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昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The Directors of Hao Tian Development Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	3	**129,986**	60,899
Gross proceeds from sale of investments held for trading		**767,976**	208,660
Total		**897,962**	269,559
Revenue	3	**129,986**	60,899
Other income	5	**7,818**	9,079
Other gains and losses	6	**762,201**	1,918,000
Administrative expenses		**(89,284)**	(75,433)
Finance costs	7	**(87,878)**	(66,354)
Profit before taxation		**722,843**	1,846,191
Taxation	8	**(256,869)**	(323,813)
Profit for the year	9	**465,974**	1,522,378

	NOTE	2016 HK$'000	2015 HK$'000
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
– fair value changes		**435,841**	499,254
– impairment loss recognised		**120,173**	–
– reclassified to profit or loss upon disposal		**(29,264)**	(141,405)
Exchange difference arising on translation of foreign operations		**(2,845)**	(165)
Reclassification adjustments relating to foreign operations disposed		**–**	(14)
Other comprehensive income for the year, net of tax		**523,905**	357,670
Total comprehensive income for the year		**989,879**	1,880,048
Profit (loss) for the year attributable to:			
Owners of the Company		**524,398**	1,522,565
Non-controlling interests		**(58,424)**	(187)
		465,974	1,522,378
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**1,082,381**	1,880,235
Non-controlling interests		**(92,502)**	(187)
		989,879	1,880,048
			(Restated)
Earnings per share	*11*		
– Basic and diluted *(HK cents)*		**14.77**	62.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**82,202**	82,935
Prepaid lease payment		**16,480**	17,761
Premium over prepaid lease payment		**130,542**	133,261
Available-for-sale investments	*12*	**1,399,486**	1,288,455
Financial assets designated at fair value through profit or loss	*13*	**24,252**	–
Derivative financial instruments	*13*	**–**	585,324
Loan receivables	*15*	**118,569**	56,365
Deposits		**964**	1,017
		1,772,495	2,165,118
Current assets			
Inventories		**407**	1,239
Trade, bills and interest receivables	*14*	**36,226**	30,967
Other receivables, deposits and prepayments		**48,027**	250,081
Loan receivables	*15*	**709,220**	387,650
Derivative financial instruments	*13*	**466,150**	–
Consideration receivable	*17*	**72,120**	152,230
Investments held for trading	*16*	**4,860,141**	2,956,687
Prepaid lease payment		**370**	370
Pledged bank deposits		**167,424**	45,276
Bank balances and cash		**295,782**	203,575
		6,655,867	4,028,075

	NOTES	2016 HK$'000	2015 HK$'000
Current liabilities			
Other payables, deposits received and accruals		**16,287**	11,478
Borrowings	*19*	**463,894**	572,801
Secured notes	*20*	**203,074**	–
Derivative financial instruments	*13*	**41,515**	202,601
Tax payables		**5,018**	21,298
Deferred tax liability	*18*	**567,335**	315,155
		1,297,123	1,123,333
Net current assets		**5,358,744**	2,904,742
Total assets less current liabilities		**7,131,239**	5,069,860
Non-current liabilities			
Borrowings	*19*	**164,550**	144,550
Other long term liability	*21*	**98,560**	–
		263,110	144,550
Net assets		**6,868,129**	4,925,310
Capital and reserves			
Share capital	*22*	**36,423**	29,443
Reserves		**6,623,458**	4,895,867
Equity attributable to owners of the Company		**6,659,881**	4,925,310
Non-controlling interests		**208,248**	–
Total equity		**6,868,129**	4,925,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL

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

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

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

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

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

Amendments to 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 amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[3]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[1]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after a date to be determined.*

[3] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

[4] *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*

HKFRS 15 Revenue from contracts with customers

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

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

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Company performs a detailed review.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's operating lease arrangements. The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets; b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted shares that are currently classified as available-for-sale investments at cost will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss or other comprehensive income and the Group's loan receivables in which the impairment loss is currently assessed by using an incurred credit loss model will have to be assessed by using an expected credit loss model). However, it is not practicable to provide a reasonable estimate of the effects of adoption until a detailed review has been completed.

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

3. REVENUE

Revenue represents interest income generated from lending of money to outside borrowers and income from rendering of services. An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest income generated from money lending	**129,986**	60,399
Service income generated	**–**	500
	129,986	60,899

4. SEGMENT INFORMATION

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

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

(b) Trading of commodities division carried out by Hao Tian Oil & Gas Development Group Limited of which the management is proactively looking for the potential transactions during the year

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

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

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

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

Segment revenue and results

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

For the year ended 31 March 2016

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

For the year ended 31 March 2015

	Money lending *HK$'000*	Trading of commodities *HK$'000*	Securities investment *HK$'000*	Trading of futures *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	–	–	208,660	–	208,660
Segment revenue	60,399	51,360	–	–	111,759
Less: Cost of commodities transactions	–	(50,860)	–	–	(50,860)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	60,399	500	–	–	60,899
Segment results	58,408	500	1,910,071	18,057	1,987,036
Other income					9,079
Other gains and losses					(11,896)
Central administration costs					(71,674)
Finance costs					(66,354)
Profit before taxation					1,846,191

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Interest earned on bank deposits	**3,007**	1,239
Interest earned on loan receivables (other than money lending business)	**–**	324
Interest earned on financial assets designated at FVTPL	**811**	–
Sundry income	**1,158**	7,219
Dividend income from available-for-sale investments	**2,842**	297
	7,818	9,079

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Fair value gain on investments held for trading	**1,540,238**	1,929,896
Initial loss arising from derivative financial instruments	**–**	(68,763)
Fair value gain (loss) on derivative financial instruments	**86,213**	(94,087)
Fair value (loss) gain on financial assets designated at FVTPL	**(748)**	4,756
Gain on disposal of loan and interest receivable	**–**	3,689
Gain (loss) on disposal of property, plant and equipment	**1,183**	(5)
Gain on disposal of available-for-sale investments	**29,264**	141,405
Net foreign exchange (loss) gain	**(21,263)**	1,080
Impairment loss on available-for-sale investments	**(401,426)**	–
Fair value of put option at initial recognition	**(5,238)**	–
Gain on disposal of subsidiaries	**–**	29
Loss on issuance of warrants *(Note)*	**(466,022)**	–
	762,201	1,918,000

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. The fair value of the warrants at date of issue was calculated using the Binomial Option Pricing Model.

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest expense on borrowings	**80,609**	66,354
Interest expense on other long term liability	**7,269**	–
	87,878	66,354

8. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Hong Kong:		
Current tax	**10,757**	5,600
Underprovision in prior years	**–**	3,058
PRC:		
Overprovision in prior years	**(6,068)**	–
	4,689	8,658
Hong Kong:		
Deferred tax	**252,180**	315,155
Income tax expense	**256,869**	323,813

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

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

9. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,400**	1,200
Amortisation of prepaid lease payment	**358**	–
Amortisation of premium over prepaid lease payment	**2,719**	–
Depreciation of property, plant and equipment	**5,586**	5,487
Operating lease rentals in respect of rented premises	**12,486**	13,151
Staff costs:		
Directors' emoluments	**11,696**	5,538
Chief executive's emoluments	**893**	2,449
Other staff costs		
– salaries, bonus and other allowances	**22,331**	18,899
– retirement benefit scheme contributions	**799**	629
– share-based payments and share award expense	**1,766**	5
	37,485	27,520

10. DIVIDEND

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

11. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**524,398**	1,522,565

	2016	2015
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**3,550,867**	2,440,192

The weighted average number of ordinary shares for the year ended 31 March 2015 has been adjusted to reflect the impact of the bonus issue.

For the year ended 31 March 2016, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and warrants (2015: share options) because the exercise prices of these share options and warrants (2015: share options) were higher than the average market price for shares for the year.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**1,317,504**	925,220
Unlisted equity securities, at cost	**363,235**	363,235
Less: accumulated impairment loss	**(281,253)**	–
Unlisted equity securities, at cost less accumulated impairment loss	**81,982**	363,235
	1,399,486	1,288,455

13. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
	HK$'000	*HK$'000*
Financial assets designated at FVTPL		
Jimei International Entertainment Group Limited		
Convertible Bond	**24,252**	–
Derivative financial instruments		
Financial assets:		
Options consideration in relation to		
Up Energy Development Group Limited		
Non-current	**–**	585,324
Current	**466,150**	–
Financial liabilities:		
Option granted	**–**	202,601
CIFG Option *(as defined in note 20)*	**28,503**	–
HTF Warrants *(as defined in note 20)*	**13,012**	–
	41,515	202,601

14. OTHER CURRENT FINANCIAL ASSETS

Trade, bills and interest receivables

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**–**	7,615
Bills receivables arising from trading of commodities	**–**	5,783
	–	13,398
Interest receivables in relation to money lending business	**36,226**	17,569
	36,226	30,967

As at 31 March 2015, included in the Group's trade, bills and interest receivables were receivables of HK$5,783,000 denominated in the currency other than the functional currency of the respective group entities.

15. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Non-current:		
Secured, fixed-rate loan receivables *(Note)*	**112,961**	56,365
Unsecured, fixed-rate loan receivables	**5,608**	–
	118,569	56,365
Current:		
Secured, fixed-rate loan receivables *(Note)*	**636,508**	272,310
Unsecured, fixed-rate loan receivables	**72,712**	115,340
	709,220	387,650
	827,789	444,015

Note: The loan receivables are secured by properties and equity held by the borrowers. Included in the Group's loan receivables are debtors, with carrying amount of HK$58,257,000 (2015: HK$27,245,000) which are past due at the reporting date. The loan receivables are secured by properties and equity pledged to the Group. The Group assessed the fair value of the pledged assets, in the opinion of the directors, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 31 March 2016.

16. INVESTMENTS HELD FOR TRADING

	2016	2015
	HK$'000	*HK$'000*
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**4,859,871**	2,952,114
Derivatives listed outside Hong Kong, at fair value *(Note)*	**270**	4,573
	4,860,141	2,956,687

Note: Amount represents the fair value of the Group's outstanding position of trading of futures related to commodities and currencies as at 31 March 2016 and 2015.

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

As at 31 March 2016, included in investments held for trading, HK$4,550,500,000 (2015: HK$2,619,600,000) represents the Group's investment in 24.81% (2015: 26.20%) of the equity interests of CIFG. The investment in CIFG is classified as investments held for trading, as in the opinion of the directors of the Company, 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 the 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 20) issued by the Group during year ended 31 March 2016. 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.

As at 31 March 2016, included in the Group's investments held for trading, carrying amount of HK$1,422,000,000 (2015: HK$849,600,000) and HK$864,500,000 (2015: nil) (the "Pledged Shares") are pledged to secure a banking facility of HK$450,000,000 with a term of twelve months and the SN Notes respectively. The Pledged Shares as security will be released upon the full repayment of the loan.

In addition, as at 31 March 2015, included in the Group's investments held for trading, carrying amount of HK$2,061,041,000 were pledged to a security house to secure securities margin loans.

Details of the Group's material listed equity security as at 31 March 2016 and 2015 is as follow:

Name of investment	**Country of establishment**	**Paid up registered capital**	**Proportion of nominal value of registered capital held by the Company** *(Note)*
China Innovative Finance Group Limited ("CIFG")	Bermuda	HK$4,827,612 (2015: HK$4,235,930)	27.14% (2015: 28.87%)

Note: 24.81% (2015: 26.20%) of the equity interests of CIFG were included in investments held for trading whereas 2.33% (2015: 2.67%) were included in available-for-sale investments *(note 12)*.

17. CONSIDERATION RECEIVABLE

	2016	2015
	HK$'000	*HK$'000*
Consideration receivable in respect of:		
Menggang Group Disposal	**72,120**	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, for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012. The Total Consideration shall be satisfied by four instalments: RMB781,560,000 by completion; RMB420,840,000 by 90 days subsequent to the completion; RMB225,450,000 by 180 days subsequent to the completion and the remaining RMB75,150,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Menggang Group Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000. Such reduction shall be settled by deducting the third installment by RMB40,000,000 and deducting the final installment by RMB35,000,000.

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

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

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

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

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

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

On 6 February 2015, the Group has submitted a mandatory enforcement to Ordos Intermediate People's Court (the "Ordos Court") to execute the decision of the First Arbitration (the "First Execution"), which require the Purchaser to settle the remaining portion of the third 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"). On 29 December 2015, the Purchaser settled the final installment of RMB40 million and withhold the Enterprise Income Tax of RMB10 million, which previously the Group provided and included in tax payable. Net cash inflow from this settlement was RMB30 million (approximately HK$36,027,000). Overdue interests, penalty and relevant arbitration expenses of RMB4,115,000 (approximately HK$4,896,000) was also received by the Group from the Purchaser and recognised as other income.

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

Up to the date of this announcement, the decision from the Inner-Mongolia Court have not been announced. In view of the Notice being revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration and the Beijing Court, the directors of the Company considered that the Group had fully complied with the terms of the sale and purchase agreement after taking legal advice, in the opinion of the directors of the Company, the Group has a meritorious ground on the arbitration and litigation, so the risk of not recovering the amount is minimal, and no impairment loss is required as at 31 March 2016.

As at 31 March 2016, the remaining unsettled consideration of RMB60,000,000 (or equivalent to HK$72,120,000) (2015: RMB120,120,000 (or equivalent to HK$152,230,000) was included in the consolidated statement of financial position as consideration receivable.

18. DEFERRED TAX LIABILITY

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

	Fair value change of investments held for trading
	HK$'000
At 1 April 2014	–
Charge to profit or loss	(315,155)
At 31 March 2015	(315,155)
Charge to profit or loss	(252,180)
At 31 March 2016	(567,335)

19. BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Bank overdrafts – secured	**34,275**	26,000
Bank loans – secured	**429,619**	345,283
Corporate bonds and notes – unsecured	**164,550**	144,550
Securities margin loans – secured	**–**	201,518
	628,444	717,351
Carrying amount repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**463,894**	572,801
More than two years but not more than five years	**19,550**	9,550
More than five years	**145,000**	135,000
	628,444	717,351
Comprising:		
Amounts due within one year shown under current liabilities	**463,894**	572,801
Amounts shown under non-current liabilities	**164,550**	144,550
	628,444	717,351

20. SECURED NOTES

On 6 July 2015, the Group entered into a subscription agreement (the "SN Subscription Agreement") with an independent third party (the "SN Subscriber"). Pursuant to the SN Subscription Agreement, the Group agreed to issue and the SN Subscriber agreed to subscribe for notes (the "SN Notes") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the SN Notes is two years after the issue date. The SN Notes bear fixed coupon rate at 9% per annum. As at 31 March 2016, the SN Notes are secured by certain of the Group's investments held for trading with fair value of HK$864,500,000 as at 31 March 2016.

Pursuant to the SN Subscription Agreement, the SN Subscriber has the right to request the Group to redeem the SN Notes in whole or in part at the sum of (a) the principal amount outstanding on the SN Notes; (b) the outstanding interest up to the date of redemption; (c) any default interest; and (d) any other outstanding amount due but unpaid under that SN Notes at any time but no later than 45 days before maturity. Hence, the SN Notes are recognised as current liabilities in the consolidated statement of financial position.

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

Pursuant to the HTF Warrant Agreement, the SN Subscriber is granted a right to subscribe in aggregate up to a maximum amount of US$15,000,000 worth of the shares of Hao Tian Finance (the "HTF Warrants") in the period from the grant 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 the date of issue, the fair value of the SN Notes, the CIFG Option and the HTF Warrants were HK$188,198,000, HK$24,253,000 and HK$20,048,000 respectively.

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

The CIFG Option and the HTF Warrants were carried in the consolidated statement of financial position as derivative financial instruments. The fair values of the CIFG Option and the HTF Warrants were detailed in note 13.

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

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 agreed to subscribe for and Hao Tian Finance agreed to issue, Hao Tian Finance's new shares at a consideration of HK$100 million (the "First Subscription"). The First Subscription was completed on 13 May 2015. Upon completion of the First Subscription, Hao Tian Finance becomes an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 90.1% and approximately 9.9% by the Company and RSGHL respectively.

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

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

As part of the First Subscription Agreement, the Company granted RSGHL a right with a consideration of HK$1.00 that on the occurrence of Hao Tian Finance and the Company fails to have all the shares of Hao Tian Finance to be listed on either the Main Board or the Growth Enterprise Market of the Stock Exchange within three years after the completion of the First Subscription (the "Event"), 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 other long term liability in the consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

During the year ended 31 March 2016, an imputed interest on the other long term liability of HK$7,269,000 (2015: nil) is recognised as finance costs in the consolidated statement of 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 consolidated statement of profit or loss and other comprehensive income.

22. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Share capital *HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2014	0.05	10,000,000,000	500,000
Decrease in authorised share capital		(9,000,000,000)	–
Increase in authorised share capital		49,000,000,000	–
At 31 March 2015 and 31 March 2016	0.01	50,000,000,000	500,000
Issued and fully paid:			
At 1 April 2014	0.05	3,972,035,804	198,602
Capital Reorganisation		(3,574,832,224)	(194,630)
Shares issued upon exercise of warrants	0.01	561,085,200	5,611
Open offer with bonus issue	0.01	1,588,814,320	15,888
Placing of shares	0.01	397,200,000	3,972
At 31 March 2015	0.01	2,944,303,100	29,443
Shares issued upon exercise of warrants	0.01	100,000,000	1,000
Top-up placing of new shares	0.01	240,000,000	2,400
Bonus issue	0.01	328,430,310	3,284
Issue of new shares under share award	0.01	29,614,906	296
At 31 March 2016	0.01	3,642,348,316	36,423

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Money Lending Business

During the year ended 31 March 2016, the money lending business of the Group generated an interest income of approximately HK$130.0 million (2015: approximately HK$60.4 million), representing an increase of 115.2%. The main services of this segment include money lending in respect of property mortgage loans in Hong Kong and loans to high net worth customers in Hong Kong. As at 31 March 2016, the outstanding loan receivables of the money lending business of the Group had reached approximately HK$827.8 million (as at 31 March 2015: approximately HK$444.0 million).

Securities Investment Business (Investments held for trading)

During the year ended 31 March 2016, the net realised gains from disposal of investments held for trading were approximately HK$16.2 million (2015: approximately HK$15.3 million) and the fair value gains from investments held for trading, comprising listed equity securities, were approximately HK$1,528.4 million (2015: approximately HK$1,910.0 million).

As of 31 March 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as investments held for trading amounted to approximately HK$4,860.1 million (31 March 2015: approximately HK$2,956.7 million). Such amounts mainly comprised the below listed securities, namely: (1) China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (stock code: 412); (2) Carnival Group International Holdings Limited (stock code: 996); (3) China Cinda Asset management Co., Ltd. (stock code: 1359); (4) Imperial Pacific International Holdings Limited (stock code: 1076); and (5) Guotai Junan International Holdings Limited (stock code: 1788).

Investments classified as available-for-sale investments

During the year ended 31 March 2016, the realised gains from disposal of available-for-sale investments were approximately HK$29.3 million (2015: approximately HK$141.4 million).

As of 31 March 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as available-for-sale investments amounted to approximately HK$1,317.5 million (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 classified under available-for-sale investments during the year and the increase in the value of available-for-sales investments was mainly attributable to the general increase in the share price of the above securities.

Trading of Futures Business

During the year ended 31 March 2016, the trading of futures business of the Group recorded a profit of approximately HK$0.9 million (2015: HK$18.1 million). The decrease in profit recorded was due to the general increase in the volatility of the commodities market.

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 year, as the development was still in its preliminary stage, no revenue was recorded from the warehousing and logistics business of the Group.

FINANCIAL REVIEW

Revenue

Interest income from money lending business amounted to approximately HK$130.0 million (2015: approximately HK$60.4 million). The increase was mainly attributable to the increase in the number of customers for our property mortgaged loans and personal loans. Interest expense of approximately HK$30.9 million (2015: approximately HK$23.8 million) was incurred for bank borrowings obtained solely for the Group's money lending business. The Group financed the money lending business by both external and internal resources during the year.

Other gains and losses

The Group recorded a decrease in other gains and losses from a gain of HK$1,918.0 million for the year ended 31 March 2015 to a gain of HK$762.2 million for the year ended 31 March 2016. Such decrease was mainly attributable to: (i) the fair value gain on investments held for trading for the year ended 31 March 2016 was less than the amount of fair value gain on investments held for trading for the year ended 31 March 2015; (ii) the decrease in the amount of gain on disposal of available-for-sale investments; (iii) the impairment loss on available-for-sale investments of certain listed and unlisted securities held by the Group; and (iv) loss on issuance of 588,858,000 warrants to the controlling shareholder of the Company. Subsequently, the warrants had been exercised in full and net proceeds of approximately HK$49.4 million and approximately HK$244.4 million had been received by the Group on July 2015 and April 2016 respectively.

Administrative expenses

For the year ended 31 March 2016, administrative expenses of the Group were approximately HK$89.3 million (2015: approximately HK$75.4 million), representing an increase of approximately HK$13.9 million or 18.4% as compared with the same period last year. The increase was mainly due to increase in staff headcount and business development expenses.

Finance costs

For the year ended 31 March 2016, the finance costs of the Group were approximately HK$87.9 million (2015: approximately HK$66.4 million), representing an increase of approximately HK$21.5 million or 32.4% 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 in relation to the issue of secured notes of US$30 million (the "CCBI Notes") to a company held by CCBI Investments Limited in July 2015.

Taxation

For the year ended 31 March 2016, income tax expenses was approximately HK$256.9 million (2015: approximately HK$323.8 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 year ended 31 March 2016, the Group recorded a profit attributable to owners of the Company of approximately HK$524.4 million (2015: approximately HK$1,522.6 million). The basic and diluted earnings per share were approximately HK14.77 cents (2015: HK62.40 cents).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group mainly funds its operations from a combination of operating cash flows, borrowings and equity. As at 31 March 2016, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK$463.2 million (31 March 2015: approximately HK$248.9 million). The Group's working capital increased to approximately HK$5,358.7 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 activities during the year; (ii) fair value gain on investments held for trading during the year; and (iii) reclassification of derivative financial instruments from non-current assets to current assets as such instruments will expire within the next twelve months as of 31 March 2016.

As at 31 March 2016, the Group had outstanding borrowings (including secured notes) of approximately HK$831.5 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$463.7 million, investments held for trading of HK$1,422.0 million, a yacht of HK$55.3 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 million. The CCBI Notes was secured by certain investments held for trading of the Group of approximately HK$864.5 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 31 March 2016. Gearing ratio (being the ratio of total borrowings including secured notes to total assets) as at 31 March 2016 was 9.9% (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 newly issued secured notes as of 31 March 2016 as compared with those as of 31 March 2015.

DEBT/EQUITY FUND RAISING ACTIVITIES IN THE PAST TWO YEARS

The Company entered into a number of debt/equity funding arrangements in the past two years. The details of debt/equity funding activities with the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
25 April 2014	Open offer on the basis of two offer shares for every one adjusted share	Approximately HK$189.7 million	70% of the net proceeds were intended to be used for the development and expansion of the money lending business of the Group and the remaining 30% of the net proceeds, were intended to be used for general working capital of the Group	Approximately HK$132.8 million was utilized for the money lending business and the remaining balance of approximately HK$56.9 million was utilized for the general working capital of the Group
7 October 2014	Placing of new shares	Approximately HK$185.8 million	Expansion of the securities investments business of the Group	Approximately HK$185.8 million was mainly utilized for securities investment

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
10 April 2015	Issue of unlisted warrants	Approximately HK$293.8 million	Used as general working capital of the Group	Approximately HK$50 million was utilized for money lending business and HK$30 million was utilized for contribution to the paid up registered share capital of financial futures companies and the remaining balance of approximately HK$213.8 million have not been utilized as at 31 March 2016
7 July 2015	Issue of secured notes	Approximately US$30 million (approximately HK$230.7 million)	Business development	Approximately HK$77.5 million was mainly utilized for money lending business, approximately HK$119 million was utilized for securities investment approximately HK$9.5 million was utilized for futures investment and the remaining balance of approximately HK$24.7 million was utilized for the general working capital of the Group
16 July 2015	Issue of warrants by Hao Tian Finance Company Limited ("Hao Tian Finance") up to the maximum amount of US$15 million *(Note)*	Approximately HK$117 million upon full exercise of the subscription rights attached to the warrants	Business development	Not applicable. The warrants have not been exercised as at 31 March 2016
21 July 2015	Placing and top-up subscription	Approximately HK$213.8 million	Future business development and general working capital of the Group	Use as intended and approximately HK$200 million was mainly utilized for the money lending business of the Group and the remaining balance as general working capital of the Group

Note:

The issue of warrants by Hao Tian Finance is a part of the transaction in connection with the issue of 9 percent secured notes of US$30 million (the "Notes") by the Company to Sea Venture Investment Limited ("Sea Venture"), details of which have been disclosed in the announcement of the Company dated 7 July 2015. Pursuant to the agreed structure of the transaction, the Company has issued the Notes in the principal amount of US$30 million to Sea Venture. As a package of the deal, Hao Tian Finance has issued the warrants to Sea Venture. Upon exercise of the warrants, the subscription price may be used to set off a portion of the outstanding amount under the Notes. Completion of the issue of the Notes has taken place on 16 July 2015.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

On 13 May 2015 and 15 May 2015, Hao Tian Finance (a subsidiary of the Company), 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) at 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, at an aggregate consideration of (i) a fixed premium of HK$11.0 million and (ii) the net assets value of the Target Company as at the date of completion. This acquisition is subject to the fulfilment of the conditions precedent under the sale and purchase agreement and was originally expected to be completed on or before 30 April 2016 but the expected completion date had been subsequently agreed to be extended to on or before 31 July 2016.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the year ended 31 March 2016.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2016, the Group had capital commitment amounted to HK$140.4 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$54.0 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 consolidated financial statements. The above capital commitments were mainly related to the development of the warehousing and logistics business in Xinjiang. The Group had no material contingent liabilities as at 31 March 2016.

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 31 March 2016, the Group had a total of approximately 69 employees (31 March 2015: 64 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group will be set out in the notes to the consolidated financial statements in the annual report of the Company. On 23 March 2016, the Company had issued and allotted 29,614,906 new shares to 21 selected participants pursuant to the share award scheme of the Company. Details of the grant of the above award shares under the share award scheme were disclosed in the circular of the Company dated 4 March 2016.

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 million payable by Shuangxin under the Menggang Agreement.

Shuangxin withheld the payment of RMB80 million initially on the ground of a tax demand note issued from the local tax bureau, and after revocation of the tax demand note, on the ground of non-fulfillment by the Group of certain terms and obligations under the Menggang Agreement. Shuangxin filed a counter-claim for RMB65 million on 8 October 2013. An arbitral award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing Second Intermediate People's Court to set aside the arbitral award. Beijing Second Intermediate People's Court issued a civil ruling on 18 December 2014 dismissing Shuangxin's application for the revocation of the arbitral award. On 6 February 2015, the Group applied for the mandatory enforcement at the Ordos City Intermediate People's Court, and the Ordos City Intermediate People's Court has formally accepted the application on 14 May 2015. As at the date of this announcement, the Group had received RMB20 million and the execution procedures for enforcing the court order are still in progress.

As for the final instalment in the amount of RMB40.5 million payable by Shuangxin, which is in addition to the aforementioned RMB80 million, under the Menggang Agreement (as supplemented by a supplemental agreement dated 19 November 2012), the Group filed an arbitration claim to the CIETAC in January 2014 and an arbitral award was delivered in favour of the Group on 3 August 2015. The Group then applied for the mandatory enforcement at the Ordos City Intermediate People's Court on 8 September 2015. Shuangxin had paid the Group RMB34,264,934.36 in full and final settlement of the case pursuant to the determination made by the CIETAC.

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional High People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100 (the "Case"). On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional High People's Court. On 2 June 2015, the Mongolia Autonomous Regional High People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal against such civil ruling at the Supreme People's Court of the People's Republic of China and the appeal was dismissed. On 22 March 2016, Shuangxin applied to the Mongolia Autonomous Regional High People's Court for the temporary suspension of execution with regard to the mandatory enforcement applied by the Group on 6 February 2015 and the decision is in favour of Shuangxin. The Group then filed an appeal against such ruling and is waiting for the court's decision. The Mongolia Autonomous Regional High People's Court commenced the hearing of the Case on 13 April 2016 and the court hearing is still in progress. The Board will provide updates on the legal position of the Group as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of conduct for Directors' securities transactions. The Company has made specific enquiry to all directors and all directors confirmed that they have fully complied with the Model Code for the year ended 31 March 2016.

EVENTS AFTER THE REPORTING PERIOD

On 22 May 2016, Hao Tian Management (HK) Limited ("HTM"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with Vandi Investments Limited, an indirect wholly-owned special purpose vehicle of CCB International (Holdings) Limited ("Investor"), pursuant to which the Investor agrees to subscribe for, and HTM agrees to issue, 821 new shares of HTM at a consideration of US$40 million. Upon completion, HTM will become an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 92.41% and approximately 7.59% by the Company and the Investor respectively, subject to adjustment. Upon completion, HTM and the Investor shall enter into a call option deed, pursuant to which the Company, without additional consideration, grants to the Investor a call option to, require the Company to allot and issue new shares in the Company to the Investor at an option price of HK$0.8 each, subject to adjustment in accordance with subscription agreement, during period commencing on the date on which the subscription completion takes place and ending on the fifth anniversary of that date. The option price may be satisfied by way of transfer from the Investor to the Company the relevant number of the HTM shares. Upon exercise in full of the call option at the option price of HK$0.8 each, a maximum of 389,940,000 shares, subject to adjustment in accordance with subscription agreement, in the Company shall be allotted and issued which represents approximately 9.33% of the existing issued share capital of the Company as at 22 May 2016 and approximately 8.53% of the issued share capital of the Company as enlarged by the allotment and issue of the option shares. As at the date of this announcement, the subscription agreement, the call option deed and the transactions contemplated thereunder are still subject to shareholders' approval. Details of the above subscription agreement and call option deed were disclosed in the announcement of the Company dated 22 May 2016 and the circular of the Company dated 28 June 2016.

On 7 June 2016, Hao Tian Investments (China) Co., Limited ("Hao Tian Investment") entered into the investment framework agreement with the People's Government of Qingliu County relating to the Innovative Camellia Oleifera Health Industry Project（創新型油茶健康產業項目）(the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. Hao Tian Investment plans to invest a total sum of not more than RMB380 million in the Project. Details of the Project were disclosed in the announcement dated 7 June 2016.

The Company intends to issue a written notice to Up Energy Development Group Limited (stock code: 307) ("Up Energy") exercising the put option which require Up Energy to arrange for the sale and disposal of up to 140,000,000 shares in Up Energy held by the Group by way of placing through an independent qualified placing agent. The put option was granted by Up Energy to the Company pursuant to the sale and purchase agreement (the "Agreement") dated 12 October 2012 in relation to the disposal by the Company of a mine located in Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. One of the major terms of the Agreement was that the Company has the right to require Up Energy to sell or dispose of up to 140,000,000 shares in Up Energy held by the Group by way of placing through an independent placing agent upon the date falling the third anniversary after the completion date of the transaction under the Agreement, which is 28 June 2016. If the placing price is less than HK$2.2 per Up Energy share, Up Energy shall pay cash compensation to our Group in accordance with a formula contained in the Agreement.

Further, according to the Agreement, it was provided that if the average closing price of the shares of Up Energy for the 5 trading days immediately preceding and including 28 June 2016 is less than HK$2.00, Up Energy shall, at no further amount payable by the Company, allot and issue such number of additional new shares in Up Energy, to the Company calculated in accordance with the formula as set out in the Agreement in relation to 227,500,000 shares of Up Energy held by the Group (the "Top Up Consideration Shares").

If the number of Top Up Consideration Shares to be issued, together with those shares in Up Energy currently held by the Group, shall exceed 19.99% of the enlarged issued share capital of Up Energy on 28 June 2016, the number of Top Up Consideration Shares to be issued shall be reduced such that the total number of shares of Up Energy held by the Group represents 19.99% of the enlarged issued share capital of Up Energy. Up Energy shall be required to pay compensation in cash to the Company in an amount to be determined in accordance with the formula as set out under the Agreement.

Details of the Agreement, the put option, the Top Up Consideration Shares and the cash compensation were disclosed in the circular of the Company dated 31 January 2013.

BUSINESS PROSPECTS

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

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 in connection with trading in listed securities and continue to identify more investment opportunities to broaden investment strategy and balance investment risks. Depending on the market conditions, the Group is also considering to adjust its portfolio of securities investment and may acquire additional securities and dispose of some of the securities currently held by the Group.

During the year, the Group had entered into a sale and purchase agreement to acquire a company which is principally engaged in the provision of brokerage services in Hong Kong and the transaction is expected to be completed by 31 July 2016 after the conditions precedent under the sale and purchase agreement have been fulfilled. Upon completion, we expect synergy can be achieved between this company and our money lending business by developing securities financing businesses. At the same time, our Group also plans to establish various trading platforms for customers for the trading of bullion, trading of futures and trading of securities and we had employed a team of renowned professionals with extensive experience and expertise in this market segment. We expect that we will first launch the business of trading of bullion, which is expected to be commenced in the third quarter of 2016. The above actions represent a major milestone of our Group to step into the different segments of the financial market so that the Group will be able to provide a full range of financial services in the long run.

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

Our Group also recognize that there is an increasing public awareness recently over the healthcare matters in the PRC and we believe that it is an opportunity for the Group to explore the related market niche. Recently, the Group has entered into an investment framework agreement to invest in the Innovative Camellia Oleifera Health Industry Project（創新型油茶健康產業項目）(the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. At the same time, we are exploring the possibilities to invest in certain projects related to the establishment of hospitals and clinics in the PRC. As at the date of this announcement, the Group has no specific target for investment on those projects.

We believe that our development plans in various business segments as mentioned above will help the Group's business to be more diversified and more balanced in the long run which will then be translated into a long term growth for our Group.

CORPORATE GOVERNANCE

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

The Board is of the opinion that the Company has complied with the code provisions as set out in the CG Code, which were in force at the material time for the financial year ended 31 March 2016, 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.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2016 (2015: Nil).

BONUS ISSUE OF SHARES

On 14 January 2016, the shareholders of the Company had approved the bonus issue of shares (the "Bonus Issue") in recognition of the support of the shareholders of the Company. The Bonus Issue includes the allotment and issue of one bonus share (the "Bonus Share") for each existing 10 shares held by the shareholders. Details of the Bonus Issue had been disclosed in the circular of the Company dated 24 December 2015. On 5 February 2016, the Bonus Shares had been issued and allotted.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

AUDIT COMMITTEE

The Company established an audit committee on 16 May 2006 with reference to "A Guide for the Formation of an audit committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website. The audit committee has reviewed the audited financial statements and annual results announcement of the Company for the year ended 31 March 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.haotianhk.com) and that of the Stock Exchange (www.hkex.com.hk). The 2015/16 annual report of the Company containing all information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 28 June 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Hai Ying, Dr. Zhiliang Ou, JP (Australia) and Mr. Fok Chi Tak and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing, and Mr. Lee Chi Hua, Joshua.