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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 2019 together with the comparative figures for the corresponding period for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*3*	**319,513**	330,017
Cost of revenue		**(166,174)**	(184,291)
Gross profit		**153,339**	145,726
Other income	*4*	**27,519**	7,012
Other gains and losses	*5*	**(303,503)**	(384,123)
Administrative expenses		**(219,488)**	(226,642)
Expected credit loss on financial assets		**(2,626)**	–
Share of profit (loss) of associates		**159**	(769)
Share of profit of joint ventures		**5,453**	–
Finance costs	*6*	**(141,430)**	(79,595)
Loss before taxation		**(480,577)**	(538,391)
Taxation credit	*7*	**63,941**	12,621
Loss for the year	*8*	**(416,636)**	(525,770)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Other comprehensive expense:			
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		**(5,718)**	–
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
— fair value changes		**–**	(155,880)
— impairment loss recognised		**–**	1,748
Exchange difference arising on translation of foreign operations		**(4,667)**	20,767
Other comprehensive expense for the year, net of tax		**(10,385)**	(133,365)
Total comprehensive expense for the year		**(427,021)**	(659,135)
Loss for the year attributable to:			
Owners of the Company		**(380,871)**	(444,906)
Non-controlling interests		**(35,765)**	(80,864)
		(416,636)	(525,770)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(388,376)**	(569,116)
Non-controlling interests		**(38,645)**	(90,019)
		(427,021)	(659,135)
Loss per share	*10*		
— Basic and diluted *(HK cents)*		**(7.71)**	(9.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment		**449,684**	540,906
Investment properties		**1,381,320**	–
Prepaid lease payment		**11,239**	33,940
Premium over prepaid lease payment		**–**	125,102
Available-for-sale investments	*11*	**–**	814,059
Financial assets at fair value through profit or loss	*15*	**239,752**	–
Financial assets designated at fair value through other comprehensive income	*11*	**117,525**	–
Goodwill	*12*	**98,914**	98,914
Intangible assets		**174,857**	178,650
Finance lease receivables		**6,901**	9,529
Loan receivables	*14*	**114,689**	195,716
Investments in associates		**78,402**	6
Investments in joint ventures		**165,387**	–
Deferred tax assets	*19*	**52,856**	4,743
Pledged bank deposits		**4,654**	4,627
Deposits for acquisition of property, plant and equipment		**3,657**	2,986
Deposit paid for acquisition of a subsidiary		**–**	137,761
		2,899,837	2,146,939
Current assets			
Inventories		**5,513**	22,876
Trade receivables	*13*	**83,623**	177,157
Other receivables, deposits and prepayments		**18,715**	17,997
Loan receivables	*14*	**440,583**	530,285
Finance lease receivables		**7,104**	6,959
Consideration receivable	*16*	**95,183**	24,980
Corporate note		**254,474**	–
Financial assets at fair value through profit or loss	*15*	**1,404,065**	–
Investments held for trading	*15*	**–**	1,258,246
Tax recoverable		**2,740**	2,278
Prepaid lease payment		**276**	365
Pledged bank deposits		**–**	15,000
Bank balances, trust and segregated accounts		**7,266**	44,998
Bank balances and cash		**267,040**	781,431
		2,586,582	2,882,572
Non-current assets classified as held for sale		**68,086**	–
		2,654,668	2,882,572

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	*17*	**14,869**	76,634
Other payables, deposits received and accruals		**56,407**	54,571
Contract liabilities		**628**	–
Borrowings	*20*	**622,645**	606,580
Secured notes	*18*	**–**	155,840
Obligations under finance leases	*21*	**4,153**	4,340
Financial liabilities at fair value through profit and loss		**185,249**	238,893
Other liability		**–**	114,420
Tax payables		**8,043**	3,533
		891,994	1,254,811
Liabilities directly associated with assets classified as held for sale		**40**	–
		892,034	1,254,811
Net current assets		**1,762,634**	1,627,761
Total assets less current liabilities		**4,662,471**	3,774,700
Non-current liabilities			
Borrowings	*20*	**1,458,258**	247,005
Secured notes	*18*	**350,000**	350,000
Obligations under finance leases	*21*	**5,704**	8,341
Deferred tax liabilities	*19*	**64,542**	105,920
		1,878,504	711,266
Net assets		**2,783,967**	3,063,434
Capital and reserves			
Share capital	*22*	**52,848**	48,980
Reserves		**2,577,956**	2,742,650
Equity attributable to owners of the Company		**2,630,804**	2,791,630
Non-controlling interests		**153,163**	271,804
Total equity		**2,783,967**	3,063,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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, which is incorporated in the British Virgin Islands ("**BVI**"), and the ultimate controlling shareholder is Ms. Li Shao Yu ("**Ms. Li**"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-llll, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Rooms 4917–4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

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

The Group has applied for the first time the following new and revised standards and interpretation ("**new and revised HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning on or after 1 April 2018.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
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
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and revised 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 new and revised 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.

Changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

In the current year, the Group has applied HKFRS 15 for the first time retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations with no material effect on timing and amount of revenues recognised in the consolidated financial statements.

The Group recognises revenue from the following major sources:

- Leasing of construction machineries
- Leasing of investment property
- Lending of money
- Provision of commodities, futures and securities brokerage services
- Provision of various services for construction machineries
- Sales of construction machineries and materials
- Sales of men's and women's apparels

Revenue from leasing of construction machineries and investment property will continue to be accounted for in accordance with HKAS 17 "Leases".

Interest revenue is accounted for under HKFRS 9.

Revenue from provision of various services for construction machineries and provision of commodities, futures and securities brokerage services are recognised at a point in time when the Group completes satisfaction of the relevant performance obligation.

Revenue from sales of construction machineries and materials and sale of men's and women's apparels is recognised when the respective goods have been completed and delivered to the customers which is a point in time when customers have the ability to direct the use of the construction machineries and materials and obtain substantially all of the remaining benefits of the construction machineries and materials.

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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 Group satisfies a performance obligation

Under HKFRS 15, the Group 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.

A performance obligation represents goods and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

The directors of the Company have assessed that the revenue from sales of construction machineries and materials and men's and women's apparels represent only one performance obligation and, accordingly, revenue will be recognised for this performance obligation when control over the corresponding goods is transferred to the customer.

In the opinion of the directors of the Company, the application of HKFRS 15 has no material impact on the amounts recognised in the consolidated financial statements and classification of items in the consolidated statement of financial position.

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement" ("**HKAS 39**").

Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed below.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables, other receivables, finance lease receivables, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

After performing the assessment of expected credit loss on the Group's existing trade receivables, loan receivables, other receivables and finance lease receivables, HK$98,193,000 expected credit loss allowance was recognised by the Group as at 1 April 2018.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Notes	Available-for-sale investments	Financial assets designated at FVTOCI	Investment held for trading/ Financial assets at FVTPL required by HKAS 39/ HKFRS 9	Amortised cost (previously classified as loans receivables)	Deferred tax assets	Financial liabilities at amortised cost	Financial liabilities at FVTPL	Asset revaluation reserve	FVTOCI reserve	Accumulated losses	Non-controlling interests
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018 — HKAS 39		814,059	–	1,258,246	937,643	4,743	1,617,731	238,893	489,312	–	(1,966,732)	271,804
Effect arising from initial application of HKFRS 9:												
Reclassification												
From available-for-sales investments	*(a)*	(814,059)	112,088	701,971	–	–	–	–	–	–	–	–
From asset revaluation reserve	*(a)*	–	–	–	–	–	–	–	(489,312)	–	489,312	–
From accumulated losses	*(a)*	–	–	–	–	–	–	–	–	(220,408)	220,408	–
Remeasurement												
Impairment under ECL model	*(b)*	–	–	–	(98,193)	13,250	–	–	–	–	(65,547)	(19,396)
From cost less impairment to fair value	*(a)*	–	11,155	–	–	–	–	–	–	7,374	–	3,781
Opening balance at 1 April 2018		–	123,243	1,960,217	839,450	17,993	1,617,731	238,893	–	(213,034)	(1,322,559)	256,189

*(a) Available-for-sale investments ("**AFS**")*

From AFS investments to financial assets at FVTPL or financial assets at FVTOCI

At the date of initial application of HKFRS 9, the Group's listed equity investments and unlisted fund of HK$701,971,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The accumulated fair value change of HK$489,312,000 relating to those investments were transferred to accumulated losses as at 1 April 2018.

In respect of unlisted equity investments, which are not held for trading and not expected to be sold in the foreseeable future of HK$112,088,000, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate these investments as at FVTOCI at the date of initial application. The fair value gain of HK$11,155,000 related to these unlisted equity investments previously carried at cost less impairment losses adjusted to financial assets at FVTOCI, FVTOCI reserve and non-controlling interest as at 1 April 2018. In addition, impairment losses previously recognised of HK$220,408,000 were transferred from accumulated losses to FVTOCI reserve as at 1 April 2018.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of loan receivables, other receivables and finance lease receivables, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance of HK$98,193,000 has been recognised against accumulated losses. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets including trade receivables, loan receivables, finance lease receivables and other receivables as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Trade receivables	**Loan receivables**	**Finance lease receivables**	**Other receivables**
At 31 March 2018 — HKAS 39	177,157	726,001	16,488	17,997
Amounts remeasured through opening accumulated losses	(9,024)	(86,988)	(1,600)	(581)
At 1 April 2018 — HKFRS 9	168,133	639,013	14,888	17,416

Except as described above, the application of other amendments to HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 March 2018 *HK$'000* (Audited)	HKFRS 9 *HK$'000*	HKFRS 15 *HK$'000*	1 April 2018 *HK$'000* (Restated)
Non-current Assets				
Available-for-sale investments	814,059	(814,059)	–	–
Financial assets at fair value through profit or loss	–	701,971	–	701,971
Financial assets designated at fair value through other comprehensive income	–	123,243	–	123,243
Loan receivables	195,716	(1,689)	–	194,027
Finance lease receivables	9,529	–	–	9,529
Deferred tax assets	4,743	13,250	–	17,993
Others with no adjustments	1,122,892	–	–	1,122,892
	2,146,939	22,716	–	2,169,655
Current Assets				
Trade receivables	177,157	(9,024)	–	168,133
Other receivables, deposits and prepayments	17,997	(581)	–	17,416
Loan receivables	530,285	(85,299)	–	444,986
Finance lease receivables	6,959	(1,600)	–	5,359
Investments held for trading	1,258,246	(1,258,246)	–	–
Financial assets at fair value through profit or loss	–	1,258,246	–	1,258,246
Tax recoverable	2,278	–	–	2,278
Others with no adjustments	889,650	–	–	889,650
	2,882,572	(96,504)	–	2,786,068
Current Liabilities				
Contract liabilities	–	–	1,951	1,951
Other payables, deposits received and accruals	54,571	–	(1,951)	52,620
Others with no adjustments	1,200,240	–	–	1,200,240
	1,254,811	–	–	1,254,811
Net Current Assets	1,627,761	(96,504)	–	1,531,257
Total Assets less Current Liabilities	3,774,700	(73,788)	–	3,700,912
Capital and Reserves				
Equity attributable to owners of the Company	2,791,630	(58,173)	–	2,733,457
Non-controlling interests	271,804	(15,615)	–	256,189
Total Equity	3,063,434	(73,788)	–	2,989,646
Non-current Liabilities				
Deferred tax liability	105,920	–	–	105,920
Others with no adjustments	605,346	–	–	605,346
	711,266	–	–	711,266
Total Equity and Non-Current Liabilities	3,774,700	(73,788)	–	3,700,912

3. REVENUE AND SEGMENT INFORMATION

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Commission income generated from commodities, futures and securities brokerage	**15,540**	11,524
Revenue generated from retailing of men's and women's apparels	**1,835**	34,618
Other service income generated from construction machinery and sales of construction materials business	**9,540**	11,093
Trading income generated from construction machinery and sales of construction materials business *(Note a)*	**54,760**	47,999
	81,675	105,234
Revenue from other sources		
Rental income generated from leasing of investment property	**66,270**	–
Rental income generated from construction machinery *(Note b)*	**98,109**	106,777
Interest income generated from money lending	**73,459**	118,006
	319,513	330,017

Notes:

(a) Amount represents revenue generated from sales of machinery and spare parts.

(b) Amount represents revenue generated from leasing and sub-leasing of machinery and other service income.

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2019

Segments	**Commodities, futures and securities brokerage** *HK$'000*	**Construction machinery and sales of construction materials** *HK$'000*	**Retailing of men's and women's apparels** *HK$'000*	**Total** *HK$'000*
Type of goods or services				
Sale of machinery and spare parts	–	54,760	–	54,760
Transportation service	–	1,549	–	1,549
Other service income	–	7,991	–	7,991
Dealing and broking services on securities	15,540	–	–	15,540
Men's and women's apparels	–	–	1,835	1,835
	15,540	64,300	1,835	81,675
Geographical markets				
Hong Kong	15,540	63,659	–	79,199
Macau	–	641	–	641
PRC	–	–	1,835	1,835
	15,540	64,300	1,835	81,675
Timing of revenue recognition				
At a point in time	15,540	64,300	1,835	81,675

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	2019 *HK$'000*
Sale of machinery and spare parts	1,951

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of machinery and spare parts

Customers obtain control of the machinery and spare parts when the goods are delivered to and have been accepted. Revenue is thus recognised at a point in time basis upon when the customers accepted the machinery and spare parts. There is generally only one performance obligation.

Transportation service income

Transportation services are generally provided within one day. Revenue of transportation service is recognised at a point in time basis when the customer obtains control of the services. There is generally only one performance obligation.

Other service income

Other service income which generated from repair and maintenance services which are generally provided within one day. Revenue of other service income is recognised at a point in time basis when the customer obtains control of the services. There is generally only one performance obligation.

Commission income generated from commodities, futures and securities brokerage

The performance obligation is satisfied at a point in time when the execution of purchase, sales or other transactions or services by the Group on behalf of its clients at an agreed rate.

Men's and women's apparels

Customers obtain control of the men's and women's apparels when the goods are delivered to and have been accepted. Revenue is thus recognised at a point in time basis upon when the customers accepted the men's and women's apparels. There is generally only one performance obligation.

Summary of revenue and gross proceeds from the sales of financial assets at fair value through profit or loss

	2019	2018
	HK$'000	*HK$'000*
Revenue	**319,513**	330,017
Gross proceed from the sale of financial assets at fair value through profit or loss	**446,151**	574,003
Total	**765,664**	904,020

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

a. Money lending division carried out by Hao Tian Finance Company Limited ("**Hao Tian Finance**"), Hao Tian Credit Company Limited, Hao Tian International Finance Company Limited and KB Leasing 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. 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 ("**Hao Tian Securities**")

d. Construction machinery and sales of construction materials division carried out by Crawler Krane Business Limited and its subsidiaries

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

f. Leasing of investment property carried out by 55 Mark Lane S.À.R.L.

During the year, the trading of futures segment has been ceased.

These operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the board of 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 2019

	Money lending *HK$'000*	Securities investment *HK$'000*	Provision of commodities, futures and securities brokerage services *HK$'000*	Construction machinery and sales of construction materials *HK$'000*	Retailing of men's and women's apparels *HK$'000*	Property leasing *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of financial assets at fair value through profit or loss	–	446,151	–	–	–	–	446,151
Segment revenue	73,459	–	15,540	162,409	1,835	66,270	319,513
Segment results	64,439	(415,558)	(21,628)	(10,049)	(43,426)	107,963	(318,259)
Other income							15,357
Other gains and losses							103,633
Central administration costs							(145,490)
Share of profit of associates							159
Share of profit of joint ventures							5,453
Finance costs							(141,430)
Loss before taxation							(480,577)

For the year ended 31 March 2018

	Money lending *HK$'000*	Securities investment *HK$'000*	Trading of futures *HK$'000*	Commodities, futures and securities brokerage *HK$'000*	Construction machinery and sales of construction materials *HK$'000*	Retailing of men's and women's apparels *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	–	574,003	–	–	–	–	574,003
Segment revenue	118,006	–	–	11,524	165,869	34,618	330,017
Segment results	81,984	(145,149)	(3,793)	(12,168)	(200,701)	(158,516)	(438,343)
Other income							6,626
Other gains and losses							81,353
Central administration costs							(107,663)
Share of result of an associate							(769)
Finance costs							(79,595)
Loss before taxation							(538,391)

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

4. OTHER INCOME

	2019 *HK$'000*	2018 *HK$'000*
Interest earned on bank deposits	**1,883**	1,249
Interest earned on financial assets at amortised cost	**12,254**	–
Government subsidies*	**4,402**	–
Sundry income	**2,531**	4,983
Compensation received from a customer	**5,229**	–
Dividend income from financial asset at FVTOCI/available-for-sale investments	**1,220**	780
	27,519	7,012

* There were no unfulfilled conditions and other contingencies attaching to government subsidies that had been recognised.

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Fair value loss on financial assets at FVTPL/investments held for trading	**(399,903)**	(148,942)
Fair value gain on investment property	**38,742**	–
Fair value gain on financial liabilities at FVTPL	**37,990**	77,679
Gain on disposal of subsidiaries	**57,293**	–
Gain on disposal of property, plant and equipment	**357**	519
Impairment loss on property, plant and equipment	**(30,680)**	(9,100)
Net foreign exchange gain	**1,707**	6,114
Impairment loss on available-for-sale investments	**–**	(1,748)
Impairment loss on interest in an associate	**(9,009)**	–
Loss on early redemption of secured notes	**–**	(700)
Impairment loss on loan and interest receivables	**–**	(511)
Allowance for bad and doubtful debts	**–**	(921)
Reversal of allowance for bad and doubtful debts and receipt of related interest	**–**	12,961
Refund of costs incurred for a litigation	**–**	2,358
Impairment loss on inventories	**–**	(5,582)
Impairment loss on goodwill	**–**	(316,250)
	(303,503)	(384,123)

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expense on borrowings	**141,113**	71,339
Interest expense on other liability	**–**	7,930
Interest expense of obligations under finance leases	**317**	326
	141,430	79,595

7. TAXATION CREDIT

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**7,046**	15,614
Overseas	**5,040**	–
Underprovision (overprovision) in prior years	**214**	(1,416)
	12,300	14,198
Deferred tax *(note 19)*	**(76,241)**	(26,819)
Income tax credit	**(63,941)**	(12,621)

Hong Kong Profits Tax is calculated at the rate of 8.25% on the estimated assessable profit up to HK$2,000,000 and 16.5% on any part of estimated assessable profit over HK$2,000,000 for both years.

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

8. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**2,405**	3,000
Amortisation of prepaid lease payment	**386**	622
Amortisation of premium over prepaid lease payment	**1,360**	2,720
Amortisation of intangible assets	**3,793**	–
Cost of inventories recognised as expenses	**56,273**	47,383
Depreciation of property, plant and equipment	**52,826**	63,535
Impairment loss on property, plant and equipment	**30,680**	9,100
Impairment loss on prepaid lease payment	**5,000**	–
Operating lease rentals in respect of rented premises	**19,647**	24,962
Direct operating expenses arising from investment properties that generated rental income	**33,464**	–
Staff costs:		
Directors' emoluments	**11,618**	10,994
Chief executive's emoluments	**–**	1,221
Other staff costs		
— salaries, bonus and other allowances	**113,633**	117,572
— retirement benefit scheme contributions	**3,431**	3,145
	128,682	132,932

9. 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.

10. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to the owners of the Company)	**(380,871)**	(444,906)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**4,937,061**	4,884,056

For the year ended 31 March 2019 and 2018, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and issue of emolument shares since their assumed exercise or issue would result in a decrease in loss per share.

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

Available-for-sale investments

	2019	2018
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	–	463,977
Unlisted fund investment, at fair value	–	237,994
Unlisted equity securities, at cost	–	405,145
Less: accumulated impairment loss	–	(293,057)
Unlisted equity securities, at cost less accumulated impairment loss	–	112,088
	–	814,059

Financial asset designated at FVTOCI

	2019	2018
	HK$'000	*HK$'000*
Unlisted equity securities	**117,525**	–

12. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
The amount arises on acquisition of:		
(i) Hao Tian International Construction		
— Original amount	**271,670**	271,670
— Impairment loss	**(172,756)**	(172,756)
	98,914	98,914
(ii) Fujian Nuoqi		
— Original amount	**143,494**	143,494
— Impairment loss	**(143,494)**	(143,494)
	–	–
Total carrying amount	**98,914**	98,914

13. OTHER CURRENT FINANCIAL ASSETS

Trade receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from clients arising from		
— construction machinery and sales of construction materials business	**46,585**	86,756
— commodities and futures brokerage	**–**	321
— securities brokerage	**51,126**	41,263
— retailing of men's and women's apparels	**–**	97
— rental income from investment properties	**1,621**	–
Margin and other trade related deposits with brokers and financial institutions arising from		
— commodities brokerage	**–**	2,435
— futures brokerage	**3,005**	1,170
Less: Allowance for impairment	**(18,714)**	(5,161)
Interest receivables in relation to money lending business *(note)*	**–**	50,276
	83,623	177,157

Note: In order to conform the current year's presentation and classification, the interest receivables as at 31 March 2019 is classified under loan receivables. Please refer to Note 14.

As at 31 March 2019, included in the Group's trade receivables were receivables of HK$3,498,000 (2018: HK$14,558,000) denominated in the currency other than the functional currency of the respective group entities.

The Group allows an average credit period of 0–30 days to its trade customers arising from construction machinery and sales of construction materials business and 0–90 days for 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 aging analysis of trade receivables from client arising from construction machinery and sales of construction materials and retailing of men's and women's apparels business, net of allowance for impairment, presented based on invoice dates at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**8,712**	37,852
31–90 days	**13,680**	20,408
91–180 days	**2,403**	8,059
181–365 days	**3,135**	13,496
Over 365 days	**5,981**	1,877
	33,911	81,692

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and aging analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each customer.

Aging of trade receivables from clients arising from construction machinery and sales of construction materials and retailing of men's and women's apparels business which are past due but not impaired:

	2018
	HK$'000
Overdue:	
1–90 days	20,794
91–180 days	10,004
181–365 days	11,447
Over 365 days	1,595
	43,840

Movement in the allowance for bad and doubtful debts

	2019	2018
	HK$'000	*HK$'000*
At the beginning of the year	**5,161**	16,339
Effect of adoption of HKFRS 9	**9,024**	–
	14,185	16,339
Impairment losses recognised	**5,450**	921
Amount written-off as uncollectible	**(921)**	(3,214)
Recovery of bad debts	**–**	(8,885)
At the end of the year	**18,714**	5,161

For those commodities, futures 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, futures and securities brokerage business are required to pledge their investments to the Group for credit facilities for commodities, futures and securities trading.

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

Trade receivables from cash and margin clients arising from the commodities, futures 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, futures and securities dealing business.

Credit is extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and futures and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures, 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 agreements entered with its customers ranges from 1 month to 6 months (2018: 1 month to 6 months).

Upon application of HKFRS 9 on 1 April 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics. The ECL of trade receivables as at 1 April 2018 (upon the application of HKFRS 9) and 31 March 2019 was approximately HK$14,185,000 and HK$18,714,000 respectively based on the counterparties' past repayment history. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies and are adjusted for forward-looking information that is available without undue cost or effort.

14. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Non-current:		
Secured, fixed-rate loan receivables	**116,497**	192,615
Unsecured and guaranteed,fixed-rate loan receivables	**4,000**	3,101
Less: Allowance for impairment	**(5,808)**	–
	114,689	195,716
Current:		
Secured, fixed-rate loan receivables	**219,612**	362,004
Unsecured and guaranteed, fixed-rate loan receivables	**298,032**	168,281
Less: Allowance for impairment	**(77,061)**	–
	440,583	530,285
	555,272	726,001

Note: The loan receivables are secured by properties and equity securities held by the borrowers.

Movements on the Group's impairment of loans receivable are as follows:

	Stage 1	Stage 2	Stage 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2018 as originally presented	–	–	–	–
Impact of adopting HKFRS 9	13,610	–	73,378	86,988
Balance at 1 April 2018 as restated	13,610	–	73,378	86,988
New loans originated/over-provision written back	10,693	536	(15,348)	(4,119)
Balance at 31 March 2019	24,303	536	58,030	82,869

In general, loans receivable are considered as default when the loans receivable or its related installments are overdue by over 90 days. As at 31 March 2019, loans receivable of HK$58,030,000 was default under lifetime ECL and a over-provision of HK$15,348,000 was written back.

For loans that are not credit-impaired without significant increase in credit risk since initial recognition "**Stage 1**" , ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified ("**Stage 2**") but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. In general, when loans receivable or its related installments are overdue by 30 days, there are significant increase in credit risk. During the year ended 31 March 2019, total provision of HK$11,229,000 under Stage 1 and Stage 2 was released and over-provision of HK$15,348,000 was written-back to the consolidated statement of comprehensive income based on assessment from ECL model.

15. INVESTMENTS HELD FOR TRADING AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**–**	1,258,195
Derivatives listed outside Hong Kong, at fair value	**–**	51
	–	1,258,246

	2019	2018
	HK$'000	*HK$'000*
Financial asset at FVTPL		
Non-Current:		
Equity securities listed in Hong Kong, at fair value	**239,752**	–
Current:		
Equity securities listed in Hong Kong, at fair value	**1,253,025**	–
Unlisted fund, at fair value	**151,040**	–
	1,404,065	–
	1,643,817	–

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

As at 31 March 2019, included in the Group's financial asset at FVTPL, carrying amount of HK$869,102,000 (2018: HK$628,580,000), nil (2018: HK$418,740,000) and HK$479,443,000 (2018: HK$204,800,000) (the "**Pledged Shares**") are pledged to secure banking facilities of HK$330,000,000 (2018: HK$621,604,000) with a term of nine months, the secured notes and securities margin loan respectively. The Pledged Shares as security will be released upon the full repayment of the loans.

16. CONSIDERATION RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Consideration receivable in respect of:		
Menggang Group Disposal	**–**	24,980
Disposal of Access Profit	**96,000**	–
Less: Allowance for impairment	**(817)**	–
	95,183	24,980

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, 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 installments: 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, 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.

However, the Purchaser failed to settle the balance of the Total Consideration. After a number of arbitration claims and civil court proceedings, the Group obtained arbitral award and judgements against the counterparty to the Menggang Group Disposal and all unsettled consideration was received by the Group during the year ended 31 March 2019.

On 22 November 2018, the Group have completed the disposal of the entire issued share capital of Access Profit Global Enterprises Group Limited ("**Access Profit**"), an investment holding company with logistics project in Urumqi. The total consideration of the transaction is HK$180,000,000. As at 31 March 2019, an aggregate of HK$84,000,000 has been received by the Group and the remaining unsettled consideration was HK$96,000,000. Subsequent to 31 March 2019 and up to the date of this announcement, the aggregate additional HK$40,000,000 has been settled and the remaining unsettled consideration was HK$56,000,000. The entire issued share capital of Access Profit has been charged to the Group to secure the payment obligation.

17. OTHER CURRENT FINANCIAL LIABILITIES

Trade payables

	2019	2018
	HK$'000	*HK$'000*
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**7,971**	11,754
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**116**	42,092
Trade payables arising from construction machinery and sales of construction materials	**5,922**	21,980
Trade payables arising from men's and women's apparel	**860**	808
	14,869	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 apparel principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 0–45 days.

An aging analysis of the Group's trade payables arising from construction machinery and sales of construction materials 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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**1,581**	17,188
31–60 days	**1,724**	2,698
61–180 days	**2,058**	1,987
181–365 days	**151**	769
Over 365 days	**1,268**	146
	6,782	22,788

18. SECURED NOTES

	2019	2018
	HK$'000	*HK$'000*
Current:		
— SN1 Notes *(note a)*	**–**	155,840
Non-current:		
— SN2 Notes *(note b)*	**350,000**	350,000
	350,000	505,840

Notes:

(a) On 10 October 2017, the Group entered into a subscription agreement (the "**SN1 Subscription Agreement**") with an independent third party (the "**SN1 Subscriber**"). Pursuant to the SN1 Subscription Agreement, the Group agreed to issue and the SN1 Subscriber agreed to subscribe for notes (the "**SN1 Notes**") in the aggregate principal amount of up to US$20,000,000 (or approximately HK$155,840,000). The maturity date of the SN1 Notes is one year after the issue date. The SN1 Notes bears fixed coupon rate at 8% per annum. As at 31 March 2018, the SN1 Notes is secured by certain of the Group's investments held for trading and available-for-sale investments with fair value of HK$418,740,000 and HK$58,878,000 respectively. The SN1 Notes was repaid on 8 October 2018.

The SN1 Notes is classified as financial liabilities at amortised cost under HKFRS 9 and HKAS 39 as at 31 March 2019 and 2018 respectively. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities at amortised cost at the date of initial application 1 April 2018.

(b) On 10 January 2018, the Group entered into a subscription agreement (the "**SN2 Subscription Agreement**") with an independent third party (the "**SN2 Subscriber**"). Pursuant to the SN2 Subscription Agreement, the Group agreed to issue and the SN2 Subscriber agreed to subscribe for notes (the "**SN2 Notes**") in the aggregate principal amount of up to HK$350,000,000. The maturity date of the SN2 Notes is five years after the issue date without repayable on demand clause. The SN2 Notes bears fixed coupon rate at 9.75% per annum. As at 31 March 2019 and 2018, the SN2 Notes is secured by the entire issued share capital of a subsidiary of the Company.

Pursuant to the terms of SN2 Subscription Agreement, the Group may redeem the SN2 Notes within five years from the issue date. The redemption amount of the SN2 Notes will be: i) 103% of the principal amount if the redemption is made on the date falling the first anniversary of the issue date; ii) 106.35% of the principal amount if the redemption is made on the date falling the second anniversary of the issue date; iii) 110.15% of the principal amount if the redemption is made on the date falling the third anniversary of the issue date; iv) 114.35% of the principal amount if the redemption is made on the date falling the fourth anniversary of the issue date; and v) 119.1% of the principal amount if the redemption is made on the date falling the fifth anniversary of the issue date.

The effective interest rate of SN2 Notes is 12.68% per annum.

The SN2 Notes is classified as financial liabilities at amortised cost under HKFRS 9 and HKAS 39 as at 31 March 2019 and 2018 respectively. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities at amortised cost at the date of initial application 1 April 2018.

19. 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/ financial assets at fair value through profit or loss	Fair value adjustment on property, plant and equipment and intangible assets on acquisition of subsidiaries	Impairment losses of financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	(30,781)	6,364	(51,025)	(52,554)	–	(127,996)
Credit (charge) to profit or loss	2,023	(1,586)	21,253	5,129	–	26,819
At 31 March 2018	(28,758)	4,778	(29,772)	(47,425)	–	(101,177)
Effect of adoption of HKFRS 9	–	–	–	–	13,250	13,250
At 1 April 2018 (restated)	(28,758)	4,778	(29,772)	(47,425)	13,250	(87,927)
Credit (charge) to profit or loss	2,106	(865)	65,465	9,535	–	76,241
At 31 March 2019	(26,652)	3,913	35,693	(37,890)	13,250	(11,686)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**52,856**	4,743
Deferred tax liabilities	**(64,542)**	(105,920)
	(11,686)	(101,177)

20. BORROWINGS

	2019 *HK$'000*	2018 *HK$'000*
Bank loans — secured	**361,201**	394,355
Corporate bonds and notes — unsecured	**155,000**	162,550
Securities margin loans — secured	**168,993**	148,000
Other borrowings — secured	**1,325,709**	108,680
Other borrowings — unsecured	**70,000**	40,000
	2,080,903	853,585
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**622,645**	547,685
More than one year but not exceeding two years	**473,058**	57,355
More than two years but not exceeding five years	**187,439**	244,776
More than five years	**797,761**	3,769
	2,080,903	853,585
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	**331,087**	508,163
More than one year but not exceeding two years	**9,854**	18,220
More than two years but not exceeding five years	**18,170**	36,906
More than five years	**3,789**	3,769
	362,900	567,058
— carrying amounts due within one year without repayable on demand clause	**259,745**	39,522
	622,645	606,580
Amounts shown under non-current liabilities	**1,458,258**	247,005

21. OBLIGATIONS UNDER FINANCE LEASES

	2019	2018
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**4,153**	4,340
Non-current liabilities	**5,704**	8,341
	9,857	12,681

22. SHARE CAPITAL

	Nominal value per share	**Number of shares**	**Share capital**
	HK$		*HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2017, 31 March 2018 and 31 March 2019	0.01	50,000,000,000	500,000
Issued and fully paid:			
At 1 April 2017	0.01	4,186,167,450	41,862
Issue of shares by bonus issue	0.01	697,694,575	6,976
Issue of emolument shares	0.01	14,175,779	142
At 31 March 2018	0.01	4,898,037,804	48,980
Issue of consideration shares	0.01	372,585,332	3,726
Issue of emolument shares	0.01	14,175,779	142
At 31 March 2019	0.01	5,284,798,915	52,848

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$73.5 million (2018: approximately HK$118.0 million), representing a decrease of approximately 37.7% as compared with last year. The main business of this segment includes provision of property mortgage loans and personal loans to customers in Hong Kong. As at 31 March 2019, the outstanding loan receivables of the money lending business of the Group (net of impairment) was approximately HK$555.3 million (2018: approximately HK$726.0 million).

Securities Investment Business (financial assets at fair value through profit or loss)

During the year, the net realised gains from disposal of financial assets at fair value through profit or loss was approximately HK$2.7 million (2018: net realized gain from investments held for trading of approximately HK$9.7 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$402.6 million (2018: unrealized fair value loss on investments held for trading of approximately HK$154.8 million and loss/gain on available-for-sales investment of approximately HK$154.1 million).

As at 31 March 2019, 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$1,643.8 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). 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 31 March 2019	Percentage of shareholdings at 31 March 2019	Carrying amount at 31 March 2018 *HK$'000*	Unrealised fair value (loss)/gain for the year ended 31 March 2019 *HK$'000*	Fair value at 31 March 2019 *HK$'000*	Percentage of total financial assets at fair value through profit or loss at 31 March 2019	Percentage of total assets of the Group at 31 March 2019
China Shandong Hi-speed Financial Group Limited (412)	3,835,879,650	15.69%	1,051,067	(96,519)	1,093,226	66.51%	19.68%
Carnival Group International Holdings Limited (996)	90,610,000	0.38%	32,619	(28,360)	4,259	0.26%	0.08%
Imperial Pacific International Holdings Limited (1076)	4,363,360,000	3.05%	427,610	(174,535)	253,075	15.40%	4.56%
Far East Holdings International Limited (36)	4,983,000	0.46%	3,837	(1,819)	2,018	0.12%	0.04%
Beijing Properties (Holdings) Limited (925)	8,140,000	0.12%	2,239	(253)	1,986	0.12%	0.04%
Up Energy Development Group Limited (307)	371,500,000	8.19%	–	–	–	–	–
Great Harvest Maeta Group Holdings Limited (3683)	22,985,000	2.41%	–	(7,708)	40,683	2.47%	0.73%
Kingston Financial Group Limited (1031)	3,374,000	0.02%	–	203	6,546	0.40%	0.12%
CC Land Holdings Limited (1224)	3,331,000	0.09%	–	55	6,062	0.37%	0.11%
China Animation Characters Company Limited (1566)	32,601,000	1.94%	–	(5,680)	78,568	4.78%	1.41%
Miricor Enterprises Holdings Limited (1827)	3,965,000	0.17%	–	(1,044)	6,384	0.39%	0.11%
Haitong Dynamic Multi-Tranche Investment Fund I S.P. of Haitong Global Investment SPC III	N/A	N/A	237,994	(86,984)	151,010	9.19%	2.72%
Disposal securities	N/A	N/A	204,800	–	–	–	–
			1,960,166	(402,644)	1,643,817	100%	29.59%

As investment in equity securities accounts for a significant portion of the Group's total assets, the management will closely monitor the investment portfolio and capture opportunities arising from investments in financial assets at fair value through profit or loss in a prudent manner and balance investment risks.

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

During the year, there was no disposal of financial assets at fair value through other comprehensive income (2018: realised loss of available-for-sale investments of approximately HK$1.7 million). As at 31 March 2019, 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$117.5 million (31 March 2018: available-for-sale investment of approximately HK$123.2 million upon adoption of HKFRS 9). Such value comprised of securities of unlisted securities investments set out as follows:

	Percentage of shareholdings at 31 March 2019	Carrying amount at 31 March 2018	Carrying amount at 1 April 2018*	Unrealised fair value (loss)/ gain and (impairment loss) for the period ended 31 March 2019	Carrying amount at 31 March 2019	Percentage of total financial assets at fair value through other comprehensive income at 31 March 2019	Percentage of total assets of the Group at 31 March 2019
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		
Company Name							
Goodwill International (Holdings) Limited	7.54%	45,160	45,160	(8,214)	36,946	31.44%	0.67%
Co-lead Holdings Limited	1.44%	25,018	40,271	1,229	41,500	35.31%	0.75%
Others — unlisted *(Note)*	N/A	41,910	37,812	1,267	39,079	33.25%	0.70%
		112,088	123,243	(5,718)	117,525	100%	2.12%

* *Effect arising from application of HKFRS 9*

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

Rental of a mixed-use property in the United Kingdom

Upon completion of the acquisition of a company holding a mixed-use property located at 55 Mark Lane, London, the United Kingdom, on 12 April 2018, contributed a revenue of approximately HK$66.3 million and a fair value gain on investment property of approximately HK$38.7 million, contributing to a net gain of approximately HK$108.0 million during the year.

Construction machinery business

During the year, the construction machinery and sales of construction materials contributed revenue of approximately HK$162.4 million (2018: approximately HK$165.9 million) and a segment loss of approximately HK$10.0 million (2018: approximately HK$200.7 million). There was a goodwill impairment loss of approximately HK$172.8 million, in respect of the goodwill allocated to Hao Tian International Construction Investment Group Limited ("**Hao Tian International Construction**") at the date of acquisition, recorded in last year. There was an operating loss of approximately HK$10.0 million (2018: approximately HK$27.9 million) from the construction machinery and sales of construction materials during the year.

Commodities, futures and securities brokerage business

During the year, commodities, futures and securities brokerage segment contributed revenue of approximately HK$15.5 million (2018: approximately HK$11.5 million) and a segment loss of approximately HK$21.6 million (2018: approximately HK$12.2 million). The growth of segment revenue was mainly attributable to the brokerage service provided for the subscription of shares at initial public offerings.

Retailing of men's and women's apparels business

During the year, Fujian Nuoqi Co., Ltd. (stock code: 1353) ("**Fujian Nuoqi**") contributed revenue of approximately HK$1.8 million (2018: approximately HK$34.6 million) and a segment loss of approximately HK$43.4 million (2018: approximately HK$158.5 million). The decrease in revenue was mainly due to intense market competition in the apparel industry in the PRC. There was a goodwill impairment loss of approximately HK$143.5 million, in respect of the goodwill allocated to Fujian Nuoqi at the date of acquisition, recorded in last year. There was an operating loss of approximately HK$43.4 million from Fujian Nuoqi during the year.

FINANCIAL REVIEW

The Group had incurred a loss attributable to the owners of the Company of approximately HK$380.9 million for the year ended 31 March 2019 (2018: loss of approximately HK$444.9 million). Such loss was mainly attributable to the fair value loss on financial assets at fair value through profit or loss ("**FVTPL**")/investment held for trading of approximately HK$399.9 million (2018: loss of approximately HK$148.9 million). The decrease in loss attributable to owners of the Company was due to profit generated from the money lending business and the rental business of a mixed-use property in the United Kingdom, and there was no impairment loss on goodwill for the year ended 31 March 2019. There was impairment loss on goodwill of approximately HK$316.3 million in last year.

Interest income from money lending business amounted to approximately HK$73.5 million (2018: approximately HK$118.0 million). The decrease was mainly attributable to the decrease in personal loan business, and was 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 year.

The Group recorded losses in other gains and losses of approximately HK$303.5 million for the year ended 31 March 2019 (2018: approximately HK$384.1 million). Such loss was mainly attributable to the fair value loss on financial assets at FVTPL of approximately HK$399.9 million (2018: loss of approximately HK$148.9 million). Such impact was partially offset by the fair value gain on the property located at 55 Mark Lane, London, the United Kingdom of approximately HK$38.7 million.

Administrative Expenses

During the year, the administrative expenses were approximately HK$219.5 million (2018: approximately HK$226.6 million), representing a decrease of approximately HK$7.1 million or 3.1% as compared with last year. The decrease was mainly due to the decrease in legal and professional expenses and rental expenses incurred during the year.

Finance Costs

During the year, the finance costs were approximately HK$141.4 million (2018: approximately HK$79.6 million), representing an increase of approximately HK$61.8 million or 77.6% as compared with last year. The increase was mainly attributable to the increase in borrowings to finance the acquisition of the property located at 55 Mark Lane, London, the United Kingdom during the year.

Taxation

During the year, the net income tax credit was approximately HK$63.9 million (2018: approximately HK$12.6 million). The net income tax credit was generally in line with the existence of fair value loss on financial assets of FVTPL incurred during the year.

Loss Attributable to Owners of the Company

During the year, the Group recorded a loss attributable to owners of the Company of approximately HK$380.9 million (2018: approximately HK$444.9 million) which was attributable to the factors mentioned above.

Liquidity, Capital Structure and Financial Resources

The Group mainly financed its operations from a combination of operating cash flows, borrowings and equity. As at 31 March 2019, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$271.7 million (31 March 2018: approximately HK$801.1 million). The Group's working capital increased to approximately HK$1,762.6 million (31 March 2018: approximately HK$1,627.8 million).

As at 31 March 2019, the Group had outstanding borrowings (including secured notes and obligations under finance leases) of approximately HK$2,440.8 million (31 March 2018: approximately HK$1,372.1 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 financial assets at fair value through profit or loss of approximately HK$1,348.5 million; (ii) certain bank deposits held by the Group; (iii) certain leasehold land and building; and (iv) certain machinery and motor vehicles.

Gearing ratio (being the ratio of total borrowings, including secured notes and obligations under finance leases, to total assets) as at 31 March 2019 was 43.9% (31 March 2018: 27.3%). The increase in gearing ratio was mainly attributable to the acquisition of the property located at 55 Mark Lane, London, the United Kingdom during the year.

Capital Commitments

As at 31 March 2019, the Group had capital commitments which amounted to approximately HK$19.3 million (31 March 2018: approximately HK$1,435.1 million). As at 31 March 2019, the capital commitments in respect of addition of property, plant and equipment were mainly related to the purchase of construction machinery for rental purpose.

Contingent liabilities

As at 31 March 2019, the Group provided performance guarantee amounting to approximately HK$10.2 million (31 March 2018: corporate guarantee and performance guarantee amounting to approximately HK$0.3 million and approximately HK$11.2 million respectively) to banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers respectively. Pursuant to the guarantees, the Group would be liable to pay the banks if the banks are unable to recover the outstanding amounts under these finance leases from these customers or the Group failed to perform relevant obligations to these customers. As at 31 March 2019 and 2018, no provision for the Group's obligation under the guarantee had been made as the Directors considered that it was not probable that the repayment of the finance lease would be in default and it was not probable that a claim will be made against the Group.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2019.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other income are mainly denominated 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, 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 arise.

Employee Information

As at 31 March 2019, the Group had a total of approximately 227 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 employees 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 is set out in the notes to the consolidated financial statements of the Company. Details of the share award scheme are set out in the announcement of the Company dated 27 September 2013.

EQUITY FUND RAISING ACTIVITY IN THE PAST TWO YEARS

The Group carried out a number of equity fund raising activities in the past two years. The details of equity fund raising activities and the actual use of proceeds are as follows:

Date of announcement	Event	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 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 PRC, Singapore, Vietnam and the United Kingdom by Hao Tian International Construction; and for the general working capital of the Hao Tian International Construction. In view of recent business development strategies and investment opportunities, Hao Tian International Construction amended the intended use of proceeds to satisfy part of the consideration payable under the HTIFH Disposal (details of which are set out in the paragraph headed "Disposal of Hao Tian International Financial Holdings" below).	The net proceeds of approximately HK$121.4 million has been utilised. Of this, approximately HK$12.2 million was utilised as intended for general working capital purposes and approximately HK$109.2 million was utilised in respect of the HTIFH Disposal.

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
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$160.2 million has been utilised. Of this, approximately HK$17.8 million was utilised as intended for general working capital purposes and approximately HK$142.4 million was utilised for money lending business. As of the date of this announcement, approximately HK$17.8 million of the proceeds has not yet been utilized.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL

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. The acquisition has been completed and the Company's indirect interests in Hao Tian Finance have been increased from 75.2% to 83.5%.

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.A R.L., a company incorporated under the laws of the Grand Duchy of 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 at a consideration of £128 million (equivalent to approximately HK$1,429 million). This transaction constitutes a major transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (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.

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 consideration for the HTIFH Disposal of HK$50 million shall be settled by way of 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 consideration for the HTIFH Disposal shall be reduced from HK$200 million to HK$180 million and shall be satisfied wholly 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 be irrevocably waived and discharged. The HTIFH Disposal has been completed on 13 December 2018. Upon completion of the HTIFH Disposal, Hao Tian International Financial Holdings has become an indirect wholly-owned subsidiary of Hao Tian International Construction and an indirect non-wholly owned subsidiary of the Company. 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.

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 into (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 Shares under 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 International Holdings Limited, a company listed on the Main Board of the 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.

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.

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. 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.

Proposed Nuoqi Transaction

On 6 November 2017, Fujian Nuoqi, Zhong Hong Holdings Group Limited, a company incorporated in the Cayman Islands ("**Zhong Hong**") and Mr. Hu Yulin entered into a sale and purchase agreement, pursuant to which Fujian Nuoqi has conditionally agreed to acquire, and Zhong Hong has conditionally agreed to sell, the entire issued share capital in Zhong Hong International Limited (the "**Target Company**"), a company incorporated in the British Virgin Islands (the "**Proposed Nuoqi Transaction**"). The consideration payable by Fujian Nuoqi shall be HK$1,053,024,128 and shall be satisfied by Fujian Nuoqi by allotment and issue to Zhong Hong of 1,541,878,659 new H Shares (the "**Consideration Shares**"), credited as fully paid, at an issue price of HK$0.6829 per Consideration Share.

Assuming the Consideration Shares are fully issued, the shareholding interest of the Company in Fujian Nuoqi will be diluted from 59.93% to 17.00% and the Proposed Nuoqi Transaction will constitute a deemed disposal of the Company under the Listing Rules.

The Proposed Nuoqi Transaction is also subject to a number of conditions precedent, including, in particular:

(a) the grant of approval by the Stock Exchange to the resumption proposal and the resumption of trading in the H Shares of Fujian Nuoqi;

(b) the Chinese Securities Regulatory Commission granting the approval(s) necessary for the issue and allotment of the Consideration Shares; and

(c) the Executive of the Securities and Futures Commission granting a waiver to Zhong Hong to the effect that neither Zhong Hong nor any party acting in concert (as defined in the Code on Takeovers and Mergers) (the "**Takeovers Code**") with it will be obliged to make a general offer for the shares of Fujian Nuoqi under the Takeovers Code as a result of the allotment and issue of the Consideration Shares to Zhong Hong.

The Proposed Nuoqi Transaction was yet to be completed up to the date of this announcement.

Acquisition of Grand Peaceful Global Limited ("Grand Peaceful")

On 13 February 2019, Hao Tian Media & Culture Company Limited ("**Hao Tian Media**"), a wholly-owned subsidiary of the Company, as the purchaser entered into a sale and purchase agreement with China Animation Holdings (BVI) Limited ("**China Animation Holdings**"), as vendor, pursuant to which China Animation Holdings has agreed to sell, and Hao Tian Media has agreed to purchase, 10,290,000 shares (the "**Grand Peaceful Sale Shares**") of Grand Peaceful representing 49% of the entire issued share capital of Grand Peaceful, for an aggregate consideration of HK$80,776,500, which shall be satisfied by way of issue and allotment of 372,585,332 shares in the capital of the Company (the "**Grand Peaceful Consideration Shares**") at an issue price of HK$0.2168 per Grand Peaceful Consideration Share. Grand Peaceful is a limited company incorporated in the British Virgin Islands and principally engaged in multimedia animation entertainment business. It holds the intellectual property rights of certain cartoon figures (the "**Acquisition of Grand Peaceful**"). The Acquisition of Grand Peaceful constitutes a discloseable transaction of the Company and was completed on 22 February 2019. Upon completion of the Acquisition of Grand Peaceful, the Grand Peaceful Sale Shares were transferred to Hao Tian Media and the Grand Peaceful Consideration Shares were issued and allotted to China Animation Holdings. For details of the Acquisition of Grand Peaceful, please refer to the announcements of the Company dated 13 February 2019 and 22 February 2019.

Subscription of participating redeemable shares in Riverwood China Growth Fund

On 5 March 2019, Glory Century Limited, an indirect wholly-owned subsidiary of Hao Tian International Construction, placed an order with Millennium Fund Services (Asia) Limited (as administrator), pursuant to which Global Century Limited shall subscribe for 319,325.73 participating redeemable shares in Riverwood China Growth Fund in the subscription amount of approximately US$20,000,000, which was satisfied by way of transferring 588,680,000 shares in China Shandong Hi-Speed Financial Group Limited ("**CSFG**") to the Fund. The transaction constitutes a discloseable transaction of the Company under the Listing Rules. Completion of the subscription took place on 6 March 2019 where upon 588,680,000 shares in CSFG were transferred to the Fund. For details of the transaction, please refer to the announcement of the Company dated 5 March 2019.

Lapse of proposed acquisition of Done and Dusted Productions Limited

On 14 April 2018, the Company entered into a sale and purchase agreement in respect of the entire issued share capital of Done and Dusted Productions Limited, the group of companies of which was principally engaged in, inter alia, the business of global television and events production. The proposed transaction constituted a major transaction of the Company under the Listing Rules. As certain conditions precedent have not been satisfied, the sale and purchase agreement has lapsed on 20 December 2018. For details of the proposed transaction and the lapse of the transaction, please refer to the announcements of the Company dated 15 April 2018 and 20 December 2018.

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 2019.

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 Listing Rules 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 2019.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

BUSINESS PROSPECTS

The China-US trade frictions intensified the risk factors affecting the pace of global economic recovery and the financial markets has been experiencing huge volatilities amid rising protectionism. Hong Kong economy is facing increasingly downward pressure in 2019, but there are some positive factors such as strong labor market, proactive fiscal policy implemented by the government and advantages of ever-deepening economic integration with the Mainland China that will continue to support the economic performance ahead. Therefore, the Company is optimistic about the local property market and expects a stable growth in our mortgage loan business. The Group will continue to adopt a cautious approach when granting loans and will increase the proportion of first mortgage loans and second mortgage loans. Whilst the Group strives to sustain its business growth, the management will continue to run the business in a prudent manner through enhancing risk control to cope with the possible economic fluctuations.

Capitalising on Hong Kong's role as a leading financial center for fund raising and asset management, the increasing connectivity of stock and bond with the Mainland China as well as fast-paced development of financial technology as new growth drivers, the Group is prepared to take an active part in new business opportunities in financial services and will also actively explore the possibility of developing digital assets management and related services.

It is our intention to increase our presence in the financial market in Hong Kong and Mainland China by either organic growth or working with reputable partners.

We started the first fund with Riverwood Asset Management (Cayman) Limited with a total assets under management ("**AUM**") of USD40,000,000 during the year. It combined the strength of Atlantis Investment Management Limited and the Company to tap the opportunities arising from the new preferential policies for The Greater Bay Area announced on 18 February 2019. We have confidence to grow the AUM further to USD100,000,000 in FY2020, in which the fee income will contribute to our asset management business in FY2020. In the future, we will set up different kind of funds in different asset class ranging from equities, fixed income, initial public offering, property and project financing, etc. We strive for the success of our client's investments by creating tailored-made solutions for clients through our expertise of investment capabilities.

Also, the Group will set up a new business in FY2020, that is, family office business, to serve wealthy families, mainly from Mainland China. We see a strong demand to have offshore asset allocation to HKD or USD assets. That created the market opportunities for our new business to serve high net worth wealthy families.

During the year, we acquired 35% of an asset management fund capitalizing on economic development and resources in Yan'an, the PRC with objectives to promote innovative industrial integrations and provide high quality investment services to the country (the "**Yanan Asset Fund**"). Yanan Asset Fund is a state-level development fund approved by the National Development and Reform Commission, which mainly invests in sub-funds for projects in relation to energy and chemical engineering, clean energy, construction of infrastructure, green energy, patriotic tourism and industrial poverty alleviation projects in Yan'an. In FY2020, we will work with local partners in Yan'an, Shaanxi Province of the PRC, to develop the private equity businesses.

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, the United Kingdom. Currently, the rental income is in line with our 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.

We will continue to look for merger and acquisition opportunities in Hong Kong, Mainland China and South East Asia that may strengthen our position in the area of financial services. We are also preparing an innovative fin-tech platform that will better serve our customers in a more efficient way.

We are excited what will happen in FY2020 and will work diligently with the team to create value for shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

ANNUAL GENERAL MEETING

The notice of the 2019 annual general meeting of the Company will be published on the websites of the Company and the Stock Exchange 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 Company has applied the principles and complied with all relevant code provisions of the CG Code during the year ended 31 March 2019, save and except Code Provisions A.2.1 and A.5.1:

(i) The CG Code recognizes the importance of the management of the Board and the day-to-day management of the business. The Company has not appointed the chairman and the Board provides leadership for the Company. Having considered the business operation of the Group at the material time, it is believed that the Board, which consists of experienced professionals, can function effectively as a whole, while the Executive Directors along with other members of senior management of the Company are effective in overseeing the day-to-day management of the Group under the strong corporate governance structure in place.

(ii) The Nomination Committee is chaired by an executive Director and comprises a majority of the Independent Non-executive Director. 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 BDO LIMITED

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 2019 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on this 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 this announcement of the Company for the year ended 31 March 2019.

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 THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.haotianhk.com) and the Stock Exchange (www.hkex.com.hk). The 2018/19 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, 10 June 2019

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.