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 2020

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 2020 (the "**Year**") together with the comparative figures for the corresponding period for the year ended 31 March 2019 (the "**Previous Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*3*	**295,645**	319,513
Cost of revenue		**(129,048)**	(166,174)
Gross profit		**166,597**	153,339
Other income	*4*	**90,432**	27,519
Other gains and losses	*5*	**67,280**	(303,503)
Administrative expenses		**(188,524)**	(219,488)
Expected credit loss on financial assets		**(270,874)**	(2,626)
Share of profit of associates		**9,536**	159
Share of profit of joint ventures		**41,554**	5,453
Finance costs	*6*	**(183,229)**	(141,430)
Loss before taxation		**(267,228)**	(480,577)
Taxation (expense)/credit	*7*	**(10,515)**	63,941
Loss for the year	*8*	**(277,743)**	(416,636)

	Notes	**2020** *HK$'000*	2019 *HK$'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		**(6,916)**	(5,718)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(44,203)**	(4,667)
Other comprehensive expense for the year, net of tax		**(51,119)**	(10,385)
Total comprehensive expense for the year		**(328,862)**	(427,021)
Loss for the year attributable to:			
Owners of the Company		**(283,718)**	(380,871)
Non-controlling interests		**5,975**	(35,765)
		(277,743)	(416,636)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(335,464)**	(388,376)
Non-controlling interests		**6,602**	(38,645)
		(328,862)	(427,021)
Loss per share	*10*		
— Basic and diluted *(HK cents)*		**(4.91)**	(7.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**410,656**	449,684
Investment properties		**1,431,696**	1,381,320
Prepaid lease payment		**–**	11,239
Financial assets at fair value through profit or loss		**174,666**	239,752
Financial assets designated at fair value through other comprehensive income		**351,618**	117,525
Goodwill	*11*	**12,557**	98,914
Intangible assets		**173,357**	174,857
Finance lease receivables		**3,484**	6,901
Loan receivables	*13*	**88,684**	114,689
Corporate notes		**144,001**	–
Investments in associates		**93,945**	78,402
Investments in joint ventures		**451,417**	165,387
Deferred tax assets	*16*	**56,448**	52,856
Pledged bank deposits		**5,000**	4,654
Other non-current assets		**1,345**	–
Deposits for acquisition of property, plant and equipment		**407**	3,657
		3,399,281	2,899,837
Current assets			
Inventories		**89,273**	5,513
Trade receivables	*12*	**60,809**	83,623
Other receivables, deposits and prepayments		**51,256**	18,715
Loan receivables	*13*	**697,828**	440,583
Finance lease receivables		**3,626**	7,104
Consideration receivable		**–**	95,183
Corporate notes		**130,473**	254,474
Financial assets at fair value through profit or loss		**199,294**	1,404,065
Tax recoverable		**–**	2,740
Prepaid lease payment		**–**	276
Bank balances, trust and segregated accounts		**19,720**	7,266
Bank balances and cash		**381,724**	267,040
		1,634,003	2,586,582
Non-current assets classified as held for sale		**–**	68,086
		1,634,003	2,654,668

	Notes	**2020** **HK$'000**	2019 HK$'000
Current liabilities			
Trade payables	14	**37,225**	14,869
Other payables, deposits received and accruals		**49,235**	56,407
Contract liabilities		**352**	628
Borrowings	17	**757,654**	622,645
Obligations under finance leases		**–**	4,153
Financial liabilities at fair value through profit and loss		**171,490**	185,249
Lease liabilities		**12,371**	–
Tax payables		**21,014**	8,043
		1,049,341	891,994
Liabilities directly associated with assets classified as held for sale		**–**	40
		1,049,341	892,034
Net current assets		**584,662**	1,762,634
Total assets less current liabilities		**3,983,943**	4,662,471
Non-current liabilities			
Borrowings	17	**975,850**	1,458,258
Secured notes	15	**350,000**	350,000
Obligations under finance leases		**–**	5,704
Convertible note payable		**71,668**	–
Lease liabilities		**28,290**	–
Deferred tax liabilities	16	**61,977**	64,542
		1,487,785	1,878,504
Net assets		**2,496,158**	2,783,967
Capital and reserves			
Share capital	18	**60,919**	52,848
Reserves		**2,429,257**	2,577,956
Equity attributable to owners of the Company		**2,490,176**	2,630,804
Non-controlling interests		**5,982**	153,163
Total equity		**2,496,158**	2,783,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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, and the ultimate controlling shareholder is Ms. Li Shao Yu. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-1111, Cayman Islands. The principal place of business of Company in Hong Kong is located at Rooms 2501–2509, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and the principal activities of the Group include: (i) money lending; (ii) securities investment; (iii) provision of commodities and securities brokerage and other financial services; (iv) asset management; (v) property leasing; and (vi) rental and trading of construction machinery.

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")

2.1 Adoption of new/revised HKFRSs

The Group has applied for the first time the following new and revised standards and interpretation ("**new and revised HKFRSs**") 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 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendments, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations; HKFRS 11, Joint Arrangements; HKAS 12, Income Taxes and HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases has been summarised below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

Impact of the adoption of HKFRS 16

HKFRS 16, "Leases" replaces the previous standards HKAS 17 "Leases" and effective for the current year beginning on or after 1 April 2019. The Group has applied HKFRS 16 for the first time in the current year.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payments that are based on an index or a rate;

- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement o lease liabilities;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to perform an impairment review.

The Group has elected to apply its leases retrospectively with the cumulative effect of initially applying HKFRS 16 recognised at the date of initial application of HKFRS 16. Instead of restating comparative information, the Group shall recognise the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

(a) The following table reconciles the operating lease commitments as lessee as disclosed applying HKAS 17 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments at 31 March 2019	11,806
Add: lease included in extension option which the Group considers reasonably certain to exercises	1,466
Add: obligation under finance lease recognised as at 31 March 2019	9,857
Less: short term leases for which lease terms end within 31 March 2020	(9,350)
Less: future interest expenses	(208)
Lease liabilities recognised as at 1 April 2019	13,571

The weighted average of the lessees' incremental borrowing rates applied to lease liabilities by the relevant group entities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.35% per annum.

The right-of-use assets in relation to leases previously classified as operating leases have been recognised as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group has also leased certain machinery and motor vehicles which previously were classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 April 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 April 2019.

(b) The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019:

	Increase in *HK$'000*
Consolidated statement of financial position as at 1 April 2019	
Right-of-use assets	3,717
Lease liabilities (non-current)	5,902
Lease liabilities (current)	7,669

(c) The remaining contractual maturities of the Group's lease liabilities at the date of transition of HKFRS 16 are as follows:

	1 April 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**
	HK$'000	*HK$'000*
Within 1 year	5,926	6,368
After 1 year but within 2 years	4,898	5,142
After 2 years but within 5 years	2,747	2,797
	13,571	14,307
Less: Total future interest expenses		(736)
Present value of lease liabilities		13,571

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the consolidated statement of cash flows.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The adoption of these amendments has no impacted on these financial statements as the Group has no uncertainty in accounting for income taxes.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

The adoption of these amendments has no impact on these financial statements as the Group does not have any prepayment features with negative compensation.

Amendments to HKAS 19 — Plan Amendments, Curtailment or Settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

The adoption of these amendments has no impact on these financial statements as the Group does not have any defined benefit plan.

Amendments to HKAS 28 — Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

The adoption of these amendments has no impact on these financial statements as the Group does not have long-term interests in associates or joint ventures.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

The adoption of these amendments has no impact on these financial statements as the Group does not have any transaction in which it obtains control over a joint operation.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

The adoption of these amendments has no impact on these financial statements as the Group does not have any transaction in which it obtains joint control of the joint operation.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

The adoption of these amendments has no impacted on these financial statements as there were no income tax consequences to the dividends distributed by the Group during the year.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

The adoption of these amendments has no impacted on these financial statements as the Group does not have any borrowing made specifically to obtain a qualifying asset.

2.2 New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 3	Definition of a Business[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[4]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 The amendments were originally intended to be effective for period beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.
4 Effective for annual periods beginning on or after 1 June 2020.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	**15,236**	15,540
Revenue generated from retailing of men's and women's apparels	**–**	1,835
Repair and maintenance income generated from construction machinery and sales of construction materials business	**8,890**	9,540
Trading income generated from construction machinery and sales of construction materials business *(Note (a))*	**28,489**	54,760
	52,615	81,675
Revenue from other sources		
Rental income generated from leasing of investment properties	**64,286**	66,270
Rental income generated from construction machinery *(Note (b))*	**100,375**	98,109
Interest income generated from money lending	**74,969**	73,459
Interest income from margin financing	**3,400**	–
	295,645	319,513

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 2020

Segments	Trading of construction machinery, spare parts and construction materials *HK$'000*	Provision of repair and maintenance service *HK$'000*	Construction machinery and sales of construction materials *HK$'000*	Provision of asset management, securities brokerage, commodities, futures and other financial services *HK$'000*	Total *HK$'000*
Type of goods or services					
Sale of machinery and spare parts	25,100	–	–	–	25,100
Sale of rental machinery	3,389	–	–	–	3,389
Transportation service income	–	–	364	–	364
Repair and maintenance service income	–	8,526	–	–	8,526
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	–	15,236	15,236
	28,489	8,526	364	15,236	52,615
Geographical markets					
Hong Kong	24,392	7,960	364	15,236	47,952
Macau	4,097	566	–	–	4,663
	28,489	8,526	364	15,236	52,615
Timing of revenue recognition					
At a point in time	28,489	–	–	10,768	39,257
Over time	–	8,526	364	4,468	13,358
Total revenue from contract with customer	28,489	8,526	364	15,236	52,615

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

	2020	2019
	HK$'000	*HK$'000*
Sale of machinery and spare parts	**276**	1,951

(ii) Performance obligations

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

Sale of machinery and spare parts

The performance obligation is satisfied upon delivery of the machinery and spare parts.

Sale of rental machinery

The performance obligation is satisfied upon delivery of the rental machinery.

Transportation service income

The performance obligation is satisfied over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Transportation services are generally provided within one day. There is generally only one performance obligation.

Repair and maintenance service income

The performance obligation is satisfied over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Repair and maintenance services are generally provided within one day. There is generally only one performance obligation.

Commission income generated from asset management, securities brokerage, commodities and futures

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

Income from other financial services

The performance obligation is satisfied over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

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

	2020	2019
	HK$'000	*HK$'000*
Revenue	**295,645**	319,513
Gross proceed from sale of financial assets at fair value through profit or loss	**1,149,284**	446,151
Total	**1,444,929**	765,664

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 K B Leasing Limited

b. Securities investment division carried out by Hao Tian Management (Hong Kong) Limited ("**Hao Tian Management**"), Fortune Jumbo Limited, Esteem Ocean Limited and Glory Century Limited

c. Asset management, securities brokerage, commodities, futures and other financial services division carried out by Hao Tian International Financial Holdings Limited and its subsidiaries

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**")

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

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

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

Segment revenue and results

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

For the year ended 31 March 2020

	Money lending *HK$'000*	Securities investment *HK$'000*	Provision of asset management, securities brokerage, commodities, futures and other financial 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	–	1,149,284	–	–	–	–	1,149,284
Segment revenue	74,969	–	18,636	137,754	–	64,286	295,645
Segment results	(42,791)	(23,963)	(16,780)	(11,740)	(33,780)	196,011	66,957
Other income							7,549
Other gains and losses							61,159
Central administration costs							(270,754)
Share of profit of associates							9,536
Share of profit of joint ventures							41,554
Finance costs							(183,229)
Loss before taxation							(267,228)

For the year ended 31 March 2019

	Money lending HK$'000	Securities investment HK$'000	Provision of asset management, securities brokerage, commodities, futures and other financial 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)

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

4. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest earned on bank deposits	**872**	1,883
Interest earned on financial assets at amortised cost	**5,745**	12,254
Government subsidies*	**116**	4,402
Sundry income	**4,367**	2,531
Forfeit of partial payment	**78,400**	–
Compensation received from a customer	**–**	5,229
Dividend income from financial assets designated at FVTOCI	**932**	1,220
	90,432	27,519

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

5. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Fair value loss on financial assets at fair value through profit or loss ("**FVTPL**")	**(7,203)**	(399,903)
Fair value gain on investment properties	**139,899**	38,742
Fair value gain on financial liabilities at FVTPL	**13,759**	37,990
Gain on disposal of subsidiaries	**32,168**	57,293
(Loss)/gain on disposal of property, plant and equipment	**(14,572)**	357
Impairment loss on property, plant and equipment	**–**	(30,680)
Net foreign exchange (loss)/gain	**(1,529)**	1,707
Impairment loss on interest in an associate	**–**	(9,009)
Impairment loss on goodwill	**(86,357)**	–
Loss on remeasurement of corporate notes	**(9,437)**	–
Other	**552**	–
	67,280	(303,503)

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on secured notes and borrowings	**166,605**	141,113
Interest expenses on convertible note payable	**9,200**	–
Interest expenses of obligations under finance leases	**1,040**	317
Interest expenses from lease liabilities	**6,384**	–
	183,229	141,430

7. TAXATION EXPENSE/(CREDIT)

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**10,260**	7,046
Overseas	**7,342**	5,040
(Overprovision)/Underprovision in prior years	**(930)**	214
	16,672	12,300
Deferred tax *(Note 16)*	**(6,157)**	(76,241)
Income tax expense/(credit)	**10,515**	(63,941)

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**2,565**	2,405
Amortisation of prepaid lease payment	**–**	386
Amortisation of premium over prepaid lease payment	**–**	1,360
Amortisation of intangible assets	**1,500**	3,793
Cost of inventories recognised as expenses	**27,160**	56,273
Depreciation of property, plant and equipment	**55,401**	52,826
Impairment loss on property, plant and equipment	**–**	30,680
Impairment loss on prepaid lease payment	**–**	5,000
Operating lease rentals in respect of rented premises	**–**	19,647
Direct operating expenses arising from investment properties that generated rental income	**39,643**	33,464
Short-term leases expenses	**5,153**	–
Interest on lease liabilities	**7,425**	–
Staff costs:		
Directors' emoluments	**9,266**	11,618
Other staff costs		
— salaries, bonus and other allowances	**75,994**	113,633
— retirement benefit scheme contributions	**1,467**	3,431
	86,727	128,682

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:

	2020	2019
	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)	**(283,718)**	(380,871)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**5,778,038**	4,937,061

Basic and diluted earnings per share for the year ended 31 March 2020 and 2019 is the same as basic earnings per share as the convertible notes and share options outstanding during the year had an anti-dilutive effect on the basic and diluted earnings per share.

11. GOODWILL

	2020	2019
	HK$'000	*HK$'000*
The amount arises on acquisition of:		
(i) Hao Tian International Construction Investment Group Limited ("**Hao Tian International Construction**") *(Note)*		
— Original amount	**271,670**	271,670
— Impairment loss	**(259,113)**	(172,756)
	12,557	98,914
(ii) Fujian Nuoqi		
— Original amount	**143,494**	143,494
— Impairment loss	**(143,494)**	(143,494)
	–	–
Total carrying amount	**12,557**	98,914

Note:

The recoverable amount of Hao Tian International Construction has been determined based on a value in use calculation prepared by an independent valuer, Chft Advisory and Appraisal Limited ("**Chft**"). That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a discount rate of 11.5% (2019: 10.7%). Cash flows after the five-year period are extrapolated at 3% (2019: 3%) growth rate. Another key assumption for the value in use calculation is the budgeted revenue and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. An impairment test in relation to the goodwill allocated to Hao Tian International Construction and the related intangible asset has been performed by the Group. As at 31 March 2020, the carrying amount of goodwill allocated to Hao Tian International Construction exceeded its value in use based on cash flow projections. An impairment loss of HK$86,357,000 (2019: HK$Nil) was recognised to profit or loss.

12. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from clients arising from		
— rental income from construction materials business	**54,355**	45,963
— trading and provision of other service from construction machinery	**591**	622
— securities brokerage	**16,582**	51,126
— rental income from investment properties	**2,001**	1,621
— provision of other financial services	**8,972**	–
Margin and other trade related deposits with brokers and financial institutions arising from		
— futures brokerage	**273**	3,005
Less: Allowance for impairment	**(21,965)**	(18,714)
	60,809	83,623

As at 31 March 2020, included in the Group's trade receivables were receivables of HK$2,001,000 (2019: HK$1,531,000) 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. 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 rental income business, net of allowance for impairment, presented based on invoice dates at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**17,068**	8,712
31–90 days	**14,334**	13,680
91–180 days	**8,023**	2,403
181–365 days	**4,096**	3,135
Over 365 days	**1,232**	5,981
	44,753	33,911

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 a policy for allowance for impairment which is based on the evaluation of the collectability and aging analysis of accounts on every individual trade debtor basis and on the management's judgement including creditworthiness and the past collection history of each customer.

13. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Non-current:		
Secured, fixed-rate loan receivables *(Note)*	**94,478**	116,497
Unsecured and guaranteed, fixed-rate loan receivables	**–**	4,000
Less: Allowance for impairment	**(5,794)**	(5,808)
	88,684	114,689
Current:		
Secured, fixed-rate loan receivables *(Note)*	**256,839**	219,612
Unsecured, unguaranteed and guaranteed, fixed-rate loan receivables	**609,565**	298,032
Less: Allowance for impairment	**(168,576)**	(77,061)
	697,828	440,583
	786,512	555,272

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

14. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**18,963**	7,971
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**10,873**	116
Trade payables arising from construction machinery and sales of construction materials	**6,699**	5,922
Trade payables arising from retailing of men's and women's apparel	**690**	860
	37,225	14,869

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 retailing of 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 retailing of men's and women's apparel business at the end of the reporting period presented based on the invoice dates is as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**1,415**	1,581
31–60 days	**1,549**	1,724
61–180 days	**2,897**	2,058
181–365 days	**48**	151
Over 365 days	**1,480**	1,268
	7,389	6,782

15. SECURED NOTES

	2020	2019
	HK$'000	*HK$'000*
Non-current:		
— SN2 Notes	**350,000**	350,000

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 2020 and 2019, 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.

16. 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 *HK$'000*	Tax losses *HK$'000*	Fair value change of investments held for trading *HK$'000*	Fair value adjustment on property, plant and equipment and intangible assets on acquisition of subsidiaries *HK$'000*	ECL and impairment losses of financial assets *HK$'000*	Right of use asset *HK$'000*	Total *HK$'000*
At 1 April 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)
Credited/(charged) to profit or loss	2,106	(865)	65,465	9,535	–	–	76,241
At 31 March 2019 and 1 April 2019	(26,652)	3,913	35,693	(37,890)	13,250	–	(11,686)
Credited/(charged) to profit or loss	1,197	(84)	(2,126)	1,368	5,799	3	6,157
At 31 March 2020	(25,455)	3,829	33,567	(36,522)	19,049	3	(5,529)

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

	2020 ***HK$'000***	2019 *HK$'000*
Deferred tax assets	**56,448**	52,856
Deferred tax liabilities	**(61,977)**	(64,542)
	(5,529)	(11,686)

17. BORROWINGS

	2020	2019
	HK$'000	HK$'000
Bank loans — secured	**31,802**	361,201
Corporate bonds and notes — unsecured	**155,000**	155,000
Securities margin loans — secured	**6,977**	168,993
Other borrowings — secured	**1,322,965**	1,325,709
Other borrowings — unsecured	**216,760**	70,000
	1,733,504	2,080,903
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**757,654**	622,645
More than one year but not exceeding two years	**175,375**	473,058
More than two years but not exceeding five years	**66,371**	187,439
More than five years	**734,104**	797,761
	1,733,504	2,080,903
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	**16,838**	331,087
More than one year but not exceeding two years	**7,340**	9,854
More than two years but not exceeding five years	**14,602**	18,170
More than five years	**–**	3,789
	38,780	362,900
— carrying amounts due within one year without repayable on demand clause	**718,874**	259,745
	757,654	622,645
Amounts shown under non-current liabilities	**975,850**	1,458,258

18. SHARE CAPITAL

	Nominal value per share	Number of shares	Share capital
		Thousand	
	HK$	*shares*	*HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2018, 31 March 2019 and 31 March 2020	0.01	50,000,000	500,000
Issued and fully paid:			
At 1 April 2018	0.01	4,898,038	48,980
Issue of consideration shares	0.01	372,585	3,726
Issue of emolument shares	0.01	14,176	142
At 31 March 2019 and 1 April 2019	0.01	5,284,799	52,848
Issue of consideration shares	0.01	800,000	8,000
Issue of emolument shares	0.01	7,088	71
At 31 March 2020	0.01	6,091,887	60,919

19. EVENTS AFTER THE REPORTING PERIOD

On 2 April 2020, Hao Tian International Construction, a subsidiary of the Company, and Oshidori International Holdings Limited (Stock code: 622) ("**Oshidori**") entered into the share swap agreement that Hao Tian International Construction agreed to issue and allot the 625,000,000 shares of Hao Tian International Construction under the general mandate to Oshidori or its nominee(s) in exchange of the 187,500,000 shares of Oshidori from Oshidori on the terms and conditions of the share swap agreement. All the conditions under the share swap agreement have been fulfilled and the completion took place on 28 April 2020.

On 22 May 2020, Hao Tian Management acquired a total of 11,185,000 shares of Haitong International Securities Group Limited (stock code: 665) ("**Haitong International**") for an aggregate consideration of approximately HK$19,147,000 (including transaction costs) in a series of trades executed on the Stock Exchange from 23 April 2020 to 22 May 2020. The average purchase price (including transaction costs) for the purchase of shares in Haitong International was approximately HK$1.71 per share.

On 5 June 2020, Success Destiny Limited ("**Success Destiny**"), a wholly-owned subsidiary of the Company and Co-High Investment Management Limited ("**Co-High**") entered into the subscription agreement and the shareholders' agreement with Genius Power Holding Limited ("**Genius Power**") for the formation of a joint venture to undertake the business of development, manufacture, sale and distribution of therapeutic and diagnostic assets in the Greater China and Southeast Asia. Under the subscription agreement, each of Success Destiny and Co-High has agreed to subscribe for shares in Genius Power such that Genius Power will be owned by Success Destiny and Co-High as to 51% and 49% respectively. Pursuant to the subscription agreement, the Company has conditionally agreed to grant certain share options of the Company entitling Co-High to subscribe for new Shares of an aggregate of 609,188,681 to be issued by the Company at the price of HK$0.25 per Share (subject to adjustments) (the "**Option Shares**") commencing from the date of the deed to be entered into between the Company and Co-High and ending on the third anniversary of that date. The Option Shares will be allotted and issued by the Company upon exercise of the subscription rights attaching to the Share Options under a specific mandate to be sought from the Shareholders. The transaction has not been completed as of the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Money Lending Business

During the Year, the money lending business of the Group generated interest income of approximately HK$75.0 million (2019: approximately HK$74.2 million), representing an increase of approximately 1.0% as compared with Previous Year. The main business of this segment includes provision of property mortgage loans and personal loans to customers in Hong Kong. The increase in interest income was mainly attributable to the increase in personal loans during the Year. As at 31 March 2020, the outstanding loan receivables of the money lending business of the Group (net of impairment) was approximately HK$786.5 million (2019: approximately HK$555.3 million).

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

During the Year, the net realised gain from disposal of financial assets at fair value through profit or loss ("**FVTPL**") was approximately HK$16.6 million (2019: approximately HK$2.7 million) and the unrealised fair value loss from financial assets at FVTPL, comprising listed equity securities in Hong Kong and unlisted funds, was approximately HK$23.8 million (2019: approximately HK$402.6 million).

As at 31 March 2020, the value of listed equity securities in Hong Kong, unlisted funds and financial derivatives held by the Group which were classified as financial assets at FVTPL amounted to approximately HK$374.0 million (31 March 2019: approximately HK$1,643.8 million). Details of the Group's equity securities investments and financial derivatives classified as financial assets at FVTPL are set out as follows:

Company Name/(Stock Code)	Number of shares held at 31 March 2020	Percentage of shareholdings at 31 March 2020	Fair value at 31 March 2019 *HK$'000*	Unrealised fair value (loss)/gain for the year ended 31 March 2020 *HK$'000*	Fair value at 31 March 2020 *HK$'000*	Percentage of total financial assets at FVTPL at 31 March 2020	Percentage of total assets of the Group at 31 March 2020
China Shandong Hi-Speed Financial Group Limited (412)	26,064,000	0.11%	1,093,226	2,346	9,774	2.61%	0.19%
Carnival Group International Holdings Limited (996)	90,610,000	0.38%	4,259	(3,353)	906	0.24%	0.02%
Imperial Pacific International Holdings Limited (1076)	4,062,000,000	2.84%	253,075	(60,930)	174,666	46.71%	3.47%
Far East Holdings International Limited (36)	4,983,000	0.46%	2,018	(1,285)	733	0.20%	0.01%
Beijing Properties (Holdings) Limited (925)	8,140,000	0.12%	1,986	(1,139)	847	0.23%	0.02%
Up Energy Development Group Limited (307)	371,500,000	8.19%	–	–	–	–	–
CA Cultural Technology Group Limited (1566)	35,890,000	3.90%	78,568	35,308	107,670	28.79%	2.14%
Atlantis China Fund	N/A	N/A	–	(8,770)	31,041	8.30%	0.62%
Riverwood Umbrella Fund	N/A	N/A	–	(7,511)	19,180	5.13%	0.38%
Unlisted debt instrument	N/A	N/A	–	4,739	12,383	3.31%	0.25%
Financial derivatives	N/A	N/A	–	16,760	16,760	4.48%	0.33%
Disposal securities	N/A	N/A	210,685	–	–	–	–
			1,643,817	(23,835)	373,960	100%	7.43%

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 FVTPL in a prudent manner and balance investment risks.

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

During the Year, there was a realised gain on financial assets designated at fair value through other comprehensive income ("**FVTOCI**") of approximately HK$11.4 million (2019: HK$Nil). As at 31 March 2020, the aggregate value of unlisted equity investments held by the Group which were classified as financial assets designated at FVTOCI amounted to approximately HK$351.6 million (2019: approximately HK$117.5 million). Such value comprised of unlisted securities investments set out as follows:

	Percentage of shareholdings at 31 March 2020	Carrying amount at 31 March 2019	Unrealised fair value (loss)/gain and (impairment loss) for the year ended 31 March 2020	Carrying amount at 31 March 2020	Percentage of total financial assets designated at FVTOCI at 31 March 2020	Percentage of total assets of the Group at 31 March 2020
		HK$'000	*HK$'000*	*HK$'000*		
Company Name						
Goodwill International (Holdings) Limited	7.54%	36,946	(9,424)	27,522	7.83%	0.55%
Co-lead Holdings Limited	1.42%	41,500	(13,800)	27,700	7.88%	0.55%
Disposed unlisted investment	–	39,079	–	–	–	–
Quan Yu Tai Investment Company Limited	15%	–	4,912	296,396	84.29%	5.89%
		117,525	(18,312)	351,618	100%	6.99%

Rental of a Mixed-use Property in the United Kingdom

During the Year, the rental income derived from the mixed-use property in the United Kingdom, 55 Mark Lane, contributed revenue of approximately HK$64.3 million (2019: approximately HK$66.3 million) and there was a fair value gain on investment property of approximately HK$139.9 million (2019: approximately HK$38.7 million). Our investment returns came from both increases in asset value based on valuation and the cash flow generated from the rental income. The rental income has been relatively stable, and the fluctuation in rental income was mainly caused by the depreciation of GBP during the Year.

Construction Machinery Business

During the Year, the construction machinery and sales of construction materials contributed revenue of approximately HK$137.8 million (2019: approximately HK$161.7 million) and a segment loss of approximately HK$11.7 million (2019: segment loss of approximately HK$10.0 million). There was a goodwill impairment loss of approximately HK$86.4 million in respect of the goodwill allocated to Hao Tian International Construction recorded during the Year.

Asset Management, Commodities, Futures and Securities Brokerage and Other Financial Services Business

During the Year, asset management, commodities, futures, securities brokerage and other financial services segment contributed revenue of approximately HK$18.6 million (2019: approximately HK$15.5 million) and a segment loss of approximately HK$16.8 million (2019: approximately HK$21.6 million). The increase in revenue was mainly attributable to the increase in income generated from assets management services and consulting services.

FINANCIAL REVIEW

The Group had incurred a loss attributable to the owners of the Company of approximately HK$283.7 million for the Year (2019: loss of approximately HK$380.9 million). The decrease in loss attributable to owners of the Company during the Year was mainly due to the change in fair value loss on financial assets at FVTPL of approximately HK$7.2 million (2019: approximately HK$399.9 million) and the fair value gain on investment property of approximately HK$139.9 million (2019: approximately HK$38.7 million).

Administrative Expenses

During the Year, the administrative expenses were approximately HK$188.5 million (2019: approximately HK$219.5 million), representing a decrease of approximately HK$31 million or 14.1% as compared with Previous Year. The decrease was mainly due to the decrease in staff costs and legal and professional expenses incurred during the Year.

Finance Costs

During the Year, the finance costs were approximately HK$183.2 million (2019: approximately HK$141.4 million), representing an increase of approximately HK$41.8 million or 29.6% as compared with Previous Year. The increase was mainly attributable to the increase in borrowings to finance the acquisitions during the Year.

Taxation

During the Year, the net income tax expenses was approximately HK$10.5 million (2019: tax credit of approximately HK$63.9 million). The income tax expenses was mainly related to the profit generated from the money lending business and property leasing business.

Loss Attributable to Owners of the Company

During the Year, the Group recorded a loss attributable to owners of the Company of approximately HK$283.7 million (2019: approximately HK$380.9 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 2020, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$386.7 million (31 March 2019: approximately HK$271.7 million). The Group's working capital decreased to approximately HK$584.7 million (31 March 2019: approximately HK$1,762.6 million).

As at 31 March 2020, the Group had outstanding borrowings (including secured notes, unsecured notes and convertible note payables) of approximately HK$2,155.2 million (31 March 2019: approximately HK$2,430.9 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 Company's certain equity interests in its subsidiaries; (ii) certain bank deposits; (iii) certain leasehold land and building; (iv) certain machinery and motor vehicles; and (v) certain loan receivables.

Gearing ratio (being the ratio of total borrowings, including secured notes, unsecured notes and convertible note payables, to total assets) as at 31 March 2020 was 42.8% (31 March 2019: 43.8%). The decrease in gearing ratio was mainly attributable to the repayment of certain borrowings during the Year.

Capital Commitments

As at 31 March 2020, the Group had capital commitments which amounted to approximately HK$11.4 million (31 March 2019: approximately HK$19.3 million). As at 31 March 2020, 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$11.2 million 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, 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.

The Group had no material contingent liabilities as at 31 March 2020.

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 2020, the Group had a total of approximately 197 employees (31 March 2019: 227 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 on an annual basis.

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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

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

Transfer of Hao Tian Credit Company Limited ("Hao Tian Credit")

On 10 September 2019, Hao Tian Finance Company Limited ("**Hao Tian Finance**"), a wholly-owned subsidiary of the Company, as seller, Hao Tian International Financial Company Limited ("**HTIFH**"), being a wholly-owned subsidiary of Hao Tian International Construction International Group Limited ("**Hao Tian International Construction**" or "**HTICI**"), as purchaser, and HTICI, entered into a sale and purchase agreement, pursuant to which HTIFH conditionally agreed to acquire and Hao Tian Finance conditionally agreed to sell the entire issued share capital of Hao Tian Credit at a consideration of HK$213,000,000, which shall be satisfied in full by the issue of the convertible notes in the principal amount of HK$213,000,000 by HTICI to Hao Tian Finance upon completion. Hao Tian Credit is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and is principally engaged in money lending business in Hong Kong. The sale and purchase of Hao Tian Credit constitutes a major and connected transaction of HTICI and a discloseable transaction of the Company respectively under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rule**"). Completion of this transaction took place on 31 January 2020. Upon completion, Hao Tian Credit was wholly-owned by HTIFH and became an indirect non-wholly owned subsidiary of the Company. The financial results, assets and liabilities of Hao Tian Credit will still be consolidated into the consolidated financial statements of the Group. For details of the transfer of Hao Tian Credit, please refer to the announcements of the Company dated 10 September 2019 and 31 January 2020.

Acquisition of fine arts for our new fund

On 12 July 2019, HTICI as purchaser, Opulent Elite Investments Limited ("**Opulent Elite**") as seller and Chen Tingjia as warrantor, entered into a sale and purchase agreement, pursuant to which HTICI agreed to buy and Opulent Elite agreed to sell a collection of six (6) sets of canvas and paper painting art pieces (the "**Fine Arts**") at a total consideration of HK$80,000,000, which was satisfied in full by the allotment and issue of 275,862,069 ordinary shares by HTICI to Opulent Elite at HK$0.29 per share upon completion. The completion of the acquisition of the Fine Arts took place on 30 August 2019. Immediately after completion, HTICI transferred the ownership in the Fine Arts by subscription in kind to a fund in the form of a limited partnership registered in the Cayman Islands, whose general partner and limited partner are indirect wholly-owned subsidiaries of HTICI. The Group intends to attract professional and/or institutional investors to invest in the said fund, while continuing to provide investment advisory services to the fund.

For details of the acquisition of the Fine Arts, please refer to the announcements of the Company dated 12 July 2019 and 30 August 2019.

Disposal of a property holding company

On 1 March 2019, Crawler Krane Business Limited (a non-wholly owned subsidiary of the Company) entered into a sale and purchase agreement with Bravo Rich Limited in relation to the disposal of all issued shares in Chim Kee Crane Company Limited at the cash consideration of HK$100,000,000. The disposal constituted a discloseable transaction of the Company under the Listing Rules and completion of the disposal took place on 29 April 2019.

For details of the disposal, please refer to the announcements of the Company dated 1 March 2019 and 29 April 2019.

Subscription of participating redeemable shares in Riverwood China Growth Fund

On 10 May 2019, Fortune Jumbo Limited ("**Fortune Jumbo**") (an indirect wholly-owned subsidiary of the Company) placed an order with Haitong International Securities Company Limited ("**Haitong Securities**") whereby Haitong Securities subscribed for the participating redeemable shares in Riverwood China Growth Fund on behalf of Fortune Jumbo at the aggregate subscription price in the sum of US$16,000,000 (approximately HK$124.8 million) which was satisfied by way of cash. The transaction, when aggregated with previous subscription, constituted a discloseable transaction of the Company under the Listing Rules. Completion of the subscription took place on 10 May 2019.

For details of the transaction, please refer to the announcement of the Company dated 10 May 2019.

Redemption of an interest in Haitong Global Investment SPC III

On 10 May 2019, Fortune Jumbo redeemed 300,000 participating, redeemable, non-voting shares designated as class R share in the capital of Haitong Global Investment SPC III at an aggregate redemption price of US$24,434,100 (equivalent to HK$190,585,980) which is equal to the net assets value of each share as at 9 May 2019 in accordance with the terms of its private placement memorandum.

For details of the redemption, please refer to the announcement of the Company dated 10 May 2019.

Acquisition of minority interest in Hao Tian Finance

On 8 July 2019, Century Golden Resources Investment Co., Ltd ("**Century Golden**") as vendor, Guo Guang Limited (a direct wholly-owned subsidiary of the Company) as purchaser and the Company, entered into a sale and purchase agreement, pursuant to which Century Golden agreed to sell, and Guo Guang Limited agreed to purchase, 200,000,000 ordinary shares in Hao Tian Finance at a consideration of HK$200,000,000, which was satisfied by way of issue and allotment of 800,000,000 ordinary shares by the Company to Century Golden at an issue price of HK$0.25 per share under specific mandate of the Company. Upon completion, Hao Tian Finance became an indirect wholly-owned subsidiary of the Company. Completion of the acquisition of minority interest of Hao Tian Finance took place on 20 August 2019.

For details of the acquisition, please refer to the announcements of the Company dated 8 July 2019, 29 July 2019 and 20 August 2019 and the circular of the Company dated 8 August 2019, respectively.

Acquisition of 15% equity interests in an investment holding company with property projects under development

On 18 July 2019, Grace Dragon Holdings Limited ("**Grace Dragon**"), a wholly-owned subsidiary of the Company, as purchaser entered into an agreement with Mr. Chen Ping as vendor in relation to the acquisition of 15% equity interests in Quan Yu Tai Investments Company Limited ("**Quan Yu Tai**"), pursuant to which Mr. Chen Ping agreed to sell, and Grace Dragon agreed to purchase, 150 issued shares of Quan Yu Tai, for an aggregate consideration of HK$320,000,000, which was settled by the issue of the promissory note in the principal amount of HK$320,000,000 by Grace Dragon upon completion. Quan Yu Tai holds 90% equity interest in He Ying Tung Investments Company Limited ("**He Ying Tung**"). He Ying Tung, through its various indirect wholly-owned or non wholly-owned subsidiaries, is principally engaged in property development in the PRC. He Ying Tung principally has 3 property projects under development located in the municipalities of Changsha, Chenzhou and Hengyang of Hunan Province, the PRC, mainly consisting of large-scale residential complex projects and integrated commercial complex projects, as well as apartments, offices, shopping arcades, cinemas and other supporting facilities. Completion of the acquisition of 15% equity interests in Quan Yu Tai took place on 16 October 2019.

For details of the acquisition, please refer to the announcements of the Company dated 18 July 2019 and 16 October 2019.

Disposal of listed securities

On 6 December 2019, Hao Tian Management (Hong Kong) Limited ("**Hao Tian Management**"), has entered into the sale and purchase agreement with Billion Accomplish Limited and Mr. Lau Mo, pursuant to which Hao Tian Management agreed to sell an aggregate of 2,148,559,650 shares in China Shandong Hi-Speed Financial Group Limited ("**CSFG**"), representing approximately 8.8% of the then issued share capital of CSFG at the sale price of HK$0.27 per share for a total consideration of approximately HK$580.1 million. Approximately HK$78.4 million has been paid by Billion Accomplish Limited as partial payment and the remaining balance of approximately HK$501.7 million shall be paid by Billion Accomplish Limited within 60 days after the date of sale and purchase agreement. On 10 March 2020, Hao Tian Management exercised its rights under a share charge on the 2,148,559,650 shares in CSFG because Billion Accomplish Limited failed to pay the balance of the consideration and all the 2,148,559,650 shares in CSFG have been transferred to Hao Tian Management as a result of the enforcement of the security created under the share charge.

On 16 March 2020, the Company, through two subsidiaries, Hao Tian Management and Glory Century Limited, entered into the sale and purchase agreements with JS High Speed Limited for the disposal of an aggregate of 2,833,901,650 shares in CSFG, representing approximately 11.59% of the then issued share capital of CSFG, at the sale price of HK$0.285 per share for an aggregate consideration of approximately HK$807.7 million. The disposal constituted a major transaction for the Company under the Listing Rules and was approved by way of written shareholders' resolutions pursuant to Rule 14.44 of the Listing Rules. The disposal was completed on 18 March 2020.

For details of the disposal, please refer to the announcements of the Company dated 6 December 2019, 31 December 2019, 4 February 2020, 10 March 2020, 16 March 2020, 25 March 2020 and the circular of the Company dated 17 April 2020, respectively.

Purchase of USD bond-linked notes

On 3 January 2020, the Company and China Industrial Securities International Brokerage Limited entered into a sale and purchase agreement in relation to the purchase of the notes issued by CISI Investment Limited in the aggregate nominal amount of US$20,000,000 linked to the 11% guaranteed bonds due 2020 issued by Tahoe Group Global (Co.,) Limited, a wholly-owned subsidiary of Tahoe Group Co., Ltd. which is principally engaged as a property developer that focuses on the development of quality residential and commercial properties in the economically developed areas in the PRC, for a consideration of US$20,000,000 (being approximately HK$155,800,000).

For details of the purchase, please refer to the announcement of the Company dated 3 January 2020.

Acquisition of 50% equity interests in a multimedia animation company involving issue of convertible note as consideration

On 5 March 2020, Hao Tian Media & Culture Company Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Animation Holding (BVI) Limited in relation to the acquisition of 50% of the issued share capital of Success

View Global Limited at the consideration of HK$100,000,000, which would be satisfied by the Company issuing the convertible note in the principal amount of HK$100,000,000 on the completion date. The convertible note carries zero interest and will mature on 25 March 2023. The acquisition constituted a discloseable transaction of the Company under the Listing Rules and completion took place on 26 March 2020 whereupon convertible note in the principal sum of HK$100,000,000 was issued by the Company.

For details of the acquisition, please refer to the announcements of the Company dated 5 March 2020 and 26 March 2020.

Proposed Nuoqi Transaction

On 6 November 2017, Fujian Nuoqi Co., Ltd ("**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, inter alia:

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

(b) the China 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.

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.

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.

EVENTS AFTER THE REPORTING PERIOD

On 2 April 2020, Hao Tian International Construction, a subsidiary of the Company, and Oshidori International Holdings Limited (Stock code: 622) ("**Oshidori**") entered into the share swap agreement that Hao Tian International Construction agreed to issue and allot the 625,000,000 shares of Hao Tian International Construction under the general mandate to Oshidori or its nominee(s) in exchange of the 187,500,000 shares of Oshidori from Oshidori on the terms and conditions of the share swap agreement. All the conditions under the share swap agreement have been fulfilled and the completion took place on 28 April 2020.

On 22 May 2020, Hao Tian Management acquired a total of 11,185,000 shares of Haitong International Securities Group Limited (stock code: 665) ("**Haitong International**") for an aggregate consideration of approximately HK$19,147,000 (including transaction costs) in a series of trades executed on the Stock Exchange from 23 April 2020 to 22 May 2020. The average purchase price (including transaction costs) for the purchase of shares in Haitong International was approximately HK$1.71 per share.

On 5 June 2020, Success Destiny Limited ("**Success Destiny**"), a wholly-owned subsidiary of the Company and Co-High Investment Management Limited ("**Co-High**") entered into the subscription agreement and the shareholders' agreement with Genius Power Holding Limited ("**Genius Power**") for the formation of a joint venture to undertake the business of development, manufacture, sale and distribution of therapeutic and diagnostic assets in the Greater China area and Southeast Asia. Under the subscription agreement, each of Success Destiny and Co-High has agreed to subscribe for shares in Genius Power such that Genius Power will be owned by Success Destiny and Co-High as to 51% and 49% respectively. Pursuant to the subscription agreement, the Company has conditionally agreed to grant certain share options of the Company entitling Co-High to subscribe for new Shares of an aggregate of 609,188,681 to be issued by the Company at the price of HK$0.25 per Share (subject to adjustments) (the "**Option Shares**") commencing from the date of the deed to be entered into between the Company and Co-High and ending on the third anniversary of that date. The Option Shares will be allotted and issued by the Company upon exercise of the subscription rights attaching to the Share Options under a specific mandate to be sought from the Shareholders. The transaction has not been completed as of the date of this announcement.

BUSINESS PROSPECTS

While the outbreak of COVID-19 and possible escalation of the Sino-United States trade war which affect the pace of global economic recovery and the uncertainties in financial market, the Group will continue its strategy to build a diversified portfolio of businesses that can weather the uncertain market conditions and to explore investment opportunities with quality assets and potentials for income and capital value growth for the Shareholders and investors of the Company.

The Group invests in premium commercial properties for leasing in the UK, Situated in the heart of London, the Corn Exchange in the City of London offers grade A offices, which provides stable rental income and signifies our presence in the market. During the Year, the Group has acquired 15% equity interest in a property development group, which develops high-quality large-scale residential complex projects and integrated commercial complex projects with good locations that are connected to main public transportation in Changsha City, Chenzhou City and Hengyang City of the PRC. The Group would continue to explore opportunities to invest in quality assets in the real estate sector with potentials for income or capital value growth.

Through continuous review and streamlining of our financial businesses, we believe that in the coming years, the financial services segment of Hao Tian International Construction will grow and could leverage on Hong Kong's unique position as a global financial center closely integrated with China and the continuous development of China, especially the Greater Bay Area. The Group is prepared to provide first class professional financial services with strong support from the Company's management team and partners from enterprises and financial institutions in mainland China. We are organizing our businesses and investments to ride on the tide of "neo infrastructure", intensify government-enterprise cooperation and lay down our foundation to capture more future growth opportunities.

Meanwhile, as the Group fully supports the "Belt and Road" initiative, the Group will expand into traditional financial institutions with full licenses in countries along the "Belt and Road" regions through equity investment and takeover of the right of operation by consolidating strong industrial support from shareholders and platform resources, and riding on which, the Group could gradually extend its footprint into internet finance, a rapidly developing economic sector.

Genius Power Holding Limited is a new joint venture between the Company and Co-High Investment Management Limited, through which, the Group can tap into the bioscience industry by collaborating with life science companies over the world with the aim to bring global life science assets and intellectual properties to be developed, distributed and commercialised in the Greater China area and South East Asia. This joint venture will gain access to extensive life science network, which primarily comprised of universities, research institutions, life science companies, financial institutions and investee companies. It is the vision of the joint venture to address significant unmet medical needs in Greater China area and Southeast Asia by developing and commercializing global life science assets and intellectual properties with high potential.

In light of the above, in consideration to the Group's specified development path and clear growth philosophy, it is expected that both its businesses and revenue will keep achieving steady growth in foreseeable future.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2019: Nil).

ANNUAL GENERAL MEETING

The notice of the 2020 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, 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 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 for the Year and this announcement of the Company.

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 2019/20 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, 26 June 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Haiying, 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.