

# 昊天發展集團有限公司

**Hao Tian Development Group Limited**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

Interim Report  
**2015/16**



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## CORPORATE INFORMATION

### Executive Directors

Mr. Xu Hai Ying  
Dr. Zhiliang Ou, *J.P. (Australia)*  
Mr. Fok Chi Tak

### Independent Non-Executive Directors

Mr. Chan Ming Sun, Jonathan  
Mr. Lam Kwan Sing  
Mr. Lee Chi Hwa, Joshua

### Audit Committee

Mr. Chan Ming Sun, Jonathan  
*(Chairman of Committee)*  
Mr. Lam Kwan Sing  
Mr. Lee Chi Hwa, Joshua

### Executive Committee

Mr. Xu Hai Ying  
Dr. Zhiliang Ou, *J.P. (Australia)*  
Mr. Fok Chi Tak

### Remuneration Committee

Mr. Chan Ming Sun, Jonathan  
*(Chairman of Committee)*  
Dr. Zhiliang Ou, *J.P. (Australia)*  
Mr. Lam Kwan Sing

### Nomination Committee

Dr. Zhiliang Ou, *J.P. (Australia)*  
*(Chairman of Committee)*  
Mr. Chan Ming Sun, Jonathan  
Mr. Lam Kwan Sing

### Company Secretary

Mr. Pang Kwok Cheong

### Legal Advisers

F. Zimmern & Co.  
Rooms 1002-1003  
10th Floor, York House  
The Landmark  
15 Queen's Road Central  
Hong Kong

Troutman Sanders  
34/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

Guantao Law Firm  
17/F, Tower 2  
Yingtai Center  
No. 28, Finance Street  
Xicheng District  
Beijing 100033, China

### Auditor

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F One Pacific Place  
88 Queensway  
Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

China Minsheng Banking Corp. Ltd.,  
Hong Kong Branch  
36/F., Bank of America Tower,  
12 Harcourt Road,  
Central, Hong Kong

Nanyang Commercial Bank, Ltd.  
2/F., 359-361 Queen's Road Central,  
Hong Kong

United Overseas Bank Limited  
25/F., Gloucester Tower,  
The Landmark, 15 Queen's Road Central,  
Central, Hong Kong

## Principal Share Registrar and Transfer Office in Cayman Islands

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor, Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

Rooms 4917-4932, 49/F.,  
Sun Hung Kai Centre,  
30 Harbour Road, Wan Chai,  
Hong Kong

## Website

[www.haotianhk.com](http://www.haotianhk.com)



## DIRECTOR'S STATEMENT

On behalf of Hao Tian Development Group Limited (“Hao Tian Development” or the “Company”, and together with its subsidiaries, collectively referred to as the “Group”), I am pleased to present the unaudited interim results of the Group for the six months ended 30 September 2015 (the “period under review”).

During the period under review, total capital raised by the Company was approximately HK\$799 million which were being used for the money lending business, working capital, and other business development of the Group. These fund raising exercises ensure that we have adequate capital to continue to pursue our growth in the money lending business and at the same time to grasp potential acquisition opportunities.

On 13 May 2015, Hao Tian Finance Company Limited (“Hao Tian Finance”, an indirect subsidiary of the Company) finalized the subscription agreement with Rui Sheng Global Holdings Limited (“Rui Sheng”), pursuant to which, Rui Sheng subscribed the new shares issued by Hao Tian Finance for HK\$100 million, representing approximately 8.3% of the enlarged issued share capital of Hao Tian Finance. Rui Sheng is an indirect wholly-owned subsidiary of Prosperity International Holdings (H.K.) Limited, a listed company in Hong Kong (stock code: 00803). On 15 May 2015, Hao Tian Finance finalized the subscription agreement with Century Golden Resources Investment Co., Ltd. (“Century Golden”), pursuant to which, Century Golden subscribed for the new shares issued by Hao Tian Finance at the consideration of HK\$200 million, representing approximately 16.5% of the enlarged issued share capital of Hao Tian Finance.

On 16 July 2015, completion of the Notes Subscription Agreement with CCBI Investments Limited (“CCBI Agreement”) has taken place, pursuant to which, the Company issued the Secured notes in the aggregate principal amount of US\$30 million which will mature on the date falling 24 months from the completion date of the CCBI Agreement. The Noteholders will entitle a coupon rate of 9% per annum, which is payable in arrears every 6 months from the Notes completion date.

On 22 July 2015, the Company had entered into a subscription agreement and a total of 240,000,000 new shares had been allotted and issued by the Company at a price of HK\$0.9 per share. The net proceeds raised was approximately HK\$213.6 million.

## Business Review

### Money Lending Business

During the period under review, the money lending business of the Group generated an interest income of approximately HK\$47.1 million (2014: approximately HK\$32.0 million), representing an increase of 47.2%. The main services of this segment include money lending in respect of property mortgage loans in Hong Kong and personal loans to customers in Hong Kong. As at 30 September 2015, the outstanding loan receivables of the money lending business of the Group has reached approximately HK\$719.2 million (31 March 2015: approximately HK\$444.0 million).

### Securities Investment Business

During the period under review, the Group engaged in securities investment business by adopting an integrated strategy of long-term investments and short-term investments. The realised gains from disposal of available-for-sale investments were approximately HK\$29.3 million (2014: approximately HK\$128.6 million) and the fair value gains from investments, comprising listed equity securities held for trading, were approximately HK\$233.0 million (2014: approximately HK\$1,595.6 million).

As of 30 September 2015, the value of listed equity securities in Hong Kong which were classified as available-for-sales investment amounted to approximately HK\$1,397.7 million (as of 31 March 2015: approximately HK\$925.2 million). Such value comprised securities of four listed companies, namely: 1) Imperial Pacific International Holdings Limited (stock code: 1076); 2) HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited) (stock code: 136); 3) Up Energy Development Group Limited (stock code: 307) and 4) China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (stock code: 412). There was no material change in the portfolio composition during the period under review and the increase in the value of available-for-sales investment was mainly attributable to the general increase in the share price of the above securities.

### Trading of Futures Business

During the period under review, the Group grasped the investment opportunities in the futures trading in the global market, and recorded a profit of approximately HK\$2.1 million (2014: Nil).

### Warehousing and Logistics Business

The Group owns a piece of land located at Ganquanbao Industrial Park, Urumqi, Xinjiang (新疆烏魯木齊市甘泉堡工業園區) with a site area of approximately 151,100 sq.m., which is designated for logistics, warehousing and development of warehousing and logistics business purposes. During the period under review, as the development was still in its preliminary stage, no revenue was recorded from the warehousing and logistics business of the Group.



## Fund raising activities for business development

During the period under review, new fundings raised by the Group was approximately HK\$799 million (including the allotment of new shares by a subsidiary of the Company, issue of secured notes by the Company, placing of new shares by the Company and the partial exercise of warrants by the controlling shareholder of the Company). These new fundings were being used for the expansion of the money lending business, other business development and for general working capital of the Group.

## Business Prospects

As the volatile Hong Kong stock market posed new challenges for money lending businesses, the Group will grasp such business environment where opportunities and challenges co-exist, capture the opportunities in money lending market, strive to provide diversified, high quality and tailor-made loan products and service to maintain our growth in this segment. In view of the possible property market adjustment, the Group will also continue to strengthen the risk control on its money lending business and optimize the scale of operation.

Furthermore, following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the prospective Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities markets of Hong Kong. The Group will prudently capture the opportunities for trading in listed securities and continue to identify more investment opportunities to broaden investment strategy and balance investment risks. The Group will also continue to identify suitable Hong Kong securities companies to develop securities trading and securities financing businesses through acquisitions should such opportunities arise.

Meanwhile, the Group also plans to develop non-bank financial service business in the financial markets of Mainland China, and will actively search for opportunities to develop P2P, financial credit guarantee and financial advisory businesses, and to establish financial internet platform to complement relevant the development of the financial service businesses.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for their support and trust, and to our directors, management and staff for their invaluable contributions to the Group over the past six months. The Group will also actively develop its businesses to achieve fabulous returns for our shareholders.

**Dr. Zhiliang Ou**

*Executive Director*

Hong Kong, 27 November 2015

## INTERIM DIVIDEND

The Board does not recommend the payment of a cash interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group's profit for the six months ended 30 September 2015 had been substantially decreased to approximately HK\$13.8 million (2014: approximately HK\$1,065.7 million). Such decrease was mainly attributable to (i) the decrease in fair value gain on investments held for trading; (ii) the decrease in the amount of gain on disposal of available-for-sale investments; and (iii) the expense incurred in relation to issuance of warrants to the controlling shareholder of the Company.

Interest income from money lending business amounted to approximately HK\$47.1 million (2014: approximately HK\$32.0 million). The increase was mainly attributable to the increase in the number of customers for our property mortgaged loan business and personal loan business. Interest expense of approximately HK\$16.0 million (2014: approximately HK\$8.7 million) was incurred for bank borrowings obtained solely for the Group's money lending business. The Group financed the money lending business by external and internal resources during the period under review.

For the six months ended 30 September 2015, the Group recorded other income of approximately HK\$12.7 million (2014: approximately HK\$6.0 million). Such increase was mainly attributable to (i) increase in the amount of dividend income from available-for-sale-investment; (ii) increase in the amount of interest income on bank deposits and (iii) certain upfront fees received from property mortgaged loan customers and personal loan customers.

The Group recorded a substantial decrease in other gains and losses from HK\$1,363.3 million for the six months ended 30 September 2014 to HK\$534.4 million for the six months ended 30 September 2015. Such decrease was mainly attributable to the decrease in fair value gain on investments held for trading by the Group and the decrease in the amount of gain on disposal of available-for-sale investments.





## Other expense

During the six months ended 30 September 2015, the Group incurred other expense of HK\$466,022,000 in relation to the issue of 588,858,000 warrants of the Company to the controlling shareholder of the Company on 2 July 2015 at an issue price of HK\$0.001 per warrant and the subscription price for each underlying share for each warrant share shall be HK\$0.50. The fair value of this two-year warrants as at the date of issue on 2 July 2015 (at which date the share price of the Company was HK\$1.21 per share) was estimated to be HK\$466,611,000 which represented HK\$0.7924 per warrant granted. The other expense represented the difference between the fair value of the warrants (HK\$466,611,000) and the proceeds received (HK\$589,000) and therefore an aggregate sum of HK\$466,022,000 was charged to the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2015. Subsequently, the closing share price of the Company was HK\$0.55 as at 30 September 2015. Details of the above issue of warrants were set out in the Company's circular dated 31 May 2015.

## Administrative Expenses

For the six months ended 30 September 2015, administrative expenses were approximately HK\$35.0 million (2014: approximately HK\$40.1 million), representing a decrease of approximately HK\$5.1 million or 12.7% as compared with the same period last year. The decrease was mainly due to better control on overhead expenditure.

## Finance Costs

For the six months ended 30 September 2015, the finance costs were approximately HK\$42.2 million (2014: approximately HK\$31.3 million), representing an increase of approximately HK\$10.9 million or 34.8% as compared with the same period last year. The increase was mainly due to the increase in interest expenses incurred on new bank borrowings for the Group's money lending business and due to the interest expenses together with the costs in relation to the issue of secured notes of US\$30,000,000 ("CCBI Notes") to a company held by CCBI Investments Limited in July 2015.

## Taxation

For the six months ended 30 September 2015, income tax expenses was approximately HK\$37.0 million (2014: approximately HK\$264.2 million). The decrease was mainly due to the decrease in the amount of provision of deferred tax in Hong Kong, which was generally in line with the decrease in the fair value gain on investments held for trading.

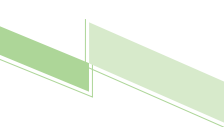
## Profit Attributable to Owners of the Company

For the six months ended 30 September 2015, the Group recorded a profit attributable to owners of the Company of approximately HK\$13.9 million (2014: approximately HK\$1,065.8 million). The basic and diluted earnings per share were approximately HK0.45 cents and HK0.44 cents respectively (2014: basic HK63.65 cents and diluted HK53.64 cents respectively).

## Liquidity, Capital Structure and Financial Resources

The Group mainly funds its operations from a combination of operating cash flows, borrowings and equity. As at 30 September 2015, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK\$466.6 million (31 March 2015: approximately HK\$248.9 million including pledged bank deposit). The Group's working capital increased to approximately HK\$4,557.9 million (31 March 2015: approximately HK\$2,904.7 million). Such increase was mainly resulted from the increase in (i) proceeds received from various fund raising exercises during the period under review; (ii) fair value gain on investments held for trading during the period under review; and (iii) reclassification of derivative financial instruments from non-current assets to current assets as such instruments will be expired within the next twelve months as of 30 September 2015.

As at 30 September 2015, the Group had outstanding borrowings (including secured notes) of approximately HK\$525.5 million (31 March 2015: approximately HK\$717.4 million). Such borrowings included a bank borrowing of approximately HK\$129.6 million which was secured by a standby letter of credit issued by a bank in the PRC which in turn was secured by certain bank deposits held by the Group. The Group also had other banking facilities provided by financial institutions in Hong Kong which were secured by certain assets of the Group, including the Group's available-for-sale investments of HK\$368.5 million, investments held for trading of HK\$1,013.3 million, a yacht of HK\$56.7 million and certain bank deposits held by the Group.



In addition, on 6 July 2015, the Group entered into a subscription agreement (the “Subscription Agreement”) with a company held by CCBI Investments Limited. Pursuant to the Subscription Agreement, the Group agreed to issue the CCBI Notes in an aggregate principal amount of up to US\$30,000,000. The CCBI Notes was secured by certain investments held for trading of the Group of approximately HK\$777.2 million. Details of the CCBI Notes have been disclosed in the Company’s announcement dated 7 July 2015.

Save as disclosed above, there were no other assets pledged as at the reporting date.

Gearing ratio (being the ratio of total borrowings including secured notes to total assets) as at 30 September 2015 was 7.1% (31 March 2015: 11.6%). Such decrease was due to the increase in equity base in relation to the placing of new shares, partial exercise of warrants by the controlling shareholder of the Company, increase in fair value of investments held for trading and available-for-sale investments, coupled with the decrease in the aggregate balance of bank borrowings and secured notes outstanding as of 30 September 2015 compared with those as of 31 March 2015.

### **Significant Investment, Material Acquisitions and Disposals**

On 13 May 2015 and 15 May 2015, a subsidiary of the Company, Hao Tian Finance, has allotted and issued 100 million and 200 million new shares to Rui Sheng Global Holdings Limited and Century Golden Resources Investment Co., Ltd, respectively (both being independent third parties) for cash consideration of HK\$100 million and HK\$200 million (the “Consideration”) respectively. The Consideration had been received by the Group and was determined with reference to the unaudited net assets value of Hao Tian Finance as at 31 March 2015. After such allotments, the Group’s equity interest in Hao Tian Finance had been diluted from 100% to approximately 75.21%. Details of the above transactions were disclosed in the announcements of the Company dated 9 April 2015 and 28 April 2015.

On 1 November 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of a company incorporated in Hong Kong (the “Target Company”), which is principally engaged in the provision of brokerage services, for an aggregate consideration of i) a fixed premium of HK\$11,000,000 and ii) net assets value of the Target Company as at the date of completion, which is expected to be on or before 30 April 2016 (the “Proposed Acquisition”).

The Proposed Acquisition is subject to the fulfilment of the conditions precedent under the sale and purchase agreement and is not yet completed up to the date of this report.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the six months ended 30 September 2015 and up to the date of this report.

### **Capital Commitment and Contingent Liabilities**

As at 30 September 2015, the Group had capital commitment amounted to HK\$142.3 million (31 March 2015: nil) in respect of addition of property, plant and equipment which had been contracted for but not provided for. The Group also had certain capital commitments amounted to HK\$56.9 million (31 March 2015: HK\$237.1 million) in respect of addition of property, plant and equipment which had been authorized but not contracted for in the condensed consolidated financial statements. The above capital commitments were mainly related to the development of the logistics warehousing business in Xinjiang.

The Group had no material contingent liabilities as at 30 September 2015.

### **Exposure to Fluctuations in Exchange Rates**

The Group's revenue and other income are denominated mainly in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK\$ and RMB. The Group has certain foreign currency bank balances and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arises.



## Employee Information

As at 30 September 2015, the Group had a total of approximately 62 employees (31 March 2015: 60 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group is set out in note 25 to the condensed consolidated financial statements of the Company. There is no outstanding award granted under the share award scheme during the period under review.

## Significant Litigations

In connection with the sale and purchase agreement (the "Menggang Agreement") entered into between the Group and Inner-Mongolia Shuangxin Resources Group Co., Ltd. ("Shuangxin") for the sale and purchase of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries, which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC, on 16 May 2013, the Group filed an arbitration claim to the China International Economic and Trade Arbitration Commission (the "CIETAC") for the outstanding amount of RMB80,000,000 payable by Shuangxin under the Menggang Agreement.

Shuangxin withheld the payment of RMB80,000,000 initially on the ground of a tax demand note issued from the local tax bureau, and after revocation of the tax demand note, on the ground of non-fulfillment by the Group of certain terms and obligations under the Menggang Agreement. Shuangxin filed a counter-claim for RMB65,000,000 on 8 October 2013. An arbitral award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing Second Intermediate People's Court to set aside the arbitral award. Beijing Second Intermediate People's Court issued a civil ruling on 18 December 2014 dismissing Shuangxin's application for the revocation of the arbitral award. On 6 February 2015, the Group applied for the mandatory enforcement at the Ordos City Intermediate People's Court, and the Ordos City Intermediate People's Court has formally accepted the application on 14 May 2015. At present, the case is under execution procedures.

As for the final instalment in the amount of RMB40,500,000 payable by Shuangxin, which is in addition to the aforementioned RMB80,000,000, under the Menggang Agreement (as supplemented by a supplemental agreement dated 19 November 2012), the Group filed an arbitration claim to the CIETAC in January 2014 and an arbitral award was delivered in favour of the Group on 3 August 2015. The Group then applied for the mandatory enforcement at the Ordos City Intermediate People's Court on 8 September 2015. The Board will provide updates on the position of the Group as and when appropriate.

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional High People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional High People's Court. On 2 June 2015, the Mongolia Autonomous Regional High People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal from such civil ruling at the Supreme People's Court of the People's Republic of China and the Group is now waiting for the court's decision.

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executives' Interests And Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 September 2015, the interests and short positions of the Directors of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

#### Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Fok Chi Tak	Beneficial owner	Personal interest	–	1,060,080 (note 2)	1,060,080	0.03%

Notes:

1. The percentage of shareholding is calculated on the basis of 3,284,303,100 shares in issue as at 30 September 2015.
2. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 30 September 2015, none of the Directors of the Company had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Share Option Schemes

The Company has adopted a share option scheme on 16 May 2006 (the “Former Share Option Scheme”) and a share award scheme on 27 September 2013, respectively.

Details of movements in the share options granted under the Former Share Option Scheme during the six months ended 30 September 2015 are set out in note 25 to the condensed consolidated financial statements. There is no outstanding award granted under the share award scheme as at 30 September 2015.

The Former Share Option Scheme was valid for a term of 10 years commencing from 16 May 2006. In view of the expiration of the Former Share Option Scheme, ordinary resolutions have been passed during the annual general meeting of the Company held on 25 September 2015 to (i) terminate the Former Share Option Scheme and (ii) adopt a new share option scheme of the Company (the “New Share Option Scheme”), which will remain valid for a period of 10 years commencing from 25 September 2015.

Further details regarding the principal terms of the New Share Option Scheme was set out in the circular of the Company dated 27 August 2015.

Upon termination of the Former Share Option Scheme, no further options may be granted under the Former Share Option Scheme but the provisions of the Former Share Option Scheme will continue to apply to options granted and remained outstanding before such termination. As at the date of this report, 16,802,268 options have been granted and remained outstanding under the Former Share Option Scheme.

As at the date of this report, no options were granted under the New Share Option Scheme.



## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2015, so far as is known to the Directors or chief executives of the Company, the following entities (other than a Director or chief executive of the Company) have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu	1,789,248,318 (note 2) 3,288,000 (note 3)	488,858,000 (note 3) 5,754,720 (note 4)	Interest of controlled Corporations Beneficial Owner	2,287,149,038	69.64%
Asia Link Capital Investment Holdings Limited ("Asia Link")	1,737,008,263 52,240,055 (note 2)	488,858,000 (note 3)	Beneficial owner Interest held by a controlled company	2,278,106,318	69.36%

Notes:

- The percentage of shareholding is calculated on the basis of 3,284,303,100 shares in issue as at 30 September 2015.
- These shares were held (a) directly by Real Power Holdings Limited, which was beneficially owned as to 99.9% by Asia Link; (b) directly by Asia Link, which was wholly-owned by Ms. Li Shao Yu through her personal interest. Accordingly, Ms. Li was deemed to be interested in 1,789,248,318 shares under the SFO.
- Ms. Li Shao Yu (i) held 3,288,000 shares directly, and (ii) was interested in unlisted warrants issued by the Company to Asia Link on 2 July 2015 which were convertible into 488,858,000 shares, representing approximately 14.88% of the issued shares of the Company.
- These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 30 September 2015, none of the Directors or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE

### Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2015, save and except Code Provisions A.2.1 and A.5.1:

#### **(i) Resignation of Chief Executive Officer with effect from 1 September 2015**

Before 1 September 2015, the roles of Chairman and Chief Executive Officer of the Company were separate and performed by the Board collectively and Ms. Li Shao Yu respectively. The Board collectively focused on the overall strategic planning and development of the Group and effective functioning of the Board while Ms. Li was responsible for overseeing the day-to-day management of the business and operations of the Group.

Ms. Li has resigned as the Chief Executive Officer of the Company with effect from 1 September 2015. Having considered the current business operation of the Group, the Directors consider that the Board can achieve effective functioning of the Board and other members of the senior management can oversee the day-to-day management of the Group. The Board is currently considering to identify a suitable candidate to serve as the Chief Executive Officer of the Company.

#### **(ii) Nomination Committee not chaired by an independent non-executive Director**

The Nomination Committee is chaired by an executive director instead of an independent non-executive director because the Board believed that an executive director involved in the daily operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate strategy.



## Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

## Purchase, Sales or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2015.

## Grant of General Mandate

On 25 September 2015, an ordinary resolution approving the grant of general mandate was duly passed by way of poll in the Annual General Meeting of the Company. The general mandate granted the directors of the Company the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting.

## Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2015. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company’s independent auditor.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**  
**德勤**

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香港金鐘道88號  
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Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

## TO THE BOARD OF DIRECTORS OF HAO TIAN DEVELOPMENT GROUP LIMITED

昊天發展集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Hao Tian Development Group Limited (the “Company”) and its subsidiaries set out on pages 21 to 68, which comprise the condensed consolidated statement of financial position as of 30 September 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

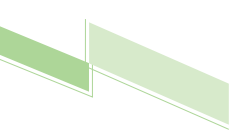
Hong Kong

27 November 2015

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	NOTES	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	<b>47,064</b>	31,966
Gross proceeds from sale of investments held for trading		<b>714,969</b>	–
<b>Total</b>		<b>762,033</b>	31,966
Revenue	3	<b>47,064</b>	31,966
Other income	5	<b>12,653</b>	5,994
Other gains and losses	5	<b>534,385</b>	1,363,299
Other expense	8	<b>(466,022)</b>	–
Administrative expenses		<b>(35,026)</b>	(40,119)
Finance costs	6	<b>(42,240)</b>	(31,327)
Profit before taxation		<b>50,814</b>	1,329,813
Taxation	7	<b>(37,014)</b>	(264,150)
Profit for the period	8	<b>13,800</b>	1,065,663



		<b>Six months ended 30 September</b>	
		<b>2015</b>	2014
NOTES		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial instruments of foreign operations		<b>(5,842)</b>	9
Net fair value gain (loss) on available-for-sale investments:			
– Fair value change during the period		<b>516,042</b>	697,979
– Reclassified to profit or loss upon disposal		<b>(29,300)</b>	(128,617)
Other comprehensive income for the period (net of tax)		<b>480,900</b>	569,371
Total comprehensive income for the period		<b>494,700</b>	1,635,034
Profit (loss) for the period attributable to:			
Owners of the Company		<b>13,899</b>	1,065,817
Non-controlling interests		<b>(99)</b>	(154)
		<b>13,800</b>	1,065,663
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<b>503,468</b>	1,635,188
Non-controlling interests		<b>(8,768)</b>	(154)
		<b>494,700</b>	1,635,034
Earnings per share	9		
Basic (HK cents)		<b>0.45</b>	63.65
Diluted (HK cents)		<b>0.44</b>	53.64

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	84,661	82,935
Prepaid lease payment	11	16,703	17,761
Premium over prepaid lease payment	12	131,902	133,261
Available-for-sale investments	13	1,760,904	1,288,455
Derivative financial instruments	14	–	585,324
Loan receivables	15	69,823	56,365
Deposits		977	1,017
		<b>2,064,970</b>	<b>2,165,118</b>
Current assets			
Inventories		654	1,239
Trade and bills receivables	16	9,713	30,967
Other receivables, deposits and prepayments		66,788	250,081
Loan receivables	15	649,419	387,650
Derivative financial instruments	14	656,163	–
Consideration receivable	17	121,973	152,230
Investments held for trading	18	3,364,746	2,956,687
Prepaid lease payment	11	370	370
Pledged bank deposits		184,155	45,276
Bank balances and cash		282,412	203,575
		<b>5,336,393</b>	<b>4,028,075</b>



	NOTES	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Current liabilities			
Other payables, deposits received and accruals		9,874	11,478
Other borrowings	20	169,310	572,801
Secured notes	19	191,663	–
Derivative financial instruments	14	34,702	202,601
Tax payables		21,667	21,298
Deferred tax liability	22	351,295	315,155
		<b>778,511</b>	1,123,333
Net current assets		<b>4,557,882</b>	2,904,742
Total assets less current liabilities		<b>6,622,852</b>	5,069,860
Non-current liabilities			
Other borrowings	20	164,550	144,550
Other long term liability	21	94,595	–
		<b>259,145</b>	144,550
Net assets		<b>6,363,707</b>	4,925,310
Capital and reserves			
Share capital	23	32,843	29,443
Reserves		6,038,882	4,895,867
Equity attributable to owners of the Company		<b>6,071,725</b>	4,925,310
Non-controlling interests		291,982	–
Total equity		<b>6,363,707</b>	4,925,310

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note a)	Share options reserve HK\$'000	Asset revaluation reserve HK\$'000	Special reserve HK\$'000 (Note b)	Translation reserve HK\$'000	Other reserve HK\$'000 (Note c)	Put option reserve HK\$'000 (Note d)	Accumulated profits HK\$'000	Total attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Six months ended 30 September 2015</b>														
At 1 April 2015 (audited)	29,443	3,302,172	-	3,539	7,178	561,598	(5,754)	1,635	-	-	1,025,499	4,925,310	-	4,925,310
Profit for the period	-	-	-	-	-	-	-	-	-	-	13,899	13,899	(89)	13,800
Other comprehensive income (expense)	-	-	-	-	-	495,411	(5,842)	-	-	-	-	489,569	(8,669)	480,900
Total comprehensive income (expense) for the period	-	-	-	-	-	495,411	(5,842)	-	-	-	13,899	503,468	(8,768)	494,700
Issue of warrants (Note e)	-	-	466,611	-	-	-	-	-	-	-	-	466,611	-	466,611
Transaction cost attributable to issue of warrants	-	-	(627)	-	-	-	-	-	-	-	-	(627)	-	(627)
Share options lapsed	-	-	-	-	(3,087)	-	-	-	-	-	3,087	-	-	-
Issue of new shares upon exercise of warrants	1,000	128,134	(79,134)	-	-	-	-	-	-	-	-	50,000	-	50,000
Issue of new shares	2,400	213,600	-	-	-	-	-	-	-	-	-	216,000	-	216,000
Transaction cost attributable to issue of new shares upon placing	-	(2,234)	-	-	-	-	-	-	-	-	-	(2,234)	-	(2,234)
Capital injection from non-controlling shareholders of a subsidiary (Note Z1)	-	-	-	-	-	-	-	-	(750)	-	-	(750)	300,750	300,000
Issue of written put option (Note Z1)	-	-	-	-	-	-	-	-	(91,291)	5,238	-	(86,053)	-	(86,053)
At 30 September 2015 (unaudited)	32,843	3,641,672	386,850	3,539	4,091	1,057,009	(5,754)	(4,207)	(92,041)	5,238	1,042,485	6,071,725	291,982	6,363,707

	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note a)	Share options reserve HK\$'000	Asset revaluation reserve HK\$'000	Special reserve HK\$'000 (Note b)	Transition reserve HK\$'000	Other reserve HK\$'000	Put option reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Six months ended 30 September 2014														
At 1 April 2014 (audited)	198,602	2,824,309	7,169	3,539	42,208	203,749	(5,754)	1,814	-	-	(726,733)	2,548,903	4,954	2,553,857
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	1,065,817	1,065,817	(154)	1,065,663
Other comprehensive income	-	-	-	-	-	569,362	-	9	-	-	-	569,371	-	569,371
Total comprehensive income (expense) for the period	-	-	-	-	-	569,362	-	9	-	-	1,065,817	1,635,188	(154)	1,635,034
Capital Reorganisation	(194,630)	-	-	-	-	-	-	-	-	-	194,630	-	-	-
Share options lapsed	-	-	-	-	(35,037)	-	-	-	-	-	35,037	-	-	-
Issue of new shares	15,888	182,714	-	-	-	-	-	-	-	-	-	198,602	-	198,602
Share issue expenses	-	(8,585)	-	-	-	-	-	-	-	-	-	(8,585)	-	(8,585)
Recognition of equity-settled share-based payments	-	-	-	-	7	-	-	-	-	-	-	7	-	7
At 30 September 2014 (unaudited)	198,602	2,996,438	7,169	3,539	7,178	773,111	(5,754)	1,823	-	-	568,751	4,374,115	4,800	4,378,915

Notes:

- (a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase capital. There was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss for both periods.
- (b) Special reserve of HK\$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from a group reorganisation occurred in prior years.
- (c) Other reserve represents (i) the difference between the fair value of the capital injections from non-controlling shareholders and the carrying amount of the subsidiary attributable to the non-controlling interests; and (ii) the fair value of the gross liability of written put option issued by the Company. Details are set out in Note 21.
- (d) Put option reserve represents the fair value of the put option issued by the Company on date of issue, 13 May 2015, by reference to the valuation performed by Roma Appraisals Limited, an independent professional valuer. The fair value of the put option is determined by using Binomial Option Pricing Model.
- (e) On 10 April 2015, the Company entered into a subscription agreement with Asia Link Capital Investment Holdings Limited ("Asia Link"), the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK\$0.001 per warrant and at subscription price of HK\$0.50 per share. The subscription was completed on 2 July 2015 and proceeds of HK\$589,000 were received. On 2 July 2015, the share price of the Company was HK\$1.21 per share. In accordance with the valuation performed by Roma Appraisals Limited, an independent professional valuer, the fair value of the warrants as at the date of issue, by using Binomial Option Pricing Model, was estimated at HK\$466,611,000 which represented HK\$0.7924 per warrant granted. The difference between the fair value of the warrants and the proceeds received, HK\$466,022,000, was charged to the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2015. Details of the issue of warrant are set out in the Company's circular dated 31 May 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<b>(226,222)</b>	(677,040)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	<b>(6,025)</b>	(2,198)
Proceeds from disposal of property, plant and equipment	<b>1,161</b>	1,648
Placement in pledged bank deposits	<b>(138,879)</b>	(566)
Proceeds from disposal of a financial asset designated at fair value through profit or loss	–	9,500
Proceeds from disposal of loan receivables	–	36,500
Purchases of available-for-sale investments	–	(43,527)
Dividend received from available-for-sale investments	<b>2,842</b>	297
Proceeds from disposal of available-for-sale investments	<b>43,593</b>	296,386
Collection of consideration receivable from disposal of available-for-sale investment	–	10,000
Collection of consideration receivable from disposal of subsidiaries	<b>24,358</b>	–
Proceeds from issue of derivative financial instruments	–	5,000
Interest received	<b>2,905</b>	995
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<b>(70,045)</b>	314,035
FINANCING ACTIVITIES		
Interest paid	<b>(34,339)</b>	(13,886)
Net proceeds from issue of secured notes	<b>230,724</b>	–
Other borrowings raised	<b>148,341</b>	68,313
Repayment of other borrowings	<b>(551,832)</b>	(106,000)
Proceeds from issue of bonds	<b>20,000</b>	85,550
Issuance cost of bonds	<b>(2,900)</b>	(17,441)
Issuance cost of warrants	<b>(627)</b>	–
Net proceeds from issue of new shares	<b>213,766</b>	190,017
Proceeds from issue of new shares upon exercise of warrants	<b>50,000</b>	–
Proceeds from issue of warrants	<b>589</b>	–
Capital injection from non-controlling shareholders of a subsidiary	<b>300,000</b>	–
NET CASH FROM FINANCING ACTIVITIES	<b>373,722</b>	206,553

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<b>77,455</b>	(156,452)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>203,575</b>	416,322
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>1,382</b>	243
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD REPRESENTED BY BANK BALANCES AND CASH	<b>282,412</b>	260,113



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

## **1. GENERAL INFORMATION AND BASIS OF PREPARATION**

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

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include (i) lending of money, (ii) trading of commodities, (iii) securities investment and (iv) trading of futures.

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

## **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the period.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### *Change in ownership of a subsidiary*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the current interim period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE

Revenue represents interest income generated from lending of money to outside borrowers.

Income from rendering of services is recognised when the services are provided.





#### 4. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

- (a) Money lending
- (b) Trading of commodities
- (c) Securities investment
- (d) Trading of futures

During the year ended 31 March 2015, the board of directors of the Company has conducted a review of the Group's latest business development and strategy going forward and has resolved to engage in trading of listed securities and futures. Securities investment and trading of futures have been regarded as reportable segments of the Group since then.

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

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

#### 4. SEGMENT INFORMATION (Continued)

Information regarding the above segments from is reported below:

##### For the six months ended 30 September 2015

	Money lending HK\$'000 (unaudited)	Trading of commodities HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Trading of futures HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	47,064	-	-	-	47,064
Segment results	41,848	-	233,022	2,138	277,008
Other income					12,653
Other gains and losses					299,225
Other expense					(466,022)
Central administration costs					(29,810)
Finance costs					(42,240)
Profit before taxation					50,814

#### 4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2014

	Money lending HK\$'000 (unaudited)	Trading of commodities HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	31,466	51,360	–	82,826
Less: Cost of commodities transactions	–	(50,860)	–	(50,860)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	31,466	500	–	31,966
Segment results	30,187	500	1,595,646	1,626,333
Other income				5,994
Other gains and losses				(232,347)
Central administration costs				(38,840)
Finance costs				(31,327)
Profit before taxation				1,329,813

Segment results represent the profit earned or loss incurred by each segment without allocation of other income, other gains and losses (other than fair value gain on investments held for trading), other expense, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

## 5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<u>Other income</u>		
Dividend income from available-for-sale investments	2,842	297
Interest earned on bank deposits	2,905	671
Interest earned on loan receivables (other than money lending business)	–	324
Sundry income	<u>6,906</u>	<u>4,702</u>
	<u><b>12,653</b></u>	<u>5,994</u>
<u>Other gains and losses</u>		
Fair value gain on investments held for trading	235,160	1,595,646
Fair value gain on financial assets designated at fair value through profit or loss	–	4,756
Initial loss arising from derivative financial instruments (see Note 14(ii))	–	(68,763)
Fair value gain (loss) on derivative financial instruments (see Note 14(ii & iii))	283,039	(300,646)
Loss on disposal of property, plant and equipment	(10)	(5)
Fair value of put option at initial recognition (Note 21)	(5,238)	–
Gain on disposal of available-for-sale investments	29,300	128,617
Gain on disposal of loan receivable	–	3,689
Net exchange (loss) gain	<u>(7,866)</u>	<u>5</u>
	<u><b>534,385</b></u>	<u>1,363,299</u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on borrowings		
– wholly repayable within five years	33,112	11,815
– not wholly repayable within five years	2,924	2,071
Issuance cost of corporate bonds (Note 20)	2,900	17,441
Interest on other long term liability (Note 21)	3,304	–
	<u>42,240</u>	<u>31,327</u>

Note: During the six months ended 30 September 2015, interest expense of approximately HK\$15,993,000 (six months ended 30 September 2014: HK\$8,681,000) was incurred for borrowings obtained solely for the Group's money lending business, which were wholly repayable within five years.

## 7. TAXATION

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong:		
Current tax	874	1,210
Deferred tax (Note 22)	36,140	262,940
Income tax expense	<u>37,014</u>	<u>264,150</u>

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

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

## 8. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of prepaid lease payment	183	–
Amortisation of premium over prepaid lease payment	1,359	–
Depreciation of property, plant and equipment	2,822	2,738
Warrant expense (Note)	466,022	–
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	11,876	10,871
Retirement benefit scheme contributions	241	198
Share-based payments	–	7
	<b>12,117</b>	11,076

Note: On 10 April 2015, the Company entered into a subscription agreement with Asia Link, the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK\$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK\$0.50. The subscription was completed on 2 July 2015 and proceeds of HK\$589,000 were received on the same date. The share price of the Company on the date of issue was HK\$1.21 per share. In accordance with the valuation performed by Roma Appraisals Limited, an independent professional valuer, the fair value of the warrants as at the date of issue, by using Binomial Option Pricing Model, was estimated at HK\$466,611,000 which represented HK\$0.7924 per warrant granted. The difference between the fair value of the warrants and the proceeds received, i.e. HK\$466,022,000, was charged to the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 September 2015. Details of the issue of warrants are set out in the Company's circular dated 31 May 2015.

## 9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)

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### Earnings

Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)

	<b>13,899</b>	1,065,817
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The basis of denominators used is the same as those detailed in the calculation of basic and diluted earnings per share both periods below.

	Six months ended 30 September	
	2015	2014
	'000	'000

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### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share

	<b>3,079,276</b>	1,674,509
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Effect of dilutive potential ordinary shares:

Warrants issued by the Company

	<b>63,602</b>	312,570
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Weighted average number of ordinary shares

for the purpose of diluted earnings per share

	<b>3,142,878</b>	1,987,079
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For the six months ended 30 September 2015 and 2014, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price for shares for the periods.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group spent HK\$6,025,000 (six months ended 30 September 2014: HK\$2,198,000) on purchase of property, plant and equipment.

## 11. PREPAID LEASE PAYMENT

The prepaid lease payment comprises:

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Leasehold land outside Hong Kong:		
Medium-term lease	<b>17,073</b>	18,131
Analysed for reporting purposes as:		
Current portion	<b>370</b>	370
Non-current portion	<b>16,703</b>	17,761
	<b>17,073</b>	18,131

The leasehold land is amortised on a straight-line basis over the remaining term of the lease.

## 12. PREMIUM OVER PREPAID LEASE PAYMENT

During the year ended 31 March 2015, the Group acquired the entire interest of Access Profit Global Enterprises Group Limited and its subsidiaries (collectively referred as the "Access Profit Group") at a consideration of HK\$150,000,000. The principal asset of the Access Profit Group is a land located in Urumqi, the capital city of the Uyghur Autonomous Region of Xinjiang in the PRC. The land is designated for logistics and warehousing development purpose. In the opinion of the directors, it is probable that the future economic benefits will flow to the Group as a result of engaging in the logistics and warehousing development on this land. At the date of acquisition, the excess of the fair value of the land, determined based on a valuation performed as on 31 March 2015 by Roma Appraisals Limited, an independent professional valuer, over the amount prepaid by Access Profit Group when it acquired the land use right, is recognised as premium over prepaid lease payment in accordance with HKAS 38 "Intangible Assets".



## 12. PREMIUM OVER PREPAID LEASE PAYMENT (Continued)

At the date of the completion of the acquisition, the Group recorded HK\$18,131,000 and HK\$133,261,000 as prepaid lease payment and premium over prepaid lease payment respectively. The premium over prepaid lease payment is amortised on a straight-line basis over the remaining term of the lease of the prepaid lease payment of 49 years.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	<b>1,397,669</b>	925,220
Unlisted equity securities, at cost	<b>363,235</b>	363,235
	<b>1,760,904</b>	1,288,455

During the six months ended 30 September 2015, the Group purchased listed equity securities of nil (six months ended 30 September 2014: HK\$43,527,000).

Unlisted equity securities represent investments in unlisted securities issued by two private entities. The business of these companies are investment holding and securities trading. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

As at 30 September 2015, the Group has pledged certain available-for-sale investments of HK\$368,480,000 (31.3.2015: HK\$442,785,000) and nil (31.3.2015: HK\$326,400,000) to secure a bank loan and securities margin loans advanced to the Group respectively.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
<b><u>Derivative financial instruments</u></b>		
Financial assets:		
Options consideration received (Note i)	<b>656,163</b>	585,324
Financial liabilities:		
Options granted (Note ii)	<b>473</b>	202,601
CIFG Option (Note iii)	<b>14,941</b>	–
HTF Warrants (Note iii)	<b>19,288</b>	–
	<b>34,702</b>	202,601

Notes:

- (i) On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party, entered into a sale and purchase agreement (“S&P Agreement”). Pursuant to the S&P Agreement, the Group conditionally agreed to dispose of its entire interest in Champ Universe Limited and its subsidiaries, which operated the Group’s coal mines in the Xinjiang Uygur Autonomous Region in the PRC and to assign HK\$1.6 billion shareholder’s loan at a consideration of HK\$1,580,000,000 subject to adjustments pursuant to the terms of the S&P Agreement (the “Champ Universe Disposal”). The Champ Universe Disposal was completed on 28 June 2013.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(i) (Continued)

The consideration was satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy"), ultimate holding company of Up Energy Mining Limited with its shares listed on the Stock Exchange, at an issue price of HK\$2 per share ("Up Energy Share(s)"). However, if as at the third anniversary of the completion date of the Champ Universe Disposal ("Third Anniversary Date"), the average closing price of Up Energy Share for the five trading days immediately preceding and including the Third Anniversary Date is less than HK\$2 per share, Up Energy shall allot and issue additional new Up Energy Share to the Company (the "Top-up Options"); (ii) HK\$845,000,000 by way of cash payment; (iii) put option granted to the Company, pursuant to which, as at the Third Anniversary Date, the Company has the right to request Up Energy to arrange for the sale of Up Energy Shares (the "Put Options"), up to a maximum of 140,000,000 shares by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent ("Placing Price"). If the Placing Price is less than HK\$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

The fair values of the Top-up Options and the Put Options were calculated using the Black Scholes Option Pricing Model. The inputs into the valuations were as follows:

### ***Top-up Options***

	<b>At 30 September 2015</b>
Stock price of Up Energy	HK\$0.290
Strike price	HK\$2.000
Risk free rate (Note a)	0.049%
Expected life (Note b)	0.743 years
Expected volatility (Note c)	70.301%

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(i) (Continued)

### **Put Options**

	<b>At 30 September 2015</b>
Stock price of Up Energy	HK\$0.290
Strike price	HK\$2.200
Risk free rate (Note a)	0.054%
Expected life (Note b)	0.784 years
Expected volatility (Note c)	69.810%

As at 30 September 2015, the fair values of the Top-up Options and Put Options were HK\$388,889,000 (31.3.2015: HK\$345,140,000) and HK\$267,274,000 (31.3.2015: HK\$240,184,000) respectively, with an aggregate fair value change of HK\$70,839,000 credited to profit and loss.

- (a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.
- (b) Expected life is the expected remaining life of the options.
- (c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Up Energy.



## 14. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

- (ii) During the six months ended 30 September 2014, the Group entered into a call option deed (the “Call Option Deed”) with an independent third party (the “Optionholder”). Pursuant to the Call Option Deed, the Optionholder is granted a right to purchase up to 240,000,000 shares (“Option Shares”) of Imperial Pacific International Holdings Limited (“Imperial Pacific”), whose shares are listed on the Stock Exchange, at an exercise price of HK\$0.55 per share. The Group received a premium of HK\$5,000,000 for this transaction. The Optionholder is entitled to exercise the option at any time before 3 July 2016. As at date of issue, the fair value of the option was HK\$73,763,000, an initial loss of HK\$68,763,000 was recognised to profit or loss.

During the six months ended 30 September 2015, Imperial Pacific proposed a bonus issue of shares of Imperial Pacific on the basis of fifteen bonus shares of Imperial Pacific for every one existing share of Imperial Pacific held by the qualifying shareholders of Imperial Pacific (the “Proposed IP Bonus Issue”). The Proposed IP Bonus Issue was completed on 3 July 2015.

On 5 August 2015, the Group received a call option exercise notice from the Optionholder to purchase 3,840,000,000 shares of Imperial Pacific at a total sum of HK\$132,000,000 (the “Optionholder’s Request”). The Optionholder’s Request was served by assuming the number of shares and the exercise price stated in the Call Option Deed would be adjusted for the Proposed IP Bonus Issue. However, in the opinion of the directors, there is no provision in the Call Option Deed relating to adjustment of the number of Option Shares. Hence, the Optionholder’s Request was denied by the Group.

On 20 August 2015, the Group received a letter from the legal representative of the Optionholder to reiterate the Call Option Deed is eligible to adjust for the Proposed IP Bonus Issue. On 27 August 2015, the Group, through its legal representative, replied to the Optionholder and reaffirmed that the Proposed IP Bonus Issue has no impact on the Call Option Deed as there is no pricing adjustment mechanism in the Call Option Deed.

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(ii) (Continued)

Since the receipt of the Optionholder's Request, the Group and the Optionholder have several communications, through respective legal representatives, to reiterate their own view. Up to the date of this report, such communication is still in progress.

The fair value of the option as at 30 September 2015 was calculated using the Binomial Option Pricing Model, on the basis that the Optionholder is granted a right to purchase up to 240,000,000 Option Shares. The inputs into the valuation were as follows:

	<b>At 30 September 2015</b>
Stock price of the Imperial Pacific	HK\$0.169
Strike price	HK\$0.550
Risk free rate (Note a)	0.074%
Expected life (Note b)	0.757 years
Expected volatility (Note c)	71.121%

- (a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the option.
- (b) Expected life is the expected remaining life of the option.
- (c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Imperial Pacific.

As at 30 September 2015, the fair value of the option was HK\$473,000 (31.03.2015: HK\$202,601,000). The change in fair value of HK\$202,128,000 was credited to profit and loss.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

- (iii) During the six months ended 30 September 2015, the Group granted the CIFG Option and HTF Warrants (as defined in Note 19) to an independent third party. Details of the CIFG Option and the HTF Warrants are set out in Note 19.

### ***CIFG Option***

The fair value of the CIFG Option was calculated using the Binomial Option Pricing Model. The inputs into the valuations were as follows:

	<b>At date of issue</b>	<b>At 30 September 2015</b>
Stock price of CIFG	HK\$1.040	HK\$0.670
Strike price	HK\$1.440	HK\$1.440
Risk free rate (Note a)	0.702%	0.545%
Expected life (Note b)	3.001 years	2.787 years
Expected volatility (Note c)	57.162%	74.990%

Notes:

- (a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the option.
- (b) Expected life is the expected remaining life of the option.
- (c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of CIFG.

As at date of issue, the fair value of the CIFG Option was HK\$24,253,000. As at 30 September 2015, the fair value of the CIFG Option was HK\$14,941,000. The change in fair value of HK\$9,312,000 was credited to profit and loss.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(iii) (Continued)

### **HTF Warrants**

The fair value of the HTF Warrants was calculated using the Binomial Option Pricing Model. The inputs into the valuations were as follows:

	<b>At date of issue</b>	<b>At 30 September 2015</b>
Equity value (Note a)	HK\$1.182	HK\$1.181
Risk free rate (Note b)	0.686%	0.547%
Expected life (Note c)	3.001 years	2.793 years
Expected volatility (Note d)	19.915%	20.075%

Notes:

- (a) Being equity value of Hao Tian Finance Company Limited (the "Hao Tian Finance"), a subsidiary of the Company, determined by reference to the net asset value of Hao Tian Finance as at date of issue and 30 September 2015 respectively.
- (b) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the warrants.
- (c) Expected life is the expected remaining life of the warrants.
- (d) Expected volatility is estimated by reference to the volatility of other companies which shares are listed on the Stock Exchange and engaged in similar industry of Hao Tian Finance.

As at the date of issue, the fair value of the HTF Warrants was HK\$20,048,000. As at 30 September 2015, the fair value of the HTF Warrants was HK\$19,288,000. The change in fair value of HK\$760,000 was credited to the condensed consolidated statement of profit or loss and other comprehensive income..



## 15. LOAN RECEIVABLES

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Non-current:		
Secured, fixed-rate loan receivables	<b>65,706</b>	56,365
Unsecured, fixed-rate loan receivables	<b>4,117</b>	–
	<b>69,823</b>	56,365
Current:		
Secured, fixed-rate loan receivables (Note)	<b>449,950</b>	272,310
Unsecured, fixed-rate loan receivables	<b>199,469</b>	115,340
	<b>649,419</b>	387,650
	<b>719,242</b>	444,015

Note: The loan receivables are secured by properties of the borrowers. Included in the Group's loans receivables are debtors, with carrying amount of HK\$2,300,000 (31.03.2015: HK\$27,245,000) which are past due at the reporting date. The loan receivables are secured by properties pledged to the Group. The Group assessed the fair value of the pledged properties, in the opinion of the directors, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 30 September 2015.

## 16. TRADE AND BILLS RECEIVABLES

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Trade receivables	–	7,615
Bills receivables arising from trading of commodities	–	5,783
	–	13,398
Interest receivables in relation to money lending business	<b>9,713</b>	17,569
	<b>9,713</b>	30,967

The Group allows credit period of 90 days to its customers of trading of commodities business and 120 to 180 days to its customers of sale of coal. The aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates is stated as follows:

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
61 to 90 days	–	1,511
91 to 365 days	–	4,272
Over 365 days	–	7,615
	–	13,398

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreement entered with its customers ranging from 1 month to 6 months (31.3.2015: 1 month to 6 months).

As at 30 September 2015, HK\$770,000 (31.3.2015: nil) interest receivables in relation to money lending business was past due but not impaired.

The interest receivables are secured by properties pledged to the Group. The Group assessed the fair value of the pledged properties, in the opinion of the directors, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 30 September 2015.

## 17. CONSIDERATION RECEIVABLE

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Consideration receivable in respect of:		
Menggang Group Disposal	<b>121,973</b>	152,230

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 (the "Inner-Mongolia Coal Mining Operation"), for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012. The Total Consideration shall be satisfied by four 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.

On 6 December 2012, the Purchaser received a notice (the "Notice") from the tax bureau of Wuhai City Hainan District in the Inner Mongolia Autonomous Region (the "Tax Bureau"), pursuant to which, the Tax Bureau requested the Purchaser to withhold additional business tax of RMB80 million. The directors of the Company are of the view that such additional business tax is not applicable to this transaction. Hence the Group negotiated with the Tax Bureau and finally the Tax Bureau revoked the Notice on 3 April 2014. However, the Purchaser continues to withhold this RMB80 million.

## 17. CONSIDERATION RECEIVABLE *(Continued)*

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

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

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

On 27 June 2014, the decision of the First Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled portion of the third installment of RMB80 million and dismissed the Counter-claim. The Purchaser, however, filed a litigation to the Beijing Second Intermediate People’s Court (the “Beijing Court”) to request the Beijing Court to void the decision made in the First Arbitration and applied to temporarily suspend the Second Arbitration. On 22 September 2014, the Purchaser revoked its request about the temporarily suspension of the Second Arbitration. On 23 October 2014, the Group requested the Commission to re-open the Second Arbitration. On 18 December 2014, the Beijing Court rejected the request from the Purchaser to void the decision made in the First Arbitration.



## 17. CONSIDERATION RECEIVABLE *(Continued)*

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

On 3 August 2015, the decision of the Second Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled final installment of RMB40 million.

On 8 September 2015, the Group has submitted a mandatory enforcement to Ordos Court to execute the decision of the Second Arbitration (the "Second Execution"). The Second Execution is under process.

On 21 August 2014, the Purchaser, however, filed a litigation to the Inner-Mongolia Autonomous Regional High People's Court ("the Inner-Mongolia Court") and claimed for an aggregate amount of approximately RMB103 million (approximately HK\$131 million), based on similar facts under the Counter-claim. On 6 February 2015, the Group received a writ of summons from the Inner-Mongolia Court regarding this litigation which was dated 29 December 2014. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Court (the "Objection"). On 2 June 2015, the Inner-Mongolia Court turned down the Group's Objection. On 6 August 2015, the Group filed an appeal to the Inner-Mongolia Court and reaffirmed its Objection. The hearing is pending for scheduling.

In view of the Notice was revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration and the Beijing Court, the directors considered that the Group had fully complied with the terms of the sale and purchase agreement after taking legal advice, in the opinion of the directors, the Group has a meritorious ground on the litigation, so the risk of not recovering the amount is minimal, and no impairment loss is required as at 30 September 2015.

As at 30 September 2015, the remaining unsettled consideration of RMB100,150,000 (or equivalent to HK\$121,973,000) (31.3.2015: HK\$152,230,000) was included in the condensed consolidated statement of financial position as consideration receivable.

## 18. INVESTMENTS HELD FOR TRADING

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Investments held for trading include:		
Equity securities and derivatives listed in Hong Kong, at fair value	<b>3,358,780</b>	2,952,114
Derivatives listed outside Hong Kong, at fair value	<b>5,966</b>	4,573
	<b>3,364,746</b>	2,956,687

As at 30 September 2015, included in investments held for trading, HK\$3,008,300,000 (31.3.2015: HK\$2,619,600,000) represents the Group's investment in 23.26% (31.3.2015: 26.20%) of the equity interest in China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) ("CIFG"). The investment in CIFG is classified as investments held for trading, as in the opinion of the directors, the investment is owned for short-term trading purpose and the Group irrevocably undertake to CIFG that the Group shall not to participate or otherwise exercise any influence over the management or the operating and financial policy decisions of CIFG and shall not nominate any directors to or remove any directors from the board of directors of CIFG. On 14 July 2015, the Group entered into a call option deed with an individual third party, in connection with the SN Notes (as defined and detailed in Note 19) issued by the Group during six months ended 30 September 2015. The Group granted a right to this individual third party to purchase up to 80,729,170 shares of CIFG at an exercise price of HK\$1.44 per share. Details of the option are set out in Note 14(iii) and 19.

As at 30 September 2015, included in the Group's investments held for trading, carrying amount of HK\$1,013,300,000 (31.3.2015: HK\$849,600,000) and HK\$777,200,000 (31.3.2015: nil) (the "Pledged Shares") are pledged to secure a banking facility of HK\$450,000,000 with a term of twelve months and to secure the SN Notes respectively. The Pledged Shares as security will be released upon the full repayment of the loan. Details of the SN Notes and the banking facility are disclosed in Notes 19 and 20 respectively.



## 19. SECURED NOTES

On 6 July 2015, the Group entered into a subscription agreement (the “SN Subscription Agreement”) with an independent third party (the “SN Subscriber”). Pursuant to the SN Subscription Agreement, the Group agreed to issue and the SN Subscriber agreed to subscribe for notes (the “SN Notes”) in the aggregate principal amount of up to US\$30,000,000 (or approximately HK\$232,499,000). The maturity date of the SN Notes is two years after the issue date. The SN Notes bear fixed coupon rate at 9% per annum. As at 30 September 2015, the SN Notes are secured by certain of the Group’s investments held for trading of HK\$777,200,000.

Pursuant to the SN Subscription Agreement, the SN Subscriber has the right to request the Group to redeem the SN Notes in whole or in part at the sum of (a) the principal amount outstanding on the SN Notes; (b) the outstanding interest up to the date of redemption; (c) any default interest; and (d) any other outstanding amount due but unpaid under that SN Notes. Hence, the SN Notes are recognised as current liability in the condensed consolidated statement of financial position.

As part of the SN Subscription Agreement, the Group entered into a call option deed (the “CIFG Call Option Deed”) and a warrant agreement (the “HTF Warrant Agreement”) with the SN Subscriber. Pursuant to the CIFG Call Option Deed, the SN Subscriber is granted a right to purchase up to 80,729,170 shares of CIFG at an exercise price of HK\$1.44 per share (the “CIFG Option”). The SN Subscriber is entitled to exercise the option at any time before 14 July 2018.

Pursuant to the HTF Warrant Agreement, the SN Subscriber is granted a right to subscribe in aggregate up to a maximum amount of US\$15,000,000 worth of the shares of Hao Tian Finance (the “HTF Warrants”) in the period from the grant of the HTF Warrants until three years after such grant. The exercise price will be determined (i) if the HTF Warrants are exercised before the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the net assets value per Hao Tian Finance share as at 31 March 2016; or (ii) if the HTF Warrants are exercised after the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the lower of (a) the net assets value per Hao Tian Finance share as at 31 March 2016; or (b) net assets value per Hao Tian Finance share as at 31 March 2017.

As at date of issue, the fair values of the SN Notes, the CIFG Option and the HTF Warrants were HK\$188,198,000, HK\$24,253,000 and HK\$20,048,000 respectively.

## 19. SECURED NOTES *(Continued)*

The SN Notes represent the present value of the contractually determined stream of future cash flows discounted at the rate of interests, on initial recognition, of instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the CIFG Option and the HTF Warrants. The effective interest rate of the SN Notes is 21.157% per annum. The SN Notes also include the value of the early repayment option as the option is closely related to the host debt instrument. The SN Notes are classified as financial liabilities as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS39") and were carried in the condensed consolidated statement of financial position at amortised cost in accordance with HKAS 39.

The CIFG Option and the HTF Warrants were carried in the condensed consolidated statement of financial position as derivative financial instruments. The fair values of the CIFG Option and the HTF Warrants were detailed in Note 14(iii).

During the six months ended 30 September 2015, an imputed interest on the SN Notes of HK\$4,738,000 (six months ended 30 September 2014: nil) is recognised as finance costs in the condensed consolidated statement of profit or loss and other comprehensive income.



## 20. OTHER BORROWINGS

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Bank overdrafts – secured (Note a)	<b>23,720</b>	26,000
Bank loans – secured (Note b)	<b>139,619</b>	345,283
Bank loans – unsecured (Note c)	<b>5,971</b>	–
Corporate bonds and notes – unsecured (Note d)	<b>164,550</b>	144,550
Securities margin loans – secured (Note e)	–	201,518
	<b>333,860</b>	717,351
Carrying amount repayable (based on the scheduled repayment dates set out on loan agreements)		
Within one year (Note f)	<b>169,310</b>	572,801
More than two years but less than five years	<b>19,550</b>	9,550
More than five years	<b>145,000</b>	135,000
	<b>333,860</b>	717,351
Comprising:		
Amounts due within one year shown under current liabilities	<b>169,310</b>	572,801
Amounts shown under non-current liabilities	<b>164,550</b>	144,550
	<b>333,860</b>	717,351

### Notes:

- (a) The bank overdrafts are secured by pledged bank deposits of HK\$40,186,000 (31.3.2015: HK\$45,276,000). The bank overdrafts carry floating rates of Hong Kong Interbank Offered Rate (the "HIBOR") plus 1% or Prime Rate plus 1%, i.e. effective interest rate of 1.84% to 6% per annum (31.3.2015: HIBOR plus 1% or Prime Rate plus 1%, i.e. effective interest rate of 1.84% to 6% per annum).

## 20. OTHER BORROWINGS (Continued)

Notes: (Continued)

- (b) As at 30 September 2015, the Group's bank borrowings of approximately HK\$129,619,000 are secured by a standby letter of credit issued by a bank. The letter of credit was secured by a bank deposit of approximately RMB110,000,000 (equivalent to HK\$133,969,000).

The bank borrowing carry floating rates of London Interbank Offered Rate plus 1.4% per annum, i.e. effective interest rate of 1.724% per annum.

As at 30 September 2015, the Group's bank borrowings of nil (31.03.2015: HK\$293,000,000) were secured by certain assets of the Group, including the Group's available-for-sale investments of HK\$368,480,000, investments held for trading of HK\$1,013,300,000, a yacht of HK\$56,746,000 and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited (31.03.2015: available-for-sale investments of HK\$442,785,000, investments held for trading of HK\$849,600,000, a yacht of HK\$58,383,000 and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited). The bank borrowings carried floating rates of HIBOR plus 3.7% per annum, i.e. effective interest rate of 4.35% per annum.

As at 30 September 2015, the Group's bank borrowings of HK\$10,000,000 (31.3.2015: HK\$52,283,000) are secured by a bank deposit of HK\$10,000,000. The bank borrowings carry floating rates of 1% p.a. above Hong Kong dollars prime lending rate (31.3.2015: HIBOR plus 2.7%) per annum, i.e. effective interest rate of 6% (31.3.2015: 2.94%) per annum.

- (c) The borrowing is unsecured, repayable on demand and carries floating rates of HIBOR plus 2.7% per annum, i.e. effective interest rate of 2.93%.
- (d) The borrowings are unsecured, carries fixed rate ranges from 2.25% to 7.5% per annum (31.3.2015: 3.25% to 7.5% per annum) and will mature in year 2017 to 2023 (31.3.2015: year 2017 to 2022).



## 20. OTHER BORROWINGS (Continued)

Notes: (Continued)

- (e) These represented securities margin financing received from securities broking houses and were secured by certain investments held for trading as collateral. During the six months ended 30 September 2015, the Group settled the entire securities margin loans.

As at 31 March 2015, the entire loans were repayable on demand and carried fixed interest rate of 8% per annum. HK\$326,400,000 available-for-sale investments and HK\$2,061,041,000 investments held for trading were pledged to the respective security house to secure the outstanding securities margin loans. These charges were released during the six months ended 30 September 2015.

- (f) Included in the Group's borrowings of HK\$169,310,000 (31.3.2015: 562,801,000) which contain a repayment on demand clause.

## 21. CHANGE OF GROUP'S INTEREST IN A SUBSIDIARY/OTHER LONG TERM LIABILITY

On 9 April 2015, Hao Tian Finance, entered into a subscription agreement (the "First Subscription Agreement") with Rui Sheng Global Holdings Limited ("RSGHL"), an independent third party. Pursuant to the First Subscription Agreement, RSGHL is agreed to subscribe for and Hao Tian Finance is agreed to issue, its new shares at the consideration of HK\$100 million (the "First Subscription"). The First Subscription was completed on 13 May 2015. Upon completion of the First Subscription, Hao Tian Finance remains an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 90.1% and approximately 9.9% by the Company and RSGHL respectively.

On 28 April 2015, Hao Tian Finance entered into a subscription agreement (the "Second Subscription Agreement") with Century Golden Resources Investment Co., Ltd ("CGRICL"), an independent third party. Pursuant to the Second Subscription Agreement, CGRICL is agreed to subscribe for, and Hao Tian Finance is agreed to issue, its new shares at the consideration of HK\$200 million (the "Second Subscription"). The Second Subscription was completed on 15 May 2015. Upon completion of the Second Subscription, Hao Tian Finance remains an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 75%, 8.33% and 16.67% by the Company, RSGHL and CGRICL respectively.

## 21. CHANGE OF GROUP'S INTEREST IN A SUBSIDIARY/OTHER LONG TERM LIABILITY *(Continued)*

This change in Group's interest in Hao Tian Finance did not result in a loss of control over Hao Tian Finance and was accounted for as an equity transaction, whereby adjustments were made to reflect an increase in non-controlling interests of approximately HK\$300,750,000 and a debit to other reserve of approximately HK\$750,000 upon the completion of the First Subscription and the Second Subscription.

As part of the First Subscription Agreement, the Company granted RSGHL a right with a consideration of HK\$1.00 that on the occurrence of Hao Tian Finance and the Company fails to have all the shares of Hao Tian Finance to be listed on either the Main Board or the Growth Enterprise Market of the Stock Exchange within three years after the completion of the First Subscription (the "Event"), RSGHL shall have the right to request the Company to purchase all or part of the shares at a price of HK\$1.15 per share (the "HTF Put Option") at any time within three months after occurrence of the Event. As at date of issue, the fair value of gross liability of HK\$91,291,000 of the HTF Put Option has been accounted for as another long term liability in the condensed consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

During the six months ended 30 September 2015, an imputed interest on the other long-term liability of HK\$3,304,000 (six months ended 30 September 2014: nil) is recognised as finance costs in the profit or loss and other comprehensive income.

The HTF Put Option is classified as an equity instrument. As at the date of issue, the fair value of the HTF Put Option was HK\$5,238,000 which was charged to the condensed consolidated statement of profit or loss and other comprehensive income.

## 22. DEFERRED TAXATION

The following is the major deferred tax liability recognised and movement thereon during the current period:

	<b>Fair value change of investments held for trading</b>
	HK\$'000
At 1 April 2015 (audited)	(315,155)
Charge to profit or loss (Note 7)	<u>(36,140)</u>
At 30 September 2015 (unaudited)	<u>(351,295)</u>

## 23. SHARE CAPITAL

	<b>Nominal value per share</b>	<b>Number of shares</b>	<b>Share capital</b>
	HK\$		HK\$'000
Ordinary shares			
<i>Authorised:</i>			
At 1 April 2015 and 30 September 2015	0.01	<u>50,000,000,000</u>	<u>500,000</u>
<i>Issued:</i>			
At 1 April 2015	0.01	2,944,303,100	29,443
Issue of new shares upon exercise of warrants (Note i)	0.01	100,000,000	1,000
Issue of new shares (Note ii)	0.01	<u>240,000,000</u>	<u>2,400</u>
At 30 September 2015	0.01	<u>3,284,303,100</u>	<u>32,843</u>

## 23. SHARE CAPITAL (Continued)

Notes:

- (i) During the six months ended 30 September 2015, a total of 100,000,000 new ordinary shares of the Company of HK\$0.01 each were issued upon the exercise of 100,000,000 warrants at HK\$0.50 per share. As at 30 September 2015, there was 488,858,000 warrants outstanding which is convertible into 488,858,000 new ordinary shares of the Company.
- (ii) On 28 July 2015, a top-up placing transaction of 240,000,000 new ordinary shares of HK\$0.01 each in the Company at placing price of HK\$0.90 per share to independent third party investors was completed.

All the shares issued during the six months ended 30 September 2015 rank pari passu with the then existing shares of the Company in all respects.

## 24. COMMITMENTS

### (a) Operating lease commitments

#### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	<b>30.9.2015</b>	31.3.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Within one year	<b>11,871</b>	12,264
Within two to five years inclusive	<b>1,371</b>	6,048
	<b>13,242</b>	18,312

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises and staff quarters. Leases are negotiated for an average term of two to five years and rentals are fixed over the relevant lease terms.



24. COMMITMENTS (Continued)

(b) Capital commitment

	30.9.2015	31.3.2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure in respect of addition of property, plant and equipment:		
– contract for but not provided in the condensed consolidated financial statements (Note)	142,254	–
– authorised but not contract for	56,937	237,138

Note: During the six months ended 30 September 2015, a wholly-owned subsidiary of the Group has entered into contractual agreement for the development of the logistics warehousing business in the PRC. Total contract sum was approximately RMB116,803,000 (equivalent to HK\$142,254,000).

## 25. SHARE-BASED PAYMENTS

Details of the share options outstanding and movements during the current period were as follows:

Grantee	Date of grant	Exercising period	Exercise price per share HK\$	Number of share options			Outstanding at 30 September 2015
				Outstanding at 1 April 2015	Lapsed during the period	Forfeited during the period	
<b>Director</b>							
Fok Chi Tak	8.4.2011	8.4.2012 to 7.4.2015	0.977	454,320	(454,320)	-	-
	8.4.2011	8.4.2014 to 7.4.2016	0.977	454,320	-	-	454,320
	8.4.2011	8.4.2015 to 7.4.2017	0.977	605,760	-	-	605,760
<b>Controlling shareholder</b>							
Li Shao Yu ("Ms. Li") (Note)	27.9.2010	27.9.2012 to 26.9.2015	1.057	4,316,040	(4,316,040)	-	-
	27.9.2010	27.9.2013 to 26.9.2016	1.057	5,754,720	-	-	5,754,720
<b>Other employees</b>							
	27.9.2010	27.9.2012 to 26.9.2015	1.057	7,291,836	(7,291,836)	-	-
	27.9.2010	27.9.2013 to 26.9.2016	1.057	9,722,448	-	-	9,722,448
	8.4.2011	8.4.2012 to 7.4.2015	0.977	1,022,220	(113,580)	(908,640)	-
	8.4.2011	8.4.2013 to 7.4.2016	0.977	1,022,220	-	(908,640)	113,580
	8.4.2011	8.4.2014 to 7.4.2017	0.977	1,362,960	-	(1,211,520)	151,440
				32,006,844	(12,175,776)	(3,028,800)	16,802,268

Note: Ms. Li is a controlling shareholder and the Chief Executive Officer of the Company. On 1 September 2015, Ms. Li resigned from the Chief Executive Officer and acts as the senior consultant of the Company.

During the six months ended 30 September 2014, share option expenses of HK\$7,000 were recognised with a corresponding credit in the share options reserve.





## 26. RELATED PARTY TRANSACTIONS

- (i) The remuneration of directors and other key management personnel of the Group during the period was HK\$2,626,200 (six months ended 30 September 2014: HK\$2,724,000) which included HK\$885,000 (six months ended 30 September 2014: HK\$1,062,000) remuneration paid/payable to Ms. Li. Ms. Li is a controlling shareholder of the Company who can exercise significant influence to the Group and acted as the Chief Executive Officer of the Company prior to 1 September 2015. On 1 September 2015, Ms. Li resigned from Chief Executive Officer and acts as the senior consultant of the Company.
- (ii) On 10 April 2015, the Company entered into a subscription agreement with Asia Link, the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK\$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK\$0.50. The subscription was completed on 2 July 2015 and proceeds of HK\$589,000 were received. According to the valuation performed by Roma Appraisals Limited, an independent professional valuer, the fair value of the warrants as at the date of issue was estimated at HK\$466,611,000. The difference between the fair value of the warrants and the proceeds received, HK\$466,022,000, was charged to profit and loss during the six months ended 30 September 2015.
- (iii) During the six months ended 30 September 2014, the Group traded commodities with the ultimate holding company of the non-controlling interests of a subsidiary amounted to HK\$7,810,000. The revenue as presented in the condensed consolidated of profit or loss and other comprehensive income was HK\$301,000.

## 27. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of a cash interim dividend for the six months ended 30 September 2015.

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### *Fair value of the Group's financial instruments that are measured at fair value on a recurring basis*

Some of the Group's financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2015 HK\$'000	31 March 2015 HK\$'000				
Listed equity securities classified as available-for-sale investments	1,397,669	925,220	Level 1	Quoted prices in an active market	N/A	N/A
Listed equity securities classified as investments held for trading	3,358,780	2,952,114	Level 1	Quoted prices in an active market	N/A	N/A
Overseas listed derivatives classified as investments held for trading	5,966	4,573	Level 1	Quoted prices in an active market	N/A	N/A
Derivative financial instruments	656,163	585,324	Level 3	Black-Scholes Option Pricing Model. The key inputs are: spot price, strike price, risk free rate and expected volatility	Expected volatilities of the share price are determined based on the historical trend of the market price of the option issuer. (Note a)	The higher of the volatility, the higher the fair value.

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

*Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)*

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2015 HK\$'000	31 March 2015 HK\$'000				
Derivative financial instruments	15,414	202,601	Level 3	Binomial Option Pricing Model. The key inputs are: spot price, strike price, risk free rate and expected volatility	Expected volatilities of the share price are determined based on the historical trend of the market price of the underlying equity shares. (Note b)	The higher of the volatility, the higher the fair value.
Derivative financial instruments	19,288	–	Level 3	Binomial Option Pricing Model. The key inputs are: equity value of Hao Tian Finance, risk free rate and expected volatility	Equity value of Hao Tian Finance and expected volatility. (Note c)	The higher of the volatility, the higher the fair value.

Notes:

- (a) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK\$14,000/HK\$23,000. In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.
- (b) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK\$2,043,000/HK\$1,900,000. In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.
- (c) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK\$3,826,000/HK\$3,840,000. In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

*Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)*

### Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities:

	<b>Derivative financial assets HK\$'000</b>	Derivative financial liabilities HK\$'000
At 1 April 2015 (audited)	<b>585,324</b>	(202,601)
Additions	–	(44,301)
Total gain or loss recognised in profit or loss		
– Change in fair value	<b>70,839</b>	212,200
At 30 September 2015 (unaudited)	<b>656,163</b>	(34,702)

Of the total gains or losses for the period included in profit or loss, HK\$283,039,000 (six months ended 30 September 2014: HK\$364,653,000) relates to financial assets designated as at fair value through profit or loss and derivative financial instruments held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at fair value through profit or loss and derivative financial instruments are included in 'other gains and losses'.

### Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group obtains transaction price and quoted price from secondary market and counterparty bank, as well as engages third party qualified valuers to perform the valuation on regular basis. The Group's investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group's investment committee reports the valuer's findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.



## 29. EVENTS AFTER THE REPORTING PERIOD

- (i) On 1 November 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of a company incorporated in Hong Kong (the “Target Company”), which is principally engaged in providing brokerage service, for an aggregate consideration of: i) a fixed premium of HK\$11,000,000; and ii) net assets value of the Target Company as at the date of completion (the “Proposed Acquisition”). The Proposed Acquisition is yet completed up to the report date.
  
- (ii) On 27 November 2015, the directors of the Company recommend, subject to the approval of the shareholders of the Company at an extraordinary general meeting, a bonus issue of shares (the “Bonus Issue”). The recommended Bonus Issue includes a proposed allotment and issue of one bonus share for each existing 10 shares held by the shareholders whose names appear on the register of members on the 27 January 2016.