreciation of property, plant and equipment	**13,225**	5,586
Operating lease rentals in respect of rented premises	**20,702**	12,486
Staff costs:		
Directors' emoluments	**6,399**	11,696
Chief executive's emoluments	**1,594**	893
Other staff costs		
– salaries, bonus and other allowances	**48,347**	22,331
– retirement benefit scheme contributions	**1,535**	799
– share-based payments and share award expense	**671**	1,766
	58,546	37,485

11. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years nor has any dividend been proposed since the end of the reporting period.

12. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to the owners of the Company)	**(3,078,901)**	524,398

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**4,129,084**	3,550,867

For the year ended 31 March 2017, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options, award shares and warrants since their assumed exercise would result in a decrease in loss per share.

For the year ended 31 March 2016, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and warrants because the exercise prices of these share options and warrants were higher than the average market price for shares for the year.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**694,310**	1,317,504
Unlisted equity securities, at cost	**363,235**	363,235
Less: accumulated impairment loss	**(293,057)**	(281,253)
Unlisted equity securities, at cost less accumulated impairment loss	**70,178**	81,982
	764,488	1,399,486

14. FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Financial assets designated at FVTPL		
Jimei Bond	**27,779**	24,252
Options consideration	**–**	466,150
	27,779	490,402
Financial liabilities designated at FVTPL:		
CIFG Option *(as defined in note 21)*	**1,381**	28,503
HTF Warrants *(as defined in note 21)*	**33,180**	13,012
HTD Options *(as defined in note 25)*	**121,014**	–
Liabilities arising from HTM Put Option	**163,775**	–
	319,350	41,515

15. GOODWILL

Included in the carrying value of goodwill as at 31 March 2017, HK$271,670,000 has been allocated to Hao Tian International Construction and HK$143,494,000 has been allocated to Fujian Nuoqi.

In the opinion of the directors of the Company, there is no impairment required as at the end of the reporting period.

16. OTHER CURRENT FINANCIAL ASSETS

Trade and interest receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables from clients arising from		
– construction machinery business	**74,261**	–
– commodities and futures brokerage	**239**	–
– securities brokerage	**403**	–
– retailing of men's and women's apparels	**4,614**	–
Margin and other trade related deposits with brokers and financial institution arising from		
– commodities brokerage	**14,208**	–
– futures brokerage	**5,790**	–
– securities brokerage	**156**	–
	99,671	–
Interest receivables in relation to money lending business	**47,674**	36,226
	147,345	36,226

The following is an aged analysis of trade receivables from client arising from construction machinery business and retailing of men's and women's apparels business, net of allowance for bad and doubtful debts, presented based on invoice dates at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**44,968**	–
31 – 90 days	**21,286**	–
91 – 180 days	**5,728**	–
181 – 365 days	**3,541**	–
Over 365 days	**3,352**	–
	78,875	–

Ageing of trade receivables from clients arising from construction machinery business and retailing of men's and women's apparels business which are past due but not impaired.

	2017	2016
	HK$'000	*HK$'000*
Overdue:		
1 – 90 days	**21,877**	–
91 – 180 days	**7,262**	–
181 – 365 days	**1,438**	–
Over 365 days	**3,330**	–
	33,907	–

17. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Non-current:		
Secured, fixed-rate loan receivables *(Note)*	**120,870**	112,961
Unsecured and guaranteed, fixed-rate loan receivables	**2,327**	5,608
	123,197	118,569
Current:		
Secured, fixed-rate loan receivables *(Note)*	**507,480**	636,508
Unsecured and guaranteed, fixed-rate loan receivables	**157,913**	72,712
	665,393	709,220
	788,590	827,789

Note: The loan receivables are secured by properties and equity securities held by the borrowers. Included in the Group's loan receivables are debtors, with carrying amount of HK$47,450,000 (2016: HK$58,257,000) which are past due at the reporting date. The loan receivables are secured by properties and equity securities pledged to the Group. The Group assessed i) financial strength and repayment ability for the borrowers, ii) the fair value of the pledged assets and compared with the carrying amounts of respective loan receivables, in the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal, and no impairment is considered necessary except for approximately HK$6,900,000 (2016: nil) of loan receivables which were individually impaired during the year ended 31 March 2017 as the debtors were in financial difficulties.

18. INVESTMENTS HELD FOR TRADING

	2017	2016
	HK$'000	*HK$'000*
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**1,237,200**	4,859,871
Derivatives listed outside Hong Kong, at fair value *(Note)*	**3,808**	270
	1,241,008	4,860,141

Note: Amount represents the fair value of the Group's outstanding position of trading of futures related to commodities and currencies as at 31 March 2017 and 2016.

Fair values of listed investments held for trading were based on quoted market bid price in the active market.

As at 31 March 2017, included in investments held for trading, HK$1,091,409,000 (2016: HK$4,550,500,000) represents the Group's investment in 17.24% (2016: 24.81%) of the equity interests of China Innovative Finance Group Limited ("CIFG"). On 14 July 2015, the Group entered into a call option deed with an independent third party, in connection with the SN Notes (as defined in note 21) issued by the Group during year ended 31 March 2016. Under the call option deed, the Group granted a right to this independent third party to purchase up to 80,729,170 shares of CIFG from the Group at an exercise price of HK$1.44 per share.

As at 31 March 2017, included in the Group's investments held for trading, carrying amount of HK$675,501,000 (2016: HK$1,422,000,000) and HK$459,380,000 (2016: HK$864,500,000) (the "Pledged Shares") are pledged to secure banking facilities of HK$600,000,000 (2016: HK$450,000,000) with a term of twelve months and the SN Notes respectively. The Pledged Shares as security will be released upon the full repayment of the loans.

19. CONSIDERATION RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Consideration receivable in respect of:		
Menggang Group Disposal	**67,680**	72,120

On 7 September 2011, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sale and purchase agreement, the Group agreed to dispose of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries (collectively referred to as the "Menggang Group") (the "Menggang Group Disposal"), which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC ("Inner-Mongolia Mining Operation"), for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012. The Total Consideration shall be satisfied by four instalments: RMB781,560,000 by completion; RMB420,840,000 by 90 days subsequent to the completion; RMB225,450,000 by 180 days subsequent to the completion and the remaining RMB75,150,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Menggang Group Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000. Such reduction shall be settled by deducting the third installment by RMB40,000,000 and deducting the final installment by RMB35,000,000.

On 6 December 2012, the Purchaser received a notice (the "Notice") from the tax bureau of Wuhai City Hainan District in the Inner-Mongolia Autonomous Region (the "Tax Bureau"), pursuant to which, the Tax Bureau requested the Purchaser to withhold additional business tax of RMB80 million. The directors of the Company are of the view that such additional business tax is not applicable to this transaction. Hence the Group negotiated with the Tax Bureau and finally the Tax Bureau revoked the Notice on 3 April 2013. However, the Purchaser continues to withhold this RMB80 million from the third installment.

On 16 May 2013, an arbitration (the "First Arbitration") was filed by the Group to China International Economic and Trade Arbitration Commission (the "Commission") to claim this unsettled amount. On 8 August 2013, the Purchaser has provided its written defence to the arbitration court and argued that the Notice issued by the Tax Bureau did not clearly state that additional business tax is not applicable to this transaction and the Tax Bureau's revocation of the Notice could not remove the obligation for the Purchaser to withhold and pay the additional business tax.

On 30 August 2013, the final installment of the Total Consideration, RMB40,150,000 has been due. On 8 October 2013, the Purchaser filed a counter arbitration request ("Counter-claim") to the Commission and claimed that the Group had failed to fulfil certain terms and obligations in accordance with the sale and purchase agreement. Due to this alleged non-compliance, the Purchaser has to incur additional costs before the Menggang Group's coal mines could be put into operations. Therefore, the Purchaser withheld the final installment of the Total Consideration and claimed an aggregate compensation amount of approximately RMB65 million (approximately HK$82 million).

On 13 January 2014, the Group filed another arbitration to the Commission to claim the unsettled final installment (the "Second Arbitration").

On 27 June 2014, the decision of the First Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled portion of the third instalment of RMB80 million and dismissed the Counter-claim. The Purchaser, however, filed a litigation to the Beijing Second Intermediate People's Court (the "Beijing Court") to request the Beijing Court to void the decision made in the First Arbitration and applied to temporarily suspend the Second Arbitration.

On 22 September 2014, the Purchaser revoked its request about the temporarily suspension of the Second Arbitration. On 23 October 2014, the Group requested the Commission to re-open the Second Arbitration. On 18 December 2014, the Beijing Court rejected the request from the Purchaser to void the decision made in the First Arbitration.

On 6 February 2015, the Group has submitted a mandatory enforcement to Ordos Intermediate People's Court (the "Ordos Court") to execute the decision of the First Arbitration (the "First Execution"), which require the Purchaser to settle the remaining portion of the third instalment of RMB80 million. On 22 September 2015, RMB20 million (approximately HK$24,358,000) as part of unsettled portion of the third installment was received by the Group. The First Execution is under process.

On 3 August 2015, the decision of the Second Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled final instalment of RMB40 million. On 8 September 2015, the Group has submitted a mandatory enforcement to Ordos Court to execute the decision of the Second Arbitration (the "Second Execution"). On 29 December 2015, the Purchaser settled the final installment of RMB40 million and withhold the Enterprise Income Tax of RMB10 million, which previously the Group provided and included in tax payable. Net cash inflow from this settlement was RMB30 million (approximately HK$36,027,000). Overdue interests, penalty and relevant arbitration expenses of RMB4,115,000 (approximately HK$4,896,000) was received by the Group from the Purchaser and was recognised as other income during the year ended 31 March 2016.

On 21 August 2014, the Purchaser however filed a litigation to the Inner-Mongolia Autonomous Regional High People's Court ("the Inner-Mongolia Court") and claimed for an aggregate amount of approximately RMB103 million (approximately HK$131 million), based on similar facts under the Counter-claim. On 6 February 2015, the Group received a writ of summons from the Inner-Mongolia Court regarding this litigation which was dated 29 December 2014. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Court (the "Objection"). On 2 June 2015, the Inner-Mongolia Court turned down the Group's Objection. On 7 August 2015, the Group filed an appeal to the Inner-Mongolia Court and reaffirmed its Objection. On 25 December 2015, the Inner-Mongolia Court turned down the Objection. On 22 March 2016, the Purchaser applied to the Inner-Mongolia Court to temporarily suspend the First Execution and the decision of the Inner-Mongolia Court is in favour of the Purchaser. The First Execution is temporarily suspended. On 30 March 2016, the Group filed an appeal to the Inner-Mongolia Court and requested to void the decision on temporarily suspending the First Execution. The appeal was dismissed on 5 May 2016. Subsequently, the Inner-Mongolia Court commenced the hearing of the case on 13 April 2016 and 26 June 2016.

Up to the date of this announcement, the decision from the Inner-Mongolia Court have not been announced.

In view of the Notice was revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration and the Beijing Court, the directors of the Company considered that the Group had fully complied with the terms of the sale and purchase agreement. After taking legal advice, in the opinion of the directors of the Company, the Group has a meritorious ground on the arbitration and litigation, so the risk of not recovering the amount is minimal, and no impairment loss is required as at 31 March 2017 and 2016.

As at 31 March 2017, the remaining unsettled consideration of RMB60,000,000 (or equivalent to HK$67,680,000) (2016: RMB60,000,000 (or equivalent to HK$72,120,000)), was included in the consolidated statement of financial position as consideration receivable.

20. OTHER CURRENT FINANCIAL LIABILITIES

Trade payables

	2017	2016
	HK$'000	*HK$'000*
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**48,470**	–
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**1,303**	–
Trade payables arising from construction machinery business	**8,050**	–
Trade payables arising from men's and women's apparel	**3,567**	–
	61,390	–

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of brokerage in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts were payable on demand.

Trade payables arising from construction machinery business and men's and women's apparel principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 0-45 days.

An aged analysis of the Group's trade payables arising from construction machinery business and men's and women's apparel business at the end of the reporting period presented based on the invoice dates is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**7,338**	–
31 – 60 days	**2,383**	–
61 – 180 days	**1,274**	–
181 – 365 days	**177**	–
Over 365 days	**445**	–
	11,617	–

21. 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 "SN Notes") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the SN Notes is two years after the issue date. The SN Notes bear fixed coupon rate at 9% per annum. As at 31 March 2017, the SN Notes are secured by certain of the Group's investments held for trading with fair value of HK$459,380,000 (2016: HK$864,500,000).

Pursuant to the SN Subscription Agreement, the SN Subscriber has the right to request the Group to redeem the SN Notes in whole or in part at the sum of (a) the principal amount outstanding on the SN 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 SN Notes at any time but no later than 45 days before maturity. Hence, the SN Notes are recognised as current liabilities in the 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 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 (the "HTF Warrants") in the period from the grant date 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 Group for the year ended 31 March 2017 are delivered by the Group, 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 Group for the year ended 31 March 2017 are delivered by the Group, 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 value of the SN Notes, the CIFG Option and the HTF Warrants were HK$188,198,000, HK$24,253,000 and HK$20,048,000 respectively.

The SN 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 SN Notes is 21.157% per annum. The SN Notes also include the value of the early repayment option as the option is closely related to the host debt instrument. The SN Notes are classified as financial liabilities as defined under HKAS 39 and were carried in the consolidated statement of financial position at amortised cost in accordance with HKAS 39.

The CIFG Option and the HTF Warrants were carried in the consolidated statement of financial position as financial liabilities designated at FVTPL. The fair values of the CIFG Option and the HTF Warrants were detailed in note 14.

During the year ended 31 March 2017, an imputed interest on the SN Notes of HK$21,791,000 (2016: HK$16,148,000) is recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 March 2017, the secured notes with the carrying value of HK$74,534,000 were redeemed at the principal amount of HK$77,493,000. Loss on early redemption of secured notes of approximately HK$2,959,000 (2016: nil) was charged to profit or loss.

22. DEFERRED TAX ASSETS AND LIABILITIES

The following is the major deferred tax (liabilities) assets recognised and movement thereon during the current year:

	Accelerated tax depreciation	**Tax losses**	**Fair value change of investments held for trading**	**Fair value adjustment on property, plant and equipment and intangible assets on acquisition of subsidiaries**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	–	–	(315,155)	–	(315,155)
Charge to profit or loss	–	–	(252,180)	–	(252,180)
At 31 March 2016	–	–	(567,335)	–	(567,335)
Acquisition of subsidiaries	(29,393)	5,080	–	(52,554)	(76,867)
(Charge) credit to profit or loss	(1,388)	1,284	516,310	–	516,206
At 31 March 2017	(30,781)	6,364	(51,025)	(52,554)	(127,996)

23. BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Bank overdrafts – secured	**19,825**	34,275
Bank loans – secured	**373,085**	429,619
Corporate bonds and notes – unsecured	**164,550**	164,550
Other borrowings – secured	**61,147**	–
Securities margin loans – secured	**320,412**	–
	939,019	628,444
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**688,971**	463,894
More than one year but not exceeding two years	**34,790**	–
More than two years but not exceeding five years	**170,666**	19,550
More than five years	**44,592**	145,000
	939,019	628,444
Less: Amounts due within one year shown under current liabilities		
– the carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**642,185**	429,619
More than one year but not exceeding two years	**11,509**	–
More than two years but not exceeding five years	**27,910**	–
More than five years	**14,592**	–
	696,196	429,619
– carrying amounts due within one year without repayable on demand clause	**46,786**	34,275
Amounts shown under non-current liabilities	**196,037**	164,550

24. OBLIGATIONS UNDER FINANCE LEASES

	2017	2016
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**3,877**	–
Non-current liabilities	**3,015**	–
	6,892	–

25. CHANGE OF GROUP'S INTEREST IN SUBSIDIARIES/OTHER LONG TERM LIABILITY

(A) Hao Tian Finance

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 agreed to subscribe for and Hao Tian Finance agreed to issue, Hao Tian Finance's new shares at a 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 becomes 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 agreed to subscribe for, and Hao Tian Finance agreed to issue, Hao Tian Finance's new shares at a 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%, 8.33% and 16.67% by the Company, RSGHL and CGRICL respectively.

This change in the 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"), i.e. 8 April 2018, 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 the date of issue, the fair value of gross liability of HK$91,291,000 of the HTF Put Option has been accounted for as other long term liability in the consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

(B) Hao Tian Management

On 22 May 2016, 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 the completion of the HTM subscription, Hao Tian Management remains as an indirect non-wholly owned subsidiary of the Company and was 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.

26. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Share capital *HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2015, 31 March 2016 and 31 March 2017	0.01	50,000,000,000	500,000
Issued and fully paid:			
At 1 April 2015	0.01	2,944,303,100	29,443
Shares issued upon exercise of warrants	0.01	100,000,000	1,000
Top-up placing of new shares	0.01	240,000,000	2,400
Bonus issue	0.01	328,430,310	3,284
Issue of new shares under share award	0.01	29,614,906	296
At 31 March 2016	0.01	3,642,348,316	36,423
Shares issued upon exercise of warrants	0.01	537,743,800	5,378
Issue of new shares under director's emolument	0.01	6,075,334	61
At 31 March 2017	0.01	4,186,167,450	41,862

27. ACQUISITION OF SUBSIDIARIES

(A) Acquisition of Hao Tian Securities

On 8 August 2016, the Group acquired the entire issued share capital of Hao Tian International Securities Limited (formerly known as Paul Securities Limited) ("Hao Tian Securities") from an independent third party at a consideration of HK$29,158,000. This acquisition has been accounted for using the purchase method. Hao Tian Securities is engaged in the provision of securities brokerage service in Hong Kong.

(B) Acquisition of Hao Tian International Construction

On 6 February 2017, the Group acquired 75% issued share capital of Clear Lift Holdings Limited (subsequently changed its name to Hao Tian International Construction) ("Clear Lift Acquisition") from an independent third party at a consideration of HK$592,500,000.

On 13 March 2017, the Group further acquired 5.79% issued share capital of Hao Tian International Construction at a total consideration of HK$45,778,000 under the general offer required by Takeover Code (the "Clear Lift General Offer"). As at 31 March 2017, the Group held 80.79% of total issued share capital of Hao Tian International Construction.

As Clear Lift General Offer was triggered by Clear Lift Acquisition, they are considered as one single transaction. In determination of the total consideration transferred in this transaction, the consideration paid in Clear Lift Acquisition and Clear Lift General Offer are considered together.

This acquisition has been accounted for using the acquisition method. Hao Tian International Construction is an investment holding company and its subsidiaries are principally engaged in construction machinery business, including rental of construction machinery, trading of construction machinery and spare parts, provision of repair and maintenance and transportation services.

(C) Acquisition of Fujian Nuoqi

On 22 July 2016, the Group entered into a restructuring agreement with Fujian Nuoqi, a company incorporated in the PRC and with its H-shares listed on the Main Board of the Stock Exchange ("HT China Restructuring Agreement"). Pursuant to the HT China Restructuring Agreement, the Group conditionally agreed to participate in the restructuring of Fujian Nuoqi through acquiring 51% of equity interest of Fujian Nuoqi for a total consideration of approximately RMB151,000,000 (equivalent to HK$174,540,000) (the "Fujian Nuoqi Acquisition"). The Fujian Nuoqi Acquisition was completed on 5 September 2016. As at 5 September 2016, the Group held investment in 51% of the total issued shares of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Group was required to make mandatory unconditional cash offers to all shareholders of Fujian Nuoqi (other than the Group and parties acting in concert with it) (the "Fujian Nuoqi General Offer"). Pursuant to Rule 26.4 of the Takeovers Code "Restrictions on control by offeror", the Group was restricted to appoint its nominee or persons acting in concert with it as director of Fujian Nuoqi or exercise its voting rights in Fujian Nuoqi until the offer document for the Fujian Nuoqi General Offer (the "Fujian Nuoqi Offer Document") had been posted.

On 8 February 2017, the Fujian Nuoqi Offer Document was posted. The directors of the Company are of the view that the Group, after considering the Group has the right to request for an extraordinary general meeting and exercise its shareholder's right in such meeting for the purposes of i) removal of existing directors of Fujian Nuoqi; ii) nominating and appointing new directors of Fujian Nuoqi, and; iii) the Group's dominance in shareholder's meeting of Fujian Nuoqi with its 51% of total issued equity interest in Fujian Nuoqi, has control over Fujian Nuoqi. Since then, Fujian Nuoqi has become an indirect and non-wholly owned subsidiary of the Company.

On 1 March 2017, the Group further acquired 8.93% issued share capital of Fujian Nuoqi at a total consideration of HK$30,693,000 under the Fujian Nuoqi General Offer. As at 31 March 2017, the Group held 59.93% of the total issued share capital of Fujian Nuoqi.

As Fujian Nuoqi General Offer was triggered by Fujian Nuoqi Acquisition, they are considered as one single transaction.

In determination of the total consideration transferred in this transaction, the consideration paid in Fujian Nuoqi Acquisition and Fujian Nuoqi General Offer are considered together.

On 21 April 2017, an extraordinary general meeting was held by Fujian Nuoqi and certain resolutions were passed, including, amongst others, i) removal of one of the existing directors of Fujian Nuoqi; and ii) appointing new directors of Fujian Nuoqi.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Money Lending Business

During the year, the money lending business of the Group generated an interest income of approximately HK$138.1 million (2016: approximately HK$130.0 million), representing an increase of approximately 6.2%. 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 31 March 2017, the outstanding loan receivables of the money lending business of the Group (net of impairment) has reached approximately HK$788.6 million (2016: approximately HK$827.8 million).

Securities Investment Business (Investments held for trading)

During the year, the net realised losses from disposal of investments held for trading were approximately HK$962.6 million (2016: realised gain of approximately HK$16.2 million) and the unrealised fair value losses from investments held for trading, comprising listed equity securities, were approximately HK$2,097.9 million (2016: unrealised fair value gain of approximately HK$1,528.4 million). The substantial losses incurred were mainly attributable to the partial disposal of the shares in China Innovative Finance Group Limited ("**CIFG**") which incurred a realised loss of approximately HK$970.0 million and a fair value loss for the remaining shares in CIFG of approximately HK$2,050.5 million. However, we have received gross proceeds of approximately HK$516.2 million (including the gross proceeds from partial disposal of shares in CIFG held as available-for-sale investments) from the partial disposal of the shares in CIFG which significantly enhanced our cashflow position and provide the Group with solid capital base to pursue other potential investments.

As of 31 March 2017, the value of listed equity securities listed on the Stock Exchange held by the Group which were classified as investments held for trading amounted to approximately HK$1,237.2 million (31 March 2016: approximately HK$4,860.1 million). They mainly comprised 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 year, the realised gain from disposal of available-for-sale investments were approximately HK$53.2 million (2016: approximately HK$29.3 million). As of 31 March 2017, 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$694.3 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 (stock code: 136); and (3) CIFG (stock code: 412). There was no material change in the portfolio composition of listed equity securities classified under available-for-sale investments during the year other than the partial disposal of the shares in CIFG as mentioned in preceding paragraphs together with an impairment loss being recognised for shares of Up Energy Development Group Limited (stock code: 307) ("**Up Energy**") amounted to approximately HK$56.2 million. The remaining balance of available-for-sale investments represented certain unlisted equity securities carried at cost less accumulated impairment, which amounted to approximately HK$70.2 million (2016: approximately HK$82.0 million).

Rental of construction machinery business

Upon completion of the acquisition of 75% shareholding interest in Hao Tian International Construction on 6 February 2017, the Group started to consolidate the results of Hao Tian International Construction which contributed a revenue of approximately HK$51.2 million and a net profit of approximately HK$13.4 million for the post-acquisition period during the year.

Trading of futures business

During the year, the Group had incurred a loss in the trading of futures business segment, which recorded a loss of approximately HK$16.2 million (2016: profit of HK$1.0 million) mainly attributable to the volatility of the commodities market.

Retailing of men's and women's apparels business

Upon completion of the acquisition of 51% equity interest of Fujian Nuoqi Co., Ltd ("**Fujian Nuoqi**") and the despatch of the Fujian Nuoqi Offer Document on 8 February 2017, the Group has control over Fujian Nuoqi and started to consolidate the results of Fujian Nuoqi which contributed a revenue of approximately HK$9.3 million and a net profit of approximately HK$4.6 million for the post-acquisition period during the year.

Warehousing and Logistics Business

The Group owns a parcel 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 year, 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

The Group had acquired the entire issued share capital of Hao Tian International Securities Limited (formerly known as Paul Securities Limited) ("**Hao Tian Securities**") which is principally engaged in the provision of brokerage services in Hong Kong and is a corporation licensed to carry out Type 1 regulated 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, the Group had 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. In October 2016, King International Futures Limited, another subsidiary which plans to adopt a 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 regulated activity (Dealing in Futures Contract) under the SFO and the business was commenced in January 2017.

FINANCIAL REVIEW

The Group had incurred a loss attributable to the owners of the Company of approximately HK$3,078.9 million for the year ended 31 March 2017 (2016: profit of approximately HK$524.4 million). Such loss was mainly attributable to the partial disposal of the shares in CIFG ("**CIFG Disposal**") with a net realised loss of approximately HK$970.0 million and a fair value loss for the remaining shares in CIFG of approximately HK$2,050.5 million as mentioned in the section headed "Business Review" of this announcement. Such impact had been partially offset 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$138.1 million (2016: approximately HK$130.0 million). The increase was mainly attributable to the continued increase in the number of customers for our property mortgage loan business and personal loan business. Interest expenses of approximately HK$20.1 million (2016: approximately HK$30.9 million) was incurred for bank borrowings obtained solely for the Group's money lending business.

The Group recorded losses in other gains and losses of approximately HK$3,616.6 million for the year ended 31 March 2017 (2016: gains of approximately HK$762.2 million). Such loss was mainly attributable to (i) the fair value loss on investments held for trading of HK$3,076.3 million (2016: fair value gain of HK$1,540.2 million) which in turn was mainly attributable to the CIFG Disposal and (ii) fair value loss on financial asset designated as FVTPL of approximately HK$466.2 million which was related to Up Energy in view of its prolonged suspension in the trading of its shares (trading in its shares have been suspended since 30 June 2016 and it was placed in the second delisting stage by the Stock Exchange on 19 April 2017 under Practice Note 17 to the Listing Rules) and the winding up petitions filed by creditors against it in the High Court of Hong Kong and the Supreme Court of Bermuda, respectively. For details of the petitions, please refer to the announcements of Up Energy dated 31 March 2016, 23 May 2016, 29 June 2016 and 23 May 2017.

Administrative Expenses

For the year ended 31 March 2017, administrative expenses were approximately HK$132.9 million (2016: approximately HK$89.3 million), representing an increase of approximately HK$43.6 million or approximately 48.8% as compared with last year. The increase was mainly due to the increase in the number of subsidiaries after the acquisition of Hao Tian International Construction, Hao Tian Securities, Fujian Nuoqi and the establishment of various companies in relation to the commodities and futures brokerage business.

Finance Costs

For the year ended 31 March 2017, the finance costs were approximately HK$87.9 million (2016: approximately HK$87.9 million), representing the same level compared with last year.

Taxation

For the year ended 31 March 2017, net income tax credit was approximately HK$497.9 million (2016: income tax expense of approximately HK$256.9 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 year ended 31 March 2017.

(Loss) Profit Attributable to Owners of the Company

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK$3,078.9 million (2016: a profit of approximately HK$524.4 million) which was attributable to the factors 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 31 March 2017, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$865.6 million (31 March 2016: approximately HK$463.2 million). The Group's working capital decreased to approximately HK$1,747.5 million (31 March 2016: approximately HK$5,926.1 million). Such decrease was mainly resulted from the substantial fair value loss on investments held for trading incurred during the year.

As at 31 March 2017, the Group had outstanding borrowings (including secured notes and obligations under finance leases) of approximately HK$1,096.2 million (31 March 2016: approximately HK$831.5 million). The Group had various banking facilities provided by financial institutions in Hong Kong which were secured by certain assets of the Group, including (i) the Group's available-for-sale investments of HK$136.3 million; (ii) investments held for trading of HK$1,134.9 million; (iii) certain bank deposits held by the Group; (iv) leasehold land and building with net carrying amount of approximately HK$6.3 million; and (v) machinery and motor vehicles with net carrying amount of approximately HK$115.4 million.

On 10 April 2015, the Company entered into a subscription agreement with Asia Link Capital Investment Holdings Limited ("**Asia Link**"), the Company's holding company. Pursuant to the 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 which took place on 5 February 2016). During the year, 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 and obligations under finance leases, to total assets) as at 31 March 2017 was 20.5% (31 March 2016: 9.9%). The increase were mainly attributable to (i) the increase of securities margin loan and (ii) the fair value loss on investment held for trading which reduced the asset base.

Capital Commitments

As at 31 March 2017, the Group had capital commitments which amounted to approximately HK$154.0 million (31 March 2016: approximately HK$140.4 million) in respect of addition of property, plant and equipment which had been contracted for but not provided for. The above capital commitments mainly related to the development of the logistics warehousing business in Xinjiang and the purchase of construction machinery for rental purpose.

Contingent liabilities

As at 31 March 2017, a subsidiary of the Company provided corporate guarantees amounting to approximately HK$2.3 million (2016: the subsidiary was not yet acquired by our Group) to the banks in respect of finance lease obligations of certain third party customers. Under the guarantees, that subsidiary of the Company would be liable to pay the banks if the banks are unable to recover the amounts under these finance leases. As at 31 March 2017, no provision for the Group's obligation under the guarantee has been made as the Directors considered that it was not probable that the repayment of the finance lease would be in default.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2017.

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$, US$, RMB, Japanese Yen and Euro Dollar. 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 from time to time and will consider hedging significant foreign currency exposure should the need arises.

Employee Information

As at 31 March 2017, the Group had a total of approximately 358 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 consolidated financial statements in the annual report of the Company. Details of the share award scheme is set out in the announcement of the Company dated 27 September 2013.

DEBT/EQUITY FUND RAISING ACTIVITIES IN THE PREVIOUS TWELVE MONTHS

The Group carried out a number of debt/equity funding activities in the previous twelve months. The details of debt/equity funding activities and the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
22 May 2016	Issue of new shares and option shares by Hao Tian Management (Hong Kong) Limited up to the maximum amount of USD40 million and issue of option shares by the Company	Approximately HK$311.9 million	investment in listed securities, general working capital of the Group and other potential investment opportunities	Used as intended and approximately HK$306.9 million was utilised for the money lending business of the Group and remaining balance of approximately HK$5 million for working capital of the Group.
10 May 2017	Placing of new shares by a subsidiary of the Company, being Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited)	Approximately HK$121.4 million	prospective real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom by the Clear Lift group; and for the general working capital of the Clear Lift group	Not yet utilized

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Investment in Camellia Oleifera Project

On 7 June 2016, Hao Tian Investments (China) Co., Limited (“**Hao Tian Investment**”), an indirect wholly-owned subsidiary of the Company, entered into the investment framework agreement with the People’s Government of Qingliu County relating to 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. Hao Tian Investment plans to invest a total sum of not more than RMB380 million in the Project. Details of the Project were disclosed in the announcement of the Company dated 7 June 2016.

Investment in Fujian Nuoqi

On 22 July 2016, the HT China Restructuring Agreement was entered into between Hao Tian Investment and Fujian Nuoqi (stock code: 1353), pursuant to which, among others, (i) Hao Tian Investment conditionally agreed to participate in the restructuring of Fujian Nuoqi, as the party responsible for the restructuring under the reorganisation proposal and (ii) for the retention of the assets in Fujian Nuoqi and the transfer of 51.0% equity interest in Fujian Nuoqi to Hao Tian Investment, Hao Tian Investment conditionally agreed to pay the amount of RMB150,583,125.05 (equivalent to approximately HK$175.2 million), pursuant to the HT China Restructuring Agreement. Completion of the HT China Restructuring Agreement had been taken place on 5 September 2016 and details of the transaction were disclosed in the announcement of the Company dated 28 July 2016.

Upon signing of the HT China Restructuring Agreement, our Group had an obligation under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") issued by the SFC to make a general offer ("**Fujian Nuoqi General Offer**") to all shares of Fujian Nuoqi not already owned by our Group and the Fujian Nuoqi General Offer was completed on 1 March 2017. The Group's shareholding in Fujian Nuoqi had been increased from 51.0% to 59.93% immediately upon the completion of the Fujian Nuoqi General Offer. In addition, certain resumption conditions had been stipulated by the Stock Exchange before Fujian Nuoqi can resume trading of its shares. Fujian Nuoqi had submitted resumption proposals with business plan to the Stock Exchange and at the same time revamped the business operation of Fujian Nuoqi. Our Group will continue to allocate adequate and timely resources to strive for the resumption of trading of Fujian Nuoqi.

Investment in Clear Lift

On 16 January 2017, Tang J F T Company Limited, Tang Yiu Chi James and Hao Tian Management (China) Limited ("**Hao Tian China**"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "**SP Agreement**") in relation to the conditional sale and purchase of 750,000,000 shares, representing 75% of the issued share capital of Clear Lift Holdings Limited (stock code: 1341) (now known as Hao Tian International Construction Investment Group Limited) ("**Clear Lift**") for an aggregate consideration of HK$592,500,000, equivalent to approximately HK$0.79 per share, which was fully settled upon completion. Completion has taken place on 6 February 2017.

Following the completion of the said acquisition, Hao Tian China became interested in, and control the voting rights in respect of, 75% of the then existing issued share capital of Clear Lift. In accordance with Rule 26.1 of the Takeovers Code, Hao Tian China made a mandatory unconditional cash offer ("**Clear Lift General Offer**") to acquire all the issued shares (other than those shares already owned or agreed to be acquired by Hao Tian China and/or parties acting in concert with it) in accordance with the terms set out in the composite offer document and the response document jointly despatched by the Company, Hao Tian China and Clear Lift on 20 February 2017 in accordance with the Takeovers Code.

As of the close of the Clear Lift General Offer on 13 March 2017, Hao Tian China received valid acceptances in respect of the Clear Lift General Offer for a total of 57,947,000 shares, representing approximately 5.79% of the issued share capital of Clear Lift as at the said date.

Further information regarding the Clear Lift General Offer was disclosed in the Company's announcements dated 16 January 2017, 6 February 2017, 20 February 2017 and 13 March 2017, and the Composite Document.

Issue of new shares in HTM

On 22 May 2016, Hao Tian Management (Hong Kong) Limited ("**HTM**"), an indirect wholly-owned subsidiary of the Company at the material time 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 ("**Vandi**"), a wholly-owned subsidiary of CCB International (Holdings) Limited, pursuant to which Vandi 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 Vandi respectively.

On 20 July 2016, the Company, HTM and Vandi have entered into a call option deed ("**CCB Option Deed**") pursuant to which the Company, without additional consideration, grants to Vandi a call option to require the Company to allot and issue new shares to Vandi 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 of the Company dated 28 June 2016.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the year ended 31 March 2017.

SIGNIFICANT LITIGATIONS OR ARBITRATIONS

Claim against Inner-Mongolia Shuangxin Resources Group Co. Ltd

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 million payable by Shuangxin under the Menggang Agreement.

Shuangxin withheld the payment of the third installment in the sum of RMB80 million (out of the four installment payments in total) 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 million 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. 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.

Separately, as for the unpaid final instalment (i.e. the fourth installment) in the amount of approximately RMB40.5 million payable by Shuangxin, which is in addition to the aforementioned RMB80 million withheld from the third installment, 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. Shuangxin had paid the Group RMB34,264,934.36 in full and final settlement of this claim pursuant to the determination made by the CIETAC.

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 (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 Mongolia Autonomous Regional High People's Court for the temporary suspension of execution with regard to the mandatory enforcement applied by the Group on 6 February 2015 and the decision is in favour of Shuangxin. The Group then filed an appeal against such ruling and is waiting for the court's decision. The Mongolia Autonomous Regional High People's Court commenced the hearing of the Case on 13 April 2016 and the court hearing was in general completed in June 2016. As at the date of this announcement, the court has still not made a judgment on this litigation. The Board will provide updates as and when appropriate.

Separately, in June 2016, the Group filed an arbitration claim to CIETAC for the return of guarantee monies of approximately RMB7.9 million which was previously withheld by Shuangxin.

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 227,500,000 top-up consideration shares of Up Energy Development Group Limited 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.

In the meantime, two joint provisional liquidators (the "**JPLs**") were appointed to the Defendants by the Supreme Court of Bermuda in October 2016, and since 28 April 2017 the JPLs have assumed full control of the Defendants, including the powers to bring and defend any legal action, including the Company's claim.

At the case management summons hearing on 8 June 2017, the court adjourned the hearing to 15 August 2017 and directed the Company and the JPLs to conduct mediation to resolve the claim.

Claim by Chim Kee against equipment hire customer

In 2012, a customer of Chim Kee Machinery Co., Ltd. ("**Chim Kee**"), one of the subsidiaries of the Group held indirectly through Hao Tian International Construction, commenced litigation against Chim Kee for alleged breach of a rental contract. The customer claimed for an overall damages of more than HK$100 million while the disputed sum claimed by Chim Kee to the customer was approximately HK$17.5 million together with other unascertained damages. On 24 March 2016, the Court of First Instance handed down a judgment and ruled in favour of Chim Kee and ordered the customer to pay Chim Kee for unpaid rental plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal against the judgment of the Court of First Instance. The appeal was heard before the Court of Appeal on 14 and 15 June 2017 and the judgment was not yet available as at the date of this announcement.

After considering the evidence and the background facts in relation to the above legal proceedings and advice from Chim Kee's legal adviser, the directors of Hao Tian International Construction are of the view that such customer's allegations and assertions are not cogent and convincing and therefore, the appeal is likely to be dismissed. For details of this proceeding, please refer to the prospectus of Hao Tian International Construction dated 30 November 2015.

PURCHASE, SALE 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 year ended 31 March 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of conduct for Directors' securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the Model Code for the year ended 31 March 2017.

EVENTS AFTER THE REPORTING PERIOD

Subscription for interest in a fund

On 5 April 2017, Fortune Jumbo Limited ("**Fortune Jumbo**"), a subsidiary of the Company, placed an order with Haitong International Securities Company Limited ("**Haitong Securities**"), pursuant to which Haitong Securities shall subscribe for the interest in Haitong Global Investment SPC III (a segregated portfolio company) on behalf of Fortune Jumbo at the subscription amount of US$30,000,000 (approximately HK$234,000,000). Details of the transaction were disclosed in the announcement of the Company dated 5 April 2017.

Proposed bonus issue of shares

On 19 April 2017, the Board recommended a bonus issue of shares to the qualifying shareholders whose names appear on the register of members of the Company on 18 July 2017 on the basis of one (1) bonus share for every six (6) existing shares held by the qualifying shareholders, subject to the approval by the shareholders at the extraordinary general meeting to be convened on 5 July 2017. Details of the bonus issue were disclosed in the announcement and circular of the Company dated 19 April 2017 and 13 June 2017 respectively.

Placing of new shares by Clear Lift

On 10 May 2017, Clear Lift entered into a placing agreement (the "**Placing Agreement**") with Hao Tian International Securities Limited ("**Hao Tian Securities**") and Kingston Securities Limited ("**Kingston Securities**") (the "**Placing Agents**"), pursuant to which the Placing Agents agreed, as agents of Clear Lift, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 placing shares of Clear Lift at the placing price of HK$0.62 per placing share. The placing shares would be allotted and issued pursuant to Clear Lift's general mandate and is not subject to further approval by the shareholders of Clear Lift. Completion took place in accordance with the terms of the Placing Agreement on 26 May 2017 and HK$545,600 was paid by Clear Lift to Hao Tian Securities, a connected person of Clear Lift, on account of placing commission. A total of 156,000,000 placing shares have been successfully placed by Kingston Securities and 44,000,000 placing shares have been successfully placed by Hao Tian Securities to not less than 6 placees at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the Placing Agreement. An aggregate of 200,000,000 new shares of Clear Lift have been issued and allotted, representing 20% of the issued shares of Clear Lift immediately prior to the completion and approximately 16.67% of the issued shares of Clear Lift as enlarged by the placing shares. Upon completion of the placing, Clear Lift was owned as to approximately 62.5% by the Company and 37.5% by the public shareholders of Clear Lift (including the placees) respectively. The placing above constituted a deemed disposal and discloseable transaction of the Company under Chapter 14 of the Listing Rules. Details of the placing were disclosed in the announcements of the Company and Clear Lift dated 10 May 2017 and 26 May 2017.

Loan facilities obtained

On 21 April 2017, the Group obtained a loan facility of up to RMB80,000,000 with a term of three years and the loan facility was secured by the 51% of the entire issued share capital of Fujian Nuoqi which is held by the Group, the leasehold land and building and the prepaid lease payments. The above facility had been fully utilised on 27 June 2017.

On 14 June 2017, the Group obtained a loan facility of up to HK$350,000,000 with a term of twelve months from the drawdown date and the loan facility was currently secured by certain available-for-sale investments and certain investments held for trading held by the Group. Up to the date of this announcement, an amount of HK$163.6 million had been utilised.

Redemption of secured notes

On 27 June 2017, the Group fully redeemed the SN Notes at the principal amount of HK$155,800,000. The investments held for trading pledged to secure the SN Notes will be released as soon as practicable.

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 regulatory measures in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect and the mutual recognition of funds, 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 Hao Tian Securities, the recent launch of the electronic trading platforms to customers for the trading of bullion and for the trading of futures, represents major milestones of the Group to diversify into 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 have injected further capital to Hao Tian Securities 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.

In addition to the development in the financial services as mentioned above, our Group had diversified to other business sectors during the year including the investment in Fujian Nuoqi which are engaged in the retailing of men's and women's apparels and Hao Tian International Construction which is mainly engaged in the rental and trading of construction machinery. For Fujian Nuoqi, in addition to the existing retail sale points, we recognised the prevalence of e-commerce in the PRC so that Fujian Nuoqi have launched a self-operated official shopping website and also set up an online store with a well-known business-to-customer online retail website. For Hao Tian International Construction, in addition to its existing core business, we also planned to participate in real estate developments and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom. The change of name to Hao Tian International Construction reflected such business 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. In June 2016, 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.

FINAL DIVIDEND

The Board does not recommend the payment of a cash final dividend for the year ended 31 March 2017 (2016: Nil).

ANNUAL GENERAL MEETING

The notice of the 2017 annual general meeting of the Company will be published on the Company's website and despatched to the Shareholders in the manner required by the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures that are consistent with the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The corporate governance principles of the Company emphasize on a quality board of directors, sound internal control, transparency and accountability to all shareholders of the Company.

The Board is of the opinion that the Company has complied with the code provisions as set out in the CG Code, which were in force at the material time for the financial year ended 31 March 2017, save and except for Code Provisions 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 the 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) 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

AUDIT COMMITTEE

The Company established an audit committee on 16 May 2006 with reference to "A Guide for the Formation of an audit committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website. The audit committee has reviewed the audited financial statements and annual results announcement of the Company for the year ended 31 March 2017.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.haotianhk.com) and that of the Stock Exchange (www.hkex.com.hk). The 2016/17 annual report of the Company containing all information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 28 June 2017

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.