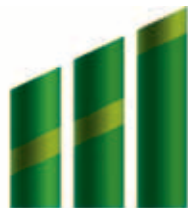


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昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the “**Board**”) of Hao Tian Development Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
	<i>NOTES</i>	2018	2017
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue:			
Interest revenue from money lending business	3	36,720	72,238
Revenue from other operating activities	3	131,550	105,978
		168,270	178,216
Cost of sales and services		(88,743)	(97,099)
Gross profit		79,527	81,117
Other income	4	10,789	6,737
Other gains and losses	4	(382,327)	(121,714)
Administrative expenses		(101,330)	(101,996)
Share of result of an associate		(6)	(375)
Finance costs	5	(59,022)	(42,975)

		Six months ended 30 September	
		2018	2017
		HK\$'000	HK\$'000
	<i>NOTES</i>	(unaudited)	(unaudited)
Loss before taxation		(452,369)	(179,206)
Taxation credit (charge)	6	30,247	(22,418)
Loss for the period	7	(422,122)	(201,624)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(4,549)	—
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(40,137)	13,086
Net fair value gain (loss) on available-for-sale investments:			
— Impairment loss recognised		—	1,748
— Fair value change during the period		—	(77,259)
Other comprehensive expense for the period (net of tax)		(44,686)	(62,425)
Total comprehensive expense for the period		(466,808)	(264,049)
Loss for the period attributable to:			
Owners of the Company		(387,684)	(146,871)
Non-controlling interests		(34,438)	(54,753)
		(422,122)	(201,624)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(429,679)	(205,352)
Non-controlling interests		(37,129)	(58,697)
		(466,808)	(264,049)
Loss per share	8		
Basic (HK cents)		(7.92)	(3.01)
Diluted (HK cents)		(7.92)	(3.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	<i>NOTES</i>	30.9.2018 HK\$'000 (unaudited)	31.3.2018 <i>HK\$'000</i> (audited)
Non-current assets			
Investment property		1,349,118	–
Property, plant and equipment		544,983	540,906
Prepaid lease payment		30,963	33,940
Premium over prepaid lease payment		123,743	125,102
Available-for-sale investments	9	–	814,059
Financial assets at fair value through profit or loss	12	486,860	–
Financial assets at fair value through other comprehensive income	9	115,473	–
Goodwill		98,914	98,914
Loan receivables	10	189,979	195,716
Investment in an associate		–	6
Deferred tax assets		4,847	4,743
Pledged bank deposits		4,639	4,627
Deposits		1,866	2,986
Intangible assets		178,650	178,650
Finance lease receivables		10,341	9,529
Deposit paid for acquisition of a subsidiary		–	137,761
		3,140,376	2,146,939
Current assets			
Inventories		16,408	22,876
Trade and interest receivables	11	87,146	177,157
Other receivables, deposits and prepayments		75,157	17,997
Loan receivables	10	340,912	530,285
Finance lease receivables		8,278	6,959
Tax recoverable		9,099	2,278
Consideration receivables		–	24,980
Investments held for trading		–	1,258,246
Financial assets at fair value through profit or loss	12	1,163,768	–
Prepaid lease payment		333	365
Pledged bank deposits		–	15,000
Bank balances, trust and segregated accounts		34,263	44,998
Bank balances and cash		399,710	781,431
		2,135,074	2,882,572

	<i>NOTES</i>	30.9.2018 HK\$'000 (unaudited)	31.3.2018 <i>HK\$'000</i> (audited)
Current liabilities			
Trade payables	13	49,943	76,634
Other payables, deposits received and accruals		61,410	54,571
Borrowings	14	611,562	606,580
Secured notes		155,840	155,840
Obligation under finance leases		4,194	4,340
Financial liabilities at fair value through profit and loss	12	213,817	238,893
Other liability		–	114,420
Tax payables		4,932	3,533
		1,101,698	1,254,811
Net current assets		1,033,376	1,627,761
Total assets less current liabilities		4,173,752	3,774,700
Non-current liabilities			
Borrowings	14	1,068,704	247,005
Secured notes		350,000	350,000
Obligation under finance leases		6,378	8,341
Deferred tax liabilities		71,964	105,920
		1,497,046	711,266
Net assets		2,676,706	3,063,434
Capital and reserves			
Share capital	16	48,980	48,980
Reserves		2,411,407	2,742,650
Equity attributable to owners of the Company		2,460,387	2,791,630
Non-controlling interests		216,319	271,804
Total equity		2,676,706	3,063,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include: (i) money lending; (ii) securities investment; (iii) trading of futures; (iv) provision of commodities and securities brokerage service; (v) rental and trading of construction machinery; (vi) retailing of men's and women's apparels; and (vii) property leasing.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

- (a) On 12 April 2018, the Group completed the acquisition of 55 Mark Lane S.À.R.L., a company incorporated under the laws of the Grand Duchy of Luxembourg with limited liability (“**55 Mark Lane**”), which owns a property known as “55 Mark Lane, EC3”, situated at 52–58 Mark Lane, London, UK EC3R 7NE, the United Kingdom, for a total consideration of GBP128,000,000 (the “**Acquisition**”). Upon the completion of the Acquisition, 55 Mark Lane has become a wholly-owned subsidiary of the Group.
- (b) On 28 June 2018, the Group entered into an agreement with Asia Link Capital Investment Holdings Limited (“**Asia Link**”), the controlling shareholder of the Company. Pursuant to which, the Company agreed to purchase and Asia Link agreed to sell notes issued by Imperial Pacific International Holdings Limited (“**Imperial Pacific**”), with principal amount of US\$30,000,000 (the “**Notes**”) at a consideration of US\$27,800,000 (the “**Consideration**”) (the “**Notes Acquisition**”). The Notes was issued by Imperial Pacific on 25 January 2017 with three years tenure and bears interests of 8.5% per annum. The Consideration would be settled by the Company by issuance of a one year bond of the Company with principal amount of US\$27,800,000 and bears interest of 4.0% per annum (the “**Company Bond**”). The details of the Notes and the Company Bond are set out in the circular issued by the Company on 6 September 2018. The Notes Acquisition was completed on 11 October 2018.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and certain of financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below and other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

Investment property

Investment property is property held to earn rentals and for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. The Group’s property interests held under operating leases to earn rentals or for capital appreciation purposes is classified and accounted for as investment property and is measured using the fair value model. Gains or losses arising from change in the fair value of investment property is included in profit or loss for the period in which it arises.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income generated from money lending	36,720	72,238
Commission income generated from commodities, futures and securities brokerage	13,439	5,090
Rental income generated from construction machinery and sales of construction materials business	46,158	56,733
Other service income generated from construction machinery and sales of construction materials business	4,019	7,377
Revenue generated from retailing of men's and women's apparels	1,813	30,306
Trading income generated from construction machinery and sales of construction materials business	29,148	6,472
Rental income generated from leasing of investment property	36,973	–
	<u>168,270</u>	<u>178,216</u>
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Geographical market:		
Hong Kong	129,484	147,910
People's Republic of China ("PRC")	1,813	30,306
United Kingdom	36,973	–
	<u>168,270</u>	<u>178,216</u>
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition:		
A point of time	48,419	49,205

Summary of revenue and gross proceeds from the sales of financial assets at fair value through profit or loss (“FVTPL”) and investments held for trading.

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	168,270	178,216
Gross proceeds from the sale of financial assets at fair value through profit or loss and investments held for trading	282,082	31,353
Total	450,352	209,569

Following the completion of the Acquisition, leasing of properties has become a reporting segment of the Group during the six months ended 30 September 2018.

The Group is currently organised into below operating divisions:

- (a) Money lending division carried out by Hao Tian Finance Company Limited (“**Hao Tian Finance**”) and Hao Tian Credit Company Limited
- (b) Securities investment division carried out by Hao Tian Management (Hong Kong) Limited (“**Hao Tian Management**”), Fortune Jumbo Limited and Esteem Ocean Limited
- (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 Hao Tian International Bullion Limited, Hao Tian International Futures Limited, Hao Tian Asset Management Limited, Hao Tian International Wealth Management Limited and Hao Tian International Securities Limited
- (e) Construction machinery and sales of construction materials division carried out by Hao Tian International Construction Investment Group Limited (“**Hao Tian International Construction**”) and its subsidiaries
- (f) Retailing of men’s and women’s apparels division carried out by Fujian Nuoqi Co. Ltd. and its subsidiaries
- (g) Leasing of investment property carried out by 55 Mark Lane*

* Not regarded as an operating segment for the period ended 30 September 2017 as 55 Mark Lane became a subsidiary of the Group during the six months ended 30 September 2018.

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

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

Information regarding the above segments from is reported below:

For the six months ended 30 September 2018

	Money lending HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Trading of futures HK\$'000 (unaudited)	Commodities, futures and securities brokerage HK\$'000 (unaudited)	Construction machinery HK\$'000 (unaudited)	Retailing of men's and women's apparels HK\$'000 (unaudited)	Property leasing HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Gross proceeds from sale of financial assets at FVTPL	-	282,082	-	-	-	-	-	282,082
Segment revenue	36,720	-	-	13,439	79,325	1,813	36,973	168,270
Segment results	23,254	(413,363)	-	(2,764)	(7,761)	(7,031)	48,596	(359,069)
Other income								2,900
Other gains and losses								17,170
Central administration costs								(54,342)
Finance costs								(59,022)
Share of result of an associate								(6)
Loss before taxation								(452,369)

For the six months ended 30 September 2017

	Money lending HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Trading of futures HK\$'000 (unaudited)	Commodities, futures and securities brokerage HK\$'000 (unaudited)	Construction machinery HK\$'000 (unaudited)	Retailing of men's and women's apparels HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Gross proceeds from sale of investments held for trading	-	31,153	-	-	-	-	31,153
Segment revenue	72,238	-	-	5,090	70,582	30,306	178,216
Segment results	60,346	88,066	(3,688)	(2,205)	(188,873)	(134,932)	(181,286)
Other income							4,152
Other gains and losses							95,513
Central administration costs							(54,235)
Finance costs							(42,975)
Share of result of an associate							(375)
Loss before taxation							(179,206)

Segment results represent the profit earned or loss incurred by each segment without allocation of certain of other income, certain of other gains and losses (other than fair value change on certain of financial assets at fair value through profit or loss), central administration costs, finance costs and share of result of an associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
Dividend income from available-for-sale investments	–	780
Dividend income from financial assets at FVTPL	1,220	–
Interest earned on bank deposits	394	1,603
Rental income from leasing a warehouse property and a motor vehicle	180	1,144
Interest income from finance lease	754	225
Others	8,241	2,985
	<u>10,789</u>	<u>6,737</u>
Other gains and losses		
Fair value gain on investments held for trading (<i>Note a</i>)	–	84,378
Impairment loss on available-for-sale investments	–	(1,748)
Fair value loss on financial assets at FVTPL (<i>Note b</i>)	(413,363)	(2,779)
Fair value gain on financial liabilities at FVTPL	25,076	101,698
(Loss) gain on disposal of property, plant and equipment	(21)	216
Fair value gain on investment property	13,867	–
Impairment loss on goodwill	–	(316,250)
Reversal of allowance for bad and doubtful debt and receipt of related interest (<i>Note c</i>)	–	12,051
Refund costs incurred for a litigation (<i>Note c</i>)	–	2,358
Net exchange loss	(7,886)	(1,638)
	<u>(382,327)</u>	<u>(121,714)</u>

Notes:

- (a) During the six months ended 30 September 2017, realised loss of HK\$4,379,000 was recognised for the Group's investments held for trading.
- (b) During the six months ended 30 September 2018, realised loss of HK\$2,729,000 was recognised for the Group's financial assets at fair value through profit or loss.
- (c) A subsidiary of Hao Tian International Construction impaired a trade receivable due from a customer of HK\$8,885,000 due to the uncertainty of recovery of the receivable in previous years. The Group filed litigation against the customer. On 11 July 2017, the Court of Appeal ruled in favour to the Group and the customer has to pay the unsettled trade receivable HK\$8,885,000 and HK\$3,166,000 interests on the unsettled trade receivable to the Group. The Group was also entitled to receive the costs of the appeal in the sum of HK\$2,358,000 from the customer. The amount was fully settled in prior period.

5. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on borrowings	56,203	37,286
Interest on other liability	580	3,965
Interest expense of obligation under finance leases	2,239	1,724
	<u>59,022</u>	<u>42,975</u>

6. TAXATION (CREDIT) CHARGE

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong:		
Current tax	3,813	10,827
Deferred tax	(34,060)	11,591
Income tax (credit) charge	<u>(30,247)</u>	<u>22,418</u>

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

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

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of prepaid lease payment	324	314
Amortisation of premium over prepaid lease payment	1,360	1,360
Cost of inventories recognised as expenses	25,971	32,626
Depreciation of property, plant and equipment	27,878	28,669
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	58,863	62,242
Retirement benefit scheme contributions	1,722	2,334
Share-based payments	2,500	2,500
	<u>63,085</u>	<u>67,076</u>

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to the owners of the Company)	<u>(387,684)</u>	<u>(146,871)</u>

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

	Six months ended 30 September	
	2018	2017
	'000	'000
	(unaudited)	(unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>4,898,038</u>	<u>4,883,862</u>
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For the six months ended 30 September 2018 and 2017, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and emolument shares since the assumed exercise would result in a decrease in loss per share.

9. AVAILABLE-FOR-SALE INVESTMENTS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Available-for-sale investments

	30.9.2018	31.3.2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Equity securities listed in Hong Kong, at fair value	–	463,977
Unlisted fund, at fair value	<u>–</u>	<u>237,994</u>
	<u>–</u>	<u>701,971</u>
Unlisted equity securities, at cost	–	405,145
Less: Accumulated impairment loss	<u>–</u>	<u>(293,057)</u>
Unlisted equity securities at cost less accumulated impairment loss	<u>–</u>	<u>112,088</u>
	<u>–</u>	<u>814,059</u>

As at 31 March 2018, the Group pledged certain available-for-sale investments of approximately HK\$58,878,000 and HK\$405,099,000 to secured notes and borrowings advanced to the Group respectively.

The Group's available-for-sale investments have been reclassified to financial assets at FVTPL and financial assets at fair value through other comprehensive income as result of initial application of HKFRS 9.

Financial asset at fair value through other comprehensive income

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
Unlisted equity securities	115,473	–

10. LOAN RECEIVABLES

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
Non-current:		
Secured, fixed-rate loan receivables	195,625	192,615
Unsecured, fixed-rate loan receivables	2,354	3,101
Less: Allowance for impairment	(8,000)	–
	189,979	195,716
Current:		
Secured, fixed-rate loan receivables	226,119	362,004
Unsecured, fixed-rate loan receivables	131,980	168,281
Less: Allowance for impairment	(17,187)	–
	340,912	530,285
	530,891	726,001

11. TRADE AND INTEREST RECEIVABLES

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 <i>HK\$'000</i> (audited)
Trade receivables from clients arising from		
— rental income from construction machinery business	47,303	52,068
— trading and provision of other service from construction machinery business	3,280	29,527
— commodities and futures brokerage	250	321
— securities brokerage	9,053	41,263
— relating of men's and women's apparels	85	97
Margin and other trade related deposits with broker and financial institution arising from		
— commodities brokerage	—	2,435
— futures brokerage	3,049	1,170
Less: Allowance for impairment	(2,459)	—
	60,561	126,881
Interest receivables in relation to money lending business	33,939	50,276
Less: Allowance for impairment	(7,354)	—
	26,585	50,276
	87,146	177,157

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

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

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

The Group allows an average credit period of 0–90 days to its trade customers arising from construction machinery business and retailing of men's and women's apparels business. The credit period provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers.

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:

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
0 – 30 days	19,070	37,852
31 – 90 days	9,131	20,408
91 – 180 days	7,306	8,059
181 – 365 days	10,851	13,496
Over 365 days	1,851	1,877
	48,209	81,692

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

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

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreement entered with its customers ranging from 1 month to 6 months (31 March 2018: 1 month to 6 months).

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

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
Financial assets at FVTPL		
Equity securities listed in Hong Kong, at fair value	1,440,148	–
Unlisted fund, at fair value	169,303	–
Forward contract arising from exchange of financial assets with controlling shareholder (<i>Note</i>)	41,177	–
	1,650,628	–
Financial liabilities at FVTPL		
Option arising from Hao Tian Management subscription	213,817	227,143
Others	–	11,750
	213,817	238,893

As at 30 September 2018, the Group has pledged certain financial assets at fair value through profit or loss of HK\$413,936,000 and HK\$969,927,000 to secured notes and borrowings advanced to the Group respectively.

Note: On 28 June 2018, the Group and its controlling shareholder, Asia Link entered into an agreement, pursuant to which the Group agreed to purchase and Asia Link agreed to sell the Notes at a consideration of US\$27,800,000 by issuance of the Company Bond. As at the date of entering this agreement, the completion of the Notes Acquisition is subject to certain conditions which in the opinion of the directors, will be fulfilled without unforeseen circumstances, therefore, a forward contract is deemed to be existent at the date of entering the agreement. According to the valuation reports issued by an independent valuer, as at the date of entering the agreement, the fair value of the forward contract arising from the exchange of the Notes and the Company Bonds was approximately HK\$41,177,000, which has been recognised as financial assets at fair value through profit or loss and with the equal amount credited to equity.

13. TRADE PAYABLES

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	8	11,754
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	44,131	42,092
Trade payables arising from construction machinery and sales of construction materials business	5,414	21,980
Trade payables arising from men's and women's apparels	390	808
	49,943	76,634

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 and sales of construction materials business and men's and women's apparels 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 and sales of construction materials business and men's and women's apparels business at the end of the reporting period presented based on the invoice dates is as follows:

	30.9.2018 HK\$'000 (unaudited)	31.3.2018 HK\$'000 (audited)
0 – 30 days	2,836	17,188
31 – 60 days	1,211	2,698
61 – 180 days	959	1,987
181 – 365 days	265	769
Over 365 days	533	146
	5,804	22,788

14. BORROWINGS

During the current interim period, the Group obtained new borrowings of HK\$1,324,258,000 and repaid borrowings of HK\$497,503,000. Included in the new borrowings raised, HK\$30,000,000 was obtained from a director of Hao Tian International Construction, which are unsecured and carrying fixed interest rate at 2% per annum.

15. CHANGE OF GROUP'S INTERESTS IN SUBSIDIARIES

- (A) On 9 April 2018, Rui Sheng Global Holding Limited has exercised the put option and put back its entire interest, i.e. 100,000,000 shares, in Hao Tian Finance to the Group at a total consideration of HK\$115,000,000. Subsequently, the Group's interests in Hao Tian Finance has increased from approximately 75.2% to approximately 83.5%.

As the above transaction did not result change in the Group's control over Hao Tian Finance, it is accounted for equity transaction.

- (B) On 8 August 2018, Hao Tian International Construction completed right issues of 1,200,000,000 right shares on the basis of one rights share for every two existing shares (the "**Rights Issue**"), the details of which are set out in the announcement issued by the Company and Hao Tian International Construction on 8 August 2018. The Group subscribed 914,769,376 rights shares and the Group's interests in Hao Tian International Construction increased from 62.5% to 64.79% upon the completion of the Rights Issue.

As the above transaction did not result change in the Group's control over Hao Tian International Construction, it is accounted for equity transaction.

16. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Share capital HK\$'000
Ordinary shares			
Authorised:			
At 1 April 2018 and 30 September 2018	0.01	50,000,000,000	500,000
Issued:			
At 1 April 2018 (audited) and 30 September 2018 (unaudited)	0.01	4,898,037,804	48,980

17. DIVIDENDS

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 September 2018 and 2017.

18. CONTINGENT LIABILITY

During the year ended 31 March 2012, the Group disposed of its interest in Wuhai City Menggang Industrial Development Co. Ltd. and its subsidiaries to an independent third party (the “**Purchaser**”).

After the completion of the disposal, the Purchaser refused to settle part of the consideration for this acquisition. The Group filed two arbitrations (“**the First and the Second Arbitrations**”) to China International Economic and Trade Arbitration Commission (the “**Commission**”) to claim the unsettled amount, and the Purchaser filed counter arbitration claim (“**Counterclaim**”) to the Commission and claimed that the Group had failed to fulfil certain terms and obligations in accordance with the sales and purchase agreement. The First and the Second Arbitrations were concluded by the Commission and the decisions were in favour of the Group and the Commission ordered the Purchaser to settle the outstanding consideration to the Group and dismissed the Counterclaim. In June 2014, the Purchaser filed litigation to the Beijing Second Intermediate People’s Court (the “**Beijing Court**”) to request the Beijing Court to set aside the decision made by the Commission but the Purchaser’s request was rejected by the Beijing Court in December 2014.

During the year ended 31 March 2015, the Purchaser filed a litigation (“**New Civil Claim**”) to the Inner Mongolia Autonomous Regional Higher People’s Court (“**Inner-Mongolia Court**”) to claim for an aggregate amount of approximately RMB103 million (approximately HK\$131 million) for the reason that the Group had failed to fulfil certain terms and obligations in accordance with the sale and purchase agreement.

In July 2017, the Inner Mongolia Court dismissed all claims submitted by the Purchaser against the Group under the New Civil Claim and the Purchaser appealed the Inner Mongolia Court’s decision on the claims to the Supreme Peoples’ Court of the PRC. On 4 September 2018, the litigation was heard by the Supreme Peoples’ Court of the PRC and is pending from the judgement of the Supreme Peoples’ Court of the PRC.

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 litigation, the claim of the Purchaser is considered to be a weak claim with remote prospect of success against the Group, and no provision is required as at 30 September 2018. During the six months ended 30 September 2018, the remaining unsettled portion of the consideration of RMB20,000,000 (equivalent to HK\$24,980,000) was received by the Company.

BUSINESS REVIEW

Money lending business

During the six months ended 30 September 2018 (the “**period under review**”), the money lending business of the Group generated an interest income of approximately HK\$36.7 million (2017: approximately HK\$72.2 million), representing a decrease of 49.2%. The main services of this segment include money lending in respect of property mortgaged loans and personal loans to customers in Hong Kong. The decrease in interest income was mainly attributable to repayment of personal loans during the period under review. As at 30 September 2018, the outstanding loan receivables of the money lending business of the Group was approximately HK\$530.9 million (31 March 2018: approximately HK\$726.0 million).

Securities investment business (financial assets at fair value through profit or loss)

During the period under review, the net realised loss from disposal of financial assets at fair value through profit or loss was approximately HK\$2.7 million (2017: investments held for trading of approximately HK\$4.4 million) and the unrealised fair value loss from financial assets at fair value through profit or loss, comprising listed equity securities in Hong Kong and an unlisted fund, was approximately HK\$410.6 million (2017: unrealised fair value gain on investments held for trading of approximately HK\$88.8 million and loss on available-for-sales investments of approximately HK\$77.3 million). The substantial losses incurred in 2018 were mainly attributable to a fair value loss for the shares in China Shandong Hi-Speed Financial Group Limited (stock code: 412) (“**CSFG**”) of approximately HK\$184.2 million and Imperial Pacific International Holdings Limited (stock code: 1076) (“**Imperial Pacific**”) of approximately HK\$144.0 million.

As of 30 September 2018, the value of listed equity securities in Hong Kong and an unlisted fund held by the Group which were reclassified as financial assets at fair value through profit or loss amounted to approximately HK\$1,609.5 million (31 March 2018: investments held for trading of approximately HK\$1,258.2 million and available-for-sale investments of approximately HK\$702.0 million). Such amount mainly comprised of the following: (1) CSFG; (2) Imperial Pacific; and (3) an unlisted fund comprising the participating shares in Haitong Dynamic Multi-Tranche Investment Fund I S.P. of Haitong Global Investment SPC III. The details of the Group's equity securities investments classified as financial assets at fair value through profit or loss are set out as follows:

Company Name/(Stock Code)	Number of shares held at 30 September 2018	Percentage of shareholdings at 30 September 2018	Carrying amount at 31 March 2018 HK\$'000	Unrealised fair value (loss)/ gain for the period ended 30 September 2018 HK\$'000	Fair value at 30 September 2018 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 30 September 2018	Percentage of total assets of the Group at 30 September 2018
CSFG (412)	4,424,559,650	18.09%	1,051,067	(184,207)	1,101,715	68.45%	20.93%
Carnival Group International Holdings Limited (996)	90,610,000	0.38%	32,619	(12,413)	20,206	1.26%	0.38%
Imperial Pacific (1076)	4,363,360,000	3.05%	427,610	(143,991)	283,618	17.62%	5.39%
Far East Holdings International Limited (36)	4,983,000	0.46%	3,837	(1,395)	2,442	0.15%	0.05%
Beijing Properties (Holdings) Limited (925)	8,140,000	0.12%	2,239	122	2,361	0.15%	0.04%
Up Energy Development Group Limited (307)	371,500,000	8.19%	–	–	–	–	–
Great Harvest Maeta Group Holdings Limited (3683)	12,400,000	1.30%	–	(110)	27,156	1.69%	0.52%
Renhe Commercial Holdings Company Limited (1387)	10,000,000	0.02%	–	52	2,650	0.16%	0.05%
Haitong Dynamic Multi-Tranche Investment Fund I S.P. of Haitong Global Investment SPC III	N/A	N/A	237,994	(68,691)	169,303	10.52%	3.22%
Disposal securities	N/A	N/A	204,800	–	–	–	–
			<u>1,960,166</u>	<u>(410,633)</u>	<u>1,609,451</u>	<u>100%</u>	<u>30.58%</u>

Securities investment business (financial assets at fair value through other comprehensive income)

During the period under review, no financial assets at fair value through other comprehensive income were realised (2017: realised loss of available-for-sale investments of approximately HK\$1.7 million). As of 30 September 2018, the aggregate value of unlisted equity investments held by the Group which were classified as financial assets at fair value through other comprehensive income amounted to approximately HK\$115.5 million (31 March 2018: available-for-sale investments of approximately HK\$112.1 million, revaluated to HK\$123.2 million upon adoption of HKFRS 9). Such value comprised of unlisted securities investment set out as follows:

Company Name	Percentage of shareholdings at 30 September 2018	Carrying amount at 31 March 2018 HK\$'000	Carrying amount at 1 April 2018 HK\$'000	Unrealised fair value (loss)/gain and (impairment loss) for the period ended 30 September 2018 HK\$'000	Carrying amount at 30 September 2018 HK\$'000	Percentage of total financial assets at fair value through other comprehensive income at 30 September 2018	Percentage of total assets of the Group at 30 September 2018
Goodwill International (holdings) Limited	7.54%	45,160	45,160	(19,413)	25,747	22.3%	0.49%
Co-lead Holdings Limited	1.44%	25,018	40,271	17,255	57,526	49.8%	1.09%
Others — unlisted (<i>Note</i>)	N/A	41,910	37,812	(5,612)	32,200	27.9%	0.61%
		<u>112,088</u>	<u>123,243</u>	<u>(7,770)</u>	<u>115,473</u>	<u>100%</u>	<u>2.19%</u>

Note: Being investment in a private entity, which is indirectly holding 0.15% of electronic bank in the People's Republic of China ("PRC").

Rental income from a mixed-use property in the United Kingdom

Upon completion of the acquisition of a special purpose vehicle holding a mixed use property in the United Kingdom, 55 Mark Lane, on 12 April 2018, the Group started to consolidate the results of 55 Mark Lane which contributed a revenue of approximately HK\$37.0 million and a fair value gain on investment property of approximately HK\$13.9 million, contributing to a net gain of approximately HK\$48.6 million during the period under review.

Construction machinery business

During the period under review, Hao Tian International Construction contributed a revenue of HK\$79.3 million (2017: approximately HK\$70.6 million) and a segment loss of approximately HK\$7.8 million (2017: approximately HK\$188.9 million). There was a goodwill impairment loss of approximately HK\$172.8 million in 2017, in respect to the goodwill delegated to Hao Tian International Construction at the date of acquisition. There was no goodwill impairment from Hao Tian International Construction during the period under review.

Trading of futures business

During the period under review, there was no trading of futures and no costs were incurred in the futures trading business segment (2017: loss of approximately HK\$3.7 million).

Commodities, futures and securities brokerage business

During the period under review, commodities, futures and securities brokerage segment contributed a revenue of approximately HK\$13.4 million (2017: approximately HK\$5.1 million) and a segment loss of approximately HK\$2.8 million (2017: approximately HK\$2.2 million). The growth of segment revenue was mainly attributable to the brokerage service provided for the subscription to initial public offerings.

Retailing of men's and women's apparel business

During the period under review, Fujian Nuoqi Co., Ltd. (stock code: 1353) (“**Fujian Nuoqi**”) contributed a revenue of approximately HK\$1.8 million (2017: approximately HK\$30.3 million) and a segment loss of approximately HK\$7.0 million (2017: approximately HK\$134.9 million). The decrease in revenue was mainly due to intense market competition in the apparel industry in PRC. There was a goodwill impairment loss of approximately HK\$143.5 million in 2017, in respect to the goodwill delegated to Fujian Nuoqi at the date of acquisition. The goodwill in respect of Fujian Nuoqi has been fully impaired.

Warehousing and logistics Business

The Group owns the land-use rights of 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 period under review, no revenue was recorded from the warehousing and logistics business of the Group. On 9 November 2018, the Group disposed of 100% interests of Access Profit Global Enterprises Group Limited which holds the indirect interest in the entire registered capital of 新疆新品物流有限公司 (Xinjiang Xinpin Logistics Co., Ltd.), which owns the land use rights in Xinjiang, for HK\$180 million.

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$422.1 million for the period under review (2017: approximately HK\$201.6 million). Such loss was mainly attributable to the fair value loss on certain investments of the Group of approximately HK\$413.4 million for the period under review (2017: fair value gain on investments of approximately HK\$80.0 million recognized in profit or loss, and fair value loss recognized in other comprehensive income of approximately HK\$70.1 million), and partially offset by the profit from the money lending business.

Interest income from money lending business amounted to approximately HK\$36.7 million (2017: approximately HK\$72.2 million). The decrease was mainly attributable to repayment of personal loan, partially offset by continual increase in the number of customers for our property mortgaged loan business. The Group financed the money lending business by external and internal resources during the period under review.

The Group recorded a loss in other gains and losses of HK\$382.3 million for the period under review (2017: approximately HK\$121.7 million). Such loss was mainly attributable to the fair value loss on certain investments of the Group of approximately HK\$413.4 million for the period under review (2017: fair value gain on investments held for trading of approximately HK\$84.4 million), which was partially offset by the fair value gain on 55 Mark Lane of approximately HK\$13.9 million (2017: nil).

Administrative Expenses

For the period under review, administrative expenses were approximately HK\$101.3 million (2017: approximately HK\$102.0 million), representing an decrease of approximately HK\$0.7 million or 0.7% as compared with the same period last year. The change is not material as there was no significant change in cost structure of the Group during the period under review.

Finance Costs

For the period under review, the finance costs were approximately HK\$59.0 million (2017: approximately HK\$43.0 million), representing an increase of approximately HK\$16.0 million or 37.2% as compared with the same period last year. The increase was mainly attributable to an increase in borrowings to finance the acquisition of 55 Mark Lane during the period under review.

Taxation

For the period under review, net income tax credit was approximately HK\$30.2 million (2017: tax charge of approximately HK\$22.4 million). The net income tax credit was generally in line with the existence of the fair value loss on certain investments for the period under review.

Loss Attributable to Owners of the Company

For the period under review, the Group recorded a loss attributable to owners of the Company of approximately HK\$387.7 million (2017: approximately HK\$146.9 million) which was attributable to the factors as mentioned in preceding paragraphs.

Liquidity, Capital Structure and Financial Resources

The Group mainly funds its operations from a combination of operating cash flows, borrowings and equity. As at 30 September 2018, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK\$404.3 million (31 March 2018: approximately HK\$801.1 million). The Group's working capital was approximately HK\$1,033.4 million (31 March 2018: approximately HK\$1,627.8 million).

As at 30 September 2018, the Group had outstanding borrowings (including secured notes and obligations under finance lease) of approximately HK\$2,196.7 million (31 March 2018: approximately HK\$1,372.1 million). The Group had various banking facilities from financial institutions in Hong Kong which were secured by certain assets of the Group, including (i) the Group's financial assets at fair value through profit or loss of HK\$1,383.9 million; (ii) certain bank deposits held by the Group; (iii) certain leasehold land and building; and (iv) machinery and motor vehicles.

Gearing ratio (being the ratio of total borrowings including secured notes and obligation under finance lease to total assets) as at 30 September 2018 was 41.6% (31 March 2018: 27.3%). The increase in gearing ratio was mainly attributable to the acquisition of 55 Mark Lane during the period under review.

Capital Commitment and Contingent Liabilities

As at 30 September 2018, the Group had capital commitments which amounted to HK\$408.3 million (31 March 2018: HK\$1,435.1 million) in respect of addition of property, plant and equipment which had been contracted for but not provided for. As at 30 September 2018, capital commitments were mainly related to the development of the logistics warehousing business in Xinjiang and the acquisition of a company engaged in media and entertainment business.

CONTINGENT LIABILITIES

As at 30 September 2018, the Group provided performance guarantee amounting to approximately HK\$11.2 million (31 March 2018: corporate guarantees and performance guarantee amounting to approximately HK\$0.3 million and approximately HK\$11.2 million respectively) to the banks in respect of obligations under finance leases and the Group's obligation under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the banks were unable to recover the amounts under these finance leases from these customers or the Group failed to perform the relevant obligations to these customers. As at 30 September 2018, no provision for the Group's obligations under the guarantee contracts has been made as the Directors of the Company considered that it was not probable that the repayment of the finance lease obligations would be in default and it was not probable that a claim will be made against the Group.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other incomes are denominated mainly in Hong Kong dollars ("HK\$"), United States dollars ("US\$"), pounds sterling ("GBP") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK\$, US\$, GBP and RMB. The Group has certain foreign currency bank balances and investments in foreign operations such as trade, bills and interest receivables; other receivables, deposits and prepayments; bank balances and cash; other payables, deposits received and accruals and borrowings, 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 30 September 2018, the Group had a total of approximately 263 employees (31 March 2018: 281 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 are reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group will be set out in the notes to the condensed consolidated financial statements in the interim report of the Company.

EQUITY FUND RAISING ACTIVITIES

The Group carried out equity fund raising activities during the year ended 31 March 2018 and a rights issue during the period under review. The details of equity fund raising 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 date of this announcement
10 May 2017	Placing of 200,000,000 new shares with an aggregate nominal value of HK\$2,000,000 by a subsidiary of the Company, Hao Tian International Construction at the placing price of HK\$0.62 per placing share (and net issue price being HK\$0.605 per placing share). The closing price of the shares on 10 May 2017 was HK\$0.66.	Approximately HK\$121.4 million	The net proceeds was previously intended to be used in real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the People's Republic of China (the "PRC"), Singapore, Vietnam and the United Kingdom by Hao Tian International Construction; and for the general working capital of Hao Tian International Construction. In view of recent changes in business development strategies and investment opportunities, Hao Tian International Construction changed the intended use of proceeds to satisfy part of the cash consideration payable to the Company for the proposed acquisition by Solution Pro Investments Limited (an indirect wholly-owned subsidiary of Hao Tian International Construction) of Hao Tian International Financial Holdings Limited.	Of the net proceeds of approximately HK\$121.4 million, approximately HK\$62.2 million has been utilised. Of this, approximately HK\$12.2 million was utilised as intended for general working capital purposes and approximately HK\$50.0 million was utilised towards paying a part of the HK\$100 million deposit in respect of the acquisition of Hao Tian International Financial Holdings Limited. As of the date of this announcement, approximately HK\$59.2 million of the proceeds has not yet been utilised.
25 June 2018	Hao Tian International Construction proposed a 1-for-2 rights issue (the "Rights Issue") to raise proceeds of approximately HK\$180 million.	Approximately HK\$178 million	The net proceeds from the Rights Issue was intended to be used in the following manner: (i) approximately HK\$142.4 million (representing 80% of the estimated net proceeds from the Rights Issue) will be applied for money lending business or relevant acquisition(s); (ii) approximately HK\$17.8 million (representing 10% of the estimated net proceeds from the Rights Issue) will be applied for financial services and securities business; and (iii) the remaining proceeds (representing 10% of the estimated net proceeds from the Rights Issue) will be applied for general working capital.	Of the net proceeds of approximately HK\$178 million, approximately HK\$114.5 million has been utilised. Of this, approximately HK\$2.5 million was utilised as intended for general working capital purposes and approximately HK\$112.0 million was utilised for money lending business. As of the date of this announcement, approximately HK\$63.5 million of the proceeds has not yet been utilised.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed below, no material acquisition and disposal of subsidiaries were conducted by the Group during the period under review.

Exercise of Put Option by the Investor

On 9 April 2018, Rui Sheng Global Holdings Limited (the “**Investor**”) (an indirect wholly-owned subsidiary of Prosperity International Holdings (H.K.) Limited which is a listed company in Hong Kong (stock code: 803)) exercised its right under a put option, pursuant to which the Group was required to acquire from the Investor 100 million shares in Hao Tian Finance Company Limited (“**Hao Tian Finance**”) at a consideration of HK\$115 million, which was settled partly by way of offsetting the indebtedness owed by an affiliate of the Investor to the Group and partly by way of cash. Please refer to the Company’s announcement dated 9 April 2018 for details. As at the date of this announcement, the acquisition has been completed and the Company’s indirect interests in Hao Tian Finance have been increased to 83.5% from 75.2%.

Acquisition of a company holding 55 Mark Lane, EC3

On 20 January 2018, Hao Tian Asia Investment Company Limited (“**Hao Tian Asia Investment**”), an indirectly wholly-owned subsidiary of the Company, as buyer and Reignwood Europe Holdings S.À R.L. (“**Reignwood Europe**”) as seller, entered into a sale and purchase agreement, pursuant to which Hao Tian Asia Investment conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of 55 Mark Lane S.À R.L., a company incorporated under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”), together with certain intra-group debts owed by it to Reignwood Europe. 55 Mark Lane S.À R.L. owns the property known as “55 Mark Lane, EC3” situated at 52–58 Mark Lane, London, EC3R 7NE, the United Kingdom, which is let to a mix of office and retail tenants. This transaction constitutes a major transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) under the Listing Rules. The acquisition has been completed on 12 April 2018. For details, please refer to the announcements of the Company dated 7 December 2017, 21 January 2018 and 12 April 2018, respectively, and the circular of the Company dated 23 March 2018.

Disposal of Hao Tian International Financial Holdings

On 28 March 2018, the Company as seller, Solution Pro Investments Limited (“**Solution Pro**”), an indirect wholly-owned subsidiary of Hao Tian International Construction, as purchaser and Hao Tian International Construction entered into a sale and purchase agreement, pursuant to which Solution Pro conditionally agreed to acquire, and the Company conditionally agreed to sell the entire issued share capital of Hao Tian International Financial Holdings Limited (the “**HTIFH Disposal**”), a company incorporated under the laws of the BVI (“**Hao Tian International Financial Holdings**”). Hao Tian International Financial Holdings holds several subsidiaries engaged in the provision of financial services involving SFC regulated activities, insurance agency and money lending. This transaction constitutes a discloseable transaction of the Company, and a major and connected transaction of Hao Tian International Construction. Upon completion of the HTIFH Disposal, Hao Tian International

Financial Holdings will be 100% owned by Solution Pro and it will become an indirect wholly-owned subsidiary of Hao Tian International Construction and an indirect non-wholly owned subsidiary of the Company.

On 25 June 2018, the parties entered into a supplemental agreement to amend certain payment terms of the HTIFH Disposal. Originally, a portion of the HTIFH Disposal consideration of HK\$50 million shall be settled by issue of shares of Hao Tian International Construction to the Company. Pursuant to the supplemental agreement, if Hao Tian International Construction would not be able to meet the public float requirement under Rule 8.08(1)(a) of the Listing Rules following issue of its shares to the Company under the HTIFH Disposal, Hao Tian International Construction shall issue such a lower number of shares to the extent required to meet the public float requirement and the shortfall shall be satisfied by way of cash.

On 24 July 2018, the parties entered into a second supplemental agreement pursuant to which (i) the HTIFH Disposal consideration shall be reduced from HK\$200 million to HK\$180 million and shall be wholly satisfied by cash; and (ii) the HTIFH Disposal shall be subject to an additional condition precedent that the indebtedness between the Company and Hao Tian International Financial Holdings shall be first offset against each other and the remaining indebtedness owed by Hao Tian International Financial Holdings to the Company shall irrevocably be waived and discharged.

For details of the HTIFH Disposal, please refer to the announcements of the Company dated 28 March 2018, 25 June 2018 and 24 July 2018, respectively.

As at the date of this announcement, the HTIFH Disposal was yet to be completed.

Acquisition of D&D

On 14 April 2018, the Company entered into the sale and purchase agreement (the “**D&D SPA**”) with the legal and beneficial owners (the “**Vendors**”) of D&D, pursuant to which the Vendors have conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire issued share capital of D&D, for a total consideration of US\$89.6 million (equivalent to approximately HK\$703.4 million) (subject to adjustment) (the “**D&D Acquisition**”). D&D is principally engaged in the business of global television and events production. Upon completion of the D&D Acquisition, D&D will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

The consideration for D&D Acquisition is US\$89.6 million (equivalent to approximately HK\$703.4 million) (subject to adjustment), which shall be settled as to 37.5% (i.e. US\$33.6 million, equivalent to approximately HK\$263.8 million) (subject to adjustment) by way of cash and as to 62.5% (US\$56 million, equivalent to approximately HK\$439.6 million) (subject to adjustment) by way of the allotment and issue of ordinary shares of the Company to the Vendors. 619,154,930 ordinary shares of the Company (“**Consideration Shares**”) issued at HK\$0.71 (“**Reference Price**”), being the consolidated net asset value of the Group as at 30 September 2017 as shown in the 2017 interim report of the Company, worth US\$56 million will be issued to the Vendors upon completion of the acquisition. The 619,154,930

Consideration Shares represent (i) approximately 12.6% of the total issued share capital of the Company as at 14 April 2018; and (ii) approximately 11.2% of the total issued share capital of the Company as enlarged by the Consideration Shares. The cash consideration component is expected to be paid from the internal resources of the Group.

On 3 October 2018, the Vendors and the Company entered into a supplemental agreement to the D&D SPA, pursuant to which the parties agreed, inter alia, to extend the long stop date to 20 December 2018 (or such later date as the Vendors and the Company may agree in writing from time to time) as more time is required for preparation and finalisation of certain information for inclusion in the circular to be despatched to the shareholders of the Company.

This transaction constitutes a major transaction of the Company under the Listing Rules.

For details, please refer to the announcements of the Company dated 15 November 2017, 15 April 2018 and 3 October 2018, respectively.

As at the date of this announcement, the D&D Acquisition was yet to be completed.

Acquisition of Rights Shares in Hao Tian International Construction

On 25 June 2018, Hao Tian International Construction proposed a 1-for-2 rights issue (the “**Rights Issue**”) to raise gross proceeds of HK\$180 million. Hao Tian Management (China) Limited (“**HTM China**”), a wholly-owned subsidiary of the Company, entered (1) an irrevocable undertaking to take up 750 million rights shares, representing its provisional allotment under the Rights Issue; and (2) an underwriting agreement (the “**Underwriting Agreement**”) to take up a maximum of an additional 450 million rights shares if none of the qualifying shareholders of Hao Tian International Construction subscribes for the Rights Issue. The transactions contemplated under the irrevocable undertaking and the underwriting agreement constitute a discloseable transaction of the Company under the Listing Rules.

On 2 August 2018, the Rights Issue was completed and all conditions precedent to the Underwriting Agreement were fulfilled. As a result, the Company’s interests in Hao Tian International Construction increased from 62.5% to 64.79% after taking up the rights shares under the provisional allotment and the Underwriting Agreement.

For details, please refer to the announcements of the Company dated 25 June 2018 and 8 August 2018, respectively.

Acquisition of Notes and Issue of Bonds

On 28 June 2018, the Company entered into an agreement with its controlling shareholder Asia Link Capital Investment Holdings Limited (“**Asia Link**”), pursuant to which the Company agreed to purchase from Asia Link a US\$30 million 8.5% note due 2020 issued by Imperial Pacific, a company listed on the Main Board of the Hong Kong Stock Exchange, for a consideration of US\$27.8 million, which shall be satisfied by issue of US\$27.8 million 4% bonds due 2019 by the Company. The acquisition constitutes a disclosable and connected transaction of the Company under the Listing Rules and was subsequently completed on 11 October 2018 (after reporting period).

For details, please refer to the announcements of the Company dated 28 June 2018 and 11 October 2018 and the circular of the Company dated 6 September 2018, respectively.

SIGNIFICANT LITIGATIONS

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

In connection with the sale and purchase agreement (the “**Menggang Agreement**”) entered into between the Group and 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 (being the payment of the third installment out of the four installments) and any accrued interest, penalty interest and any legal and court costs payable by Shuangxin under the Menggang Agreement. For the details of the claim in relation to the third installment, please refer to the annual report of the Company dated 22 June 2018.

Subsequently, an arbitral award was delivered in favor of the Group on 27 June 2014. The last portion of the third installment in the amount of RMB20 million was settled on 29 June 2018. As at the date of this announcement, the Group has received in aggregate RMB80 million (including the last portion of the third installment in the amount of RMB20 million), being the entire principal amount of the payment of the third installment. The Group is still in the process of recovering the accrued interests, the penalty interests and the legal and court costs awarded to the Group.

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Region Higher People’s Court claiming against the Group for damages in an aggregate amount of RMB102,978,100 (the “**New Civil Claim**”). On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Region Higher People’s Court. On 2 June 2015, the Inner-Mongolia Autonomous Region Higher 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. The Inner-Mongolia Autonomous Region Higher People’s Court commenced the hearing of the New Civil Claim on 13 April 2016 and the court hearing was in general completed in June 2016. As announced by the Company on 11 September 2017, the Group had received the written judgment of the Inner-Mongolia Autonomous Region Higher People’s Court dated 7 July 2017 to the effect that all the claims of Shuangxin under the New Civil Claim against the Group have been dismissed. Subsequently, on 15 September 2017, Shuangxin further appealed to the Supreme People’s Court of the PRC, which appeal has been submitted by the Inner-Mongolia Autonomous Region Higher People’s Court to the Supreme People’s Court. On 4 September 2018, the case was subsequently heard by the Supreme People’s Court. As at the date of this announcement, the case is pending from a judgment by the Supreme People’s Court.

Separately, in June 2016, the Group filed an arbitration claim to CIETAC against Shuangxin for the return of guarantee monies (質保費) of approximately RMB7.9 million which was previously withheld by Shuangxin. The CIETAC hearing took place on 27 September 2017 and the Group had received a written arbitral award of CIETAC dated 18 December 2017 in the Group's favour, to the effect that Shuangxin shall return guarantee monies in the amount of RMB7,375,555.60 and pay costs related the arbitration to the Group (the "**CIETAC Award**"). On 6 February 2018, Shuangxin applied to the Beijing Second Intermediate People's Court to cancel the CIETAC Award. The Beijing Second Intermediate People's Court decided it was appropriate for the matter to be handled by the Beijing Fourth Intermediate People's Court. On 10 August 2018, Shuangxin's application was dismissed by the Beijing Fourth Intermediate People's Court after review. On 16 November 2018, the Group's application for compulsory execution of the CIETAC Award was filed with the Ordos Intermediate People's Court (the "**Ordos Court**"). On 27 November 2018, under the mediation by the Ordos Court, the Group reached an agreement with Shuangxin in relation to the enforcement and settlement of the CIETAC Award (the "**CIETAC Settlement Agreement**"). As of the date of this announcement, the Group is in the process of enforcing the CIETAC Award under the supervision of the Ordos Court pursuant to the CIETAC Settlement Agreement.

Claim against Up Energy Development Group Limited

On 12 August 2016, the Group claimed against Up Energy Mining Limited and Up Energy Development Group Limited (the "**Defendants**") for (i) issuance of the 227.5 million 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 as the purchaser group for the sale and purchase of shares in and assignment of shareholder's loan due from Champ Universe Limited on 12 October 2012 (the "**Up Energy HK Claim**"). Details of the claim are disclosed in the announcements of the Company dated 29 June 2016 and 12 August 2016 and in the Company's annual report dated 22 June 2018.

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. In August 2017, the High Court of Hong Kong recognised the appointment of and granting of powers to the JPLs by the Bermuda court.

At the case management summons for the Up Energy HK Claim 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. The said hearing was subsequently further adjourned to 30 April 2018, and the claim was stayed until 10 November 2017. At the case management summons hearing on 30 April 2018, the court further adjourned the hearing to around mid-September 2018 before a Master to be fixed by the court. This action was subsequently further adjourned *sine die* with liberty to restore by mutual agreement between the parties.

In the capacity of a creditor of Up Energy Development Group Limited, the Group has also been involved in the concurrent winding up application (brought by a third party creditor) of Up Energy Development Group Limited in Hong Kong (the "**Up Energy HK Winding Up**"), the petition hearing of which was first scheduled on 19 March 2018 has been subsequently adjourned to 17 December 2018.

Separately, on 15 August 2017, the Group applied to the Supreme Court of Bermuda for a declaration of the court (the “**Up Energy Bermuda Declaration**”) to the effect that the former directors of Up Energy Development Group Limited have been replaced by directors nominated by the shareholders, by way of a shareholders’ resolution duly passed at an Extraordinary General Meeting of Up Energy Development Group Limited held on 25 April 2017. The Group’s application has subsequently been adjourned until further order of the Court or on parties’ application, pending the concurrent Up Energy HK Winding Up proceeding in Bermuda.

Claim against Liu Jincheng and Xia Heting

On 1 July 2017, Hao Tian Investment (China) Co., Ltd, a wholly-owned subsidiary of the Company, filed a legal action at the Beijing Fourth Intermediate People’s Court claiming against Liu Jincheng and Xia Heting for repayment of the principal amount of the borrowings and the interest thereof in an aggregate amount of approximately RMB40,070,000 as well as other expenses. For details of the claim, please refer to the Company’s annual report dated 22 June 2018. As at the date of this announcement, the case is under review by the Beijing Fourth Intermediate People’s Court.

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 an equipment hire 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. As set out in the Company’s annual report dated 22 June 2018, the judgment in favour of Chim Kee was handed down prior to the period under review.

On 11 July 2017, the customer lodged another claim against Chim Kee claiming for loss and damage of more than HK\$27 million. As set out in the annual report dated 22 June 2018, this case was settled on 27 April 2018 with the customer discontinuing its claims against the Group.

For background details of the above proceedings, please refer to the Company’s annual report dated 22 June 2018. There have been no additional developments on these proceedings since the date of the date of the annual report and the Group considers these proceedings to be finally concluded.

EVENTS AFTER THE PERIOD UNDER REVIEW

Save as disclosed below and under the paragraphs headed “SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS” in this section, there are no significant events subsequent to the period under review which would materially affect the Group’s operating and financial performance as at the date of this announcement.

Disposal of 100% interest in an investment holding company with logistics project in Urumqi

On 9 November 2018, Shan Dian Technology (HK) Company Limited (“**Shan Dian**”) as purchaser, Tenfield Investments Limited (“**Tenfield**”, a direct wholly-owned subsidiary of the Company) as vendor, and Access Profit Global Enterprises Group Limited (“**Access Profit**”) as the target company, entered into a sale and purchase agreement (the “**Access Profit SPA**”) pursuant to which Tenfield conditionally agreed to sell, and Shan Dian conditionally agreed to purchase, 1,000 fully-paid ordinary shares of Access Profit, representing its entire issued share capital, at a consideration of HK\$180 million (the “**Disposal of Access Profit**”). Access Profit, through its subsidiaries, indirectly holds a parcel of land with a total site area of approximately 151,100 sq.m. located in Urumqi of the PRC. The Disposal of Access Profit was completed on 22 November 2018. Upon completion of the Disposal of Access Profit, each of Access Profit and its subsidiaries ceased to be a subsidiary of the Company and the financial results of Access Profit and its subsidiaries will no longer be consolidated into the Group’s financial statements. This disposal constitutes a discloseable transaction of the Company and was completed on 22 November 2018. For details of the Disposal of Access Profit, please refer to the announcements of the Company dated 9 November 2018 and 23 November 2018.

BUSINESS PROSPECTS

With reference to the 2018 Interim Report published by Hong Kong Stock Exchanges and Clearing Limited, in the first half of 2018, following a substantial adjustment to the stock market, the global financial market continued to fluctuate. Investing sentiment was hampered by the uncertainties arising from the intensified trade conflicts between China and the United States, geopolitical risks in multiple regions, and policy divergence among major central banks in interest rate hikes. It is expected that the global market will remain under the gloom of subsisting uncertainties in the second half of the year. The Group will prudently capitalize on the securities trading and investment opportunities to balance investment risks and stabilize existing businesses, while actively identifying new development possibilities.

With the implementation of policies such as Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, as well as the development opportunities arising from the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group remains confident in the development of Hong Kong’s financial market and its existing businesses, including its money lending business, financial service business and securities business. As for the money lending business, in light of the interest rate policy of the Federal Reserve and the Hong Kong Monetary Authority, the Group also made corresponding interest rate adjustments to cope with the business environment where opportunities and challenges coexist, strengthened the risk management of its money lending business and optimized the scale of operations.

Despite the impending withdrawal of the United Kingdom from the European Union, the real properties in London are still attractive to the international investors. The Group has completed the acquisition of 55 Mark Lane, a real property located in London. Currently, the rental income is in line with expectations. The Group is in the process of optimizing the usage of the building structure by way of exploring the possibilities of constructing two to three additional floors to increase the rentable area and therefore the value of the property.

The Group is proceeding with the acquisition of D&D, aiming at expanding its business into the cultural and media sectors. At present, the Group and D&D are negotiating on the cooperation in potential production projects in China to further leverage on the advantages of D&D and introduce excellent international production projects to China and even the larger Asian market.

In addition, the Group is also actively developing a health industry cluster, striving to build up a sizable health industry chain that integrates planting of *Camellia Oleifera*, research and development, production and sales of related products, so as to develop a further revenue source for the Group. In addition to traditional offline promotion and marketing activities, the Group is also proactively developing online sales channels and identifying respective business partners, with an aim to promote the health industry cluster in multiple directions.

The Group believes that, by establishing a diversified business development model, the Group is in a better position to respond to the complex and ever-changing market environment. Keeping abreast of the times, the Group will expand its businesses in a progressive manner while seeking changes amid stable development to seize business opportunities. In the long run, the Group's business prospects are promising.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 emphasise on a quality board of Directors (the "**Board**"), sound internal control, transparency and accountability to all shareholders of the Company.

The Company has applied the principles and complied with all relevant code provisions of the CG Code during the period under review, save and except Code Provisions A.2.1 and A.5.1:

(i) Chairman and Chief Executive Officer

On 30 September 2017, Mr. Gao Shufang resigned as chief executive officer of the Company and the Company has not appointed a new chief executive officer. The Company does 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, which consists of experienced professionals, can collectively discharge the functions of a chairman to achieve effective management of the Board, while the executive Directors along with other members of the senior management of the Company are effective in overseeing the day-to-day executive management of the Group.

(ii) The Nomination Committee is 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.

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors’ securities transaction. The Company has made specific enquiries to all Directors and all Directors confirmed that they have fully complied with the Model Code.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period under review.

GRANT OF GENERAL MANDATE

On 18 September 2018, an ordinary resolution approving the grant of general mandate to issue new shares was duly passed by way of poll in the annual general meeting of the Company (the “**AGM**”). The general mandate granted the directors of the Company the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the issued share capital of the Company as at the date of the AGM.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim financial information of the Group for the period under review. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company’s independent auditor.

PUBLICATION OF INTERIM RESULTS

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

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

Hong Kong, 28 November 2018

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.