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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 2018

The board (the "**Board**") of directors (the "**Directors**") of Hao Tian Development Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2018 together with the comparative figures for the corresponding period for the year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*3*	**330,017**	206,313
Cost of sales and services		**(184,291)**	(36,725)
Gross profit		**145,726**	169,588
Other income	*4*	**7,012**	11,777
Other gains and losses	*5*	**(384,123)**	(3,616,561)
Administrative expenses		**(226,642)**	(132,854)
Other expenses	*6*	**–**	(29,251)
Share of result of an associate		**(769)**	(1,567)
Finance costs	*7*	**(79,595)**	(87,873)
Loss before taxation		**(538,391)**	(3,686,741)
Taxation credit	*8*	**12,621**	497,893
Loss for the year	*9*	**(525,770)**	(3,188,848)

	Note	**2018**	2017
		HK$'000	*HK$'000*
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
— fair value changes		**(155,880)**	(547,388)
— impairment loss recognised		**1,748**	74,728
— reclassified to profit or loss upon disposal		**–**	(53,212)
Exchange difference arising on translation of foreign operations		**20,767**	(8,040)
Other comprehensive expense for the year, net of tax		**(133,365)**	(533,912)
Total comprehensive expense for the year		**(659,135)**	(3,722,760)
Loss for the year attributable to:			
Owners of the Company		**(444,906)**	(3,078,901)
Non-controlling interests		**(80,864)**	(109,947)
		(525,770)	(3,188,848)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(569,116)**	(3,577,978)
Non-controlling interests		**(90,019)**	(144,782)
		(659,135)	(3,722,760)
			(restated)
Loss per share	*11*		
— Basic and diluted *(HK cents)*		**(9.11)**	(63.91)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**540,906**	563,293
Prepaid lease payment		**33,940**	31,732
Premium over prepaid lease payment		**125,102**	127,822
Available-for-sale investments	*12*	**814,059**	764,488
Financial assets designated at fair value through profit or loss		**–**	27,779
Goodwill	*13*	**98,914**	415,164
Intangible assets		**178,650**	178,650
Finance lease receivables		**9,529**	4,241
Loan receivables	*15*	**195,716**	123,197
Investment in an associate		**6**	767
Deferred tax assets	*20*	**4,743**	6,364
Pledged bank deposits		**4,627**	4,603
Deposits		**2,986**	5,814
Deposit paid for acquisition of a subsidiary		**137,761**	–
		2,146,939	2,253,914
Current assets			
Inventories		**22,876**	8,745
Trade and interest receivables	*14*	**177,157**	147,345
Other receivables, deposits and prepayments		**17,997**	60,884
Loan receivables	*15*	**530,285**	665,393
Finance lease receivables		**6,959**	3,112
Consideration receivable	*17*	**24,980**	67,680
Investments held for trading	*16*	**1,258,246**	1,241,008
Tax recoverable		**2,278**	1,359
Prepaid lease payment		**365**	329
Pledged bank deposits		**15,000**	44,661
Bank balances, trust and segregated accounts		**44,998**	32,400
Bank balances and cash		**781,431**	816,372
		2,882,572	3,089,288

	Notes	2018 HK$'000	2017 HK$'000
Current liabilities			
Trade payables	18	**76,634**	61,390
Other payables, deposits received and accruals		**54,571**	57,079
Borrowings	21	**606,580**	742,982
Secured notes	19	**155,840**	150,331
Obligations under finance leases	22	**4,340**	3,877
Financial liabilities at fair value through profit and loss		**238,893**	319,350
Other liability		**114,420**	–
Tax payables		**3,533**	6,807
		1,254,811	1,341,816
Net current assets		**1,627,761**	1,747,472
Total assets less current liabilities		**3,774,700**	4,001,386
Non-current liabilities			
Borrowings	21	**247,005**	196,037
Secured notes	19	**350,000**	–
Obligations under finance leases	22	**8,341**	3,015
Other liability		**–**	106,490
Deferred tax liabilities	20	**105,920**	134,360
		711,266	439,902
Net assets		**3,063,434**	3,561,484
Capital and reserves			
Share capital	23	**48,980**	41,862
Reserves		**2,742,650**	3,282,127
Equity attributable to owners of the Company		**2,791,630**	3,323,989
Non-controlling interests		**271,804**	237,495
Total equity		**3,063,434**	3,561,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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 ("**Ms. Li**"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY–1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Rooms 4917–4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

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

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

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flow; (ii) changes arising from obtaining or losing control of subsidiaries or other business, (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Apart from the additional disclosure, the application of these amendments has had no impact on consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	2018	2017
	HK$'000	*HK$'000*
Interest income generated from money lending	**118,006**	138,141
Commission income generated from commodities, futures and securities brokerage	**11,524**	7,617
Revenue generated from retailing of men's and women's apparels	**34,618**	9,323
Rental and other service income generated from construction machinery and sales of construction materials business *(Note a)*	**117,870**	20,327
Trading income generated from construction machinery and sales of construction materials business *(Note b)*	**47,999**	30,905
	330,017	206,313

Notes:

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

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

	2018	2017
	HK$'000	*HK$'000*
Revenue	**330,017**	206,313
Gross proceed from the sale of investments held for trading	**574,003**	674,697
Total	**904,020**	881,010

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**") and Hao Tian Credit Company Limited

(b) Securities investment division carried out by Hao Tian Management (Hong Kong) Limited ("**Hao Tian Management**") and Esteem Ocean Limited

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

(d) Commodities, futures and securities brokerage division carried out by Hao Tian International Bullion Limited, Hao Tian International Futures Limited, Hao Tian Asset Management Limited, Hao Tian International Wealth Management Limited and Hao Tian International Securities Limited ("**Hao Tian Securities**")

(e) Construction machinery and sales of construction materials division carried out by Hao Tian International Construction Investment Group Limited ("**Hao Tian International Construction**") and its subsidiaries

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

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 2018

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

For the year ended 31 March 2017

	Money lending *HK$'000*	Securities investment *HK$'000*	Trading of futures *HK$'000*	Commodities, futures and securities brokerage *HK$'000*	Construction machinery and sales of construction materials HK$'000	Retailing of men's and women's apparel *HK$'000*	Consolidated *HK$'000*
Gross proceeds from sale of investments held for trading	–	674,697	–	–	–	–	674,697
Segment revenue	138,141	–	–	7,617	51,232	9,323	206,313
Segment results	108,252	(3,060,503)	(16,210)	(14,214)	13,427	4,567	(2,964,681)
Other income							11,777
Other gains and losses							(540,256)
Central administration costs							(74,890)
Other expenses							(29,251)
Share of result of an associate							(1,567)
Finance costs							(87,873)
Loss before taxation							(3,686,741)

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

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest earned on bank deposits	**1,249**	5,737
Interest earned on financial assets designated at FVTPL	**–**	1,827
Sundry income	**4,983**	3,433
Dividend income from available-for-sale investments	**780**	780
	7,012	11,777

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Fair value loss on investments held for trading	**(148,942)**	(3,076,305)
Fair value gain (loss) on financial assets/liabilities at FVTPL	**77,679**	(468,986)
Gain on disposal of property, plant and equipment	**519**	98
Impairment loss on property, plant and equipment	**(9,100)**	–
Gain on disposal of available-for-sale investments	**–**	53,212
Net foreign exchange gain (loss)	**6,114**	(26,978)
Impairment loss on available-for-sale investments	**(1,748)**	(86,532)
Loss on early redemption of secured notes *(note 19)*	**(700)**	(2,959)
Impairment loss on loan and interest receivables	**(511)**	(8,111)
Allowance for bad and doubtful debts	**(921)**	–
Reversal of allowance for bad and doubtful debt and receipt of related interest *(Note)*	**12,961**	–
Refund of costs incurred for a litigation *(Note)*	**2,358**	–
Impairment loss in inventories	**(5,582)**	–
Impairment loss on goodwill *(note 13)*	**(316,250)**	–
	(384,123)	(3,616,561)

Note: The Company impaired a trade receivable due from a customer of HK$8,885,000 due to the uncertainty of recovery of the receivable in previous years. The Group filed litigation against this customer. On 11 July 2017, the Court of Appeal ruled in favour of the Group and the customer has to pay the unsettled trade receivable HK$8,885,000 and HK$3,166,000 interests on the unsettled trade receivable to the Group. The Group was also entitled to receive the costs of the appeal in the sum of HK$2,358,000 from the customer. The amount was fully settled during the year ended 31 March 2018.

Besides, the Group also received HK$910,000 long-outstanding trade receivable from customers. The amount was written-off in prior years.

6. OTHER EXPENSES

The Group incurred professional fee of HK$16,386,000 and HK$12,865,000 in relation to Clear Lift Acquisition and Fujian Nuoqi Acquisition respectively, which were charged to the profit or loss during the year ended 31 March 2017.

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expense on borrowings	**71,339**	79,899
Interest expense on other long term liability	**7,930**	7,930
Interest expense of obligations under finance leases	**326**	44
	79,595	87,873

8. TAXATION CREDIT

	2018	2017
	HK$'000	*HK$'000*
Hong Kong:		
Current tax	**15,614**	18,354
Overprovision in prior years	**(1,416)**	(41)
	14,198	18,313
Hong Kong:		
Deferred tax *(note 20)*	**(26,819)**	(516,206)
Income tax credit	**(12,621)**	(497,893)

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. LOSS FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,000**	2,134
Amortisation of prepaid lease payment	**622**	337
Amortisation of premium over prepaid lease payment	**2,720**	2,720
Cost of inventories recognised as expenses	**47,383**	15,205
Depreciation of property, plant and equipment	**63,535**	13,225
Impairment loss on property, plant and equipment	**9,100**	–
Operating lease rentals in respect of rented premises	**24,962**	20,702
Staff costs:		
Directors' emoluments	**10,994**	6,399
Chief executive's emoluments	**1,221**	1,594
Other staff costs		
— salaries, bonus and other allowances	**117,572**	48,347
— retirement benefit scheme contributions	**3,145**	1,535
— share-based payments	**–**	671
	132,932	58,546

10. DIVIDEND

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

11. LOSS PER SHARE

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

	2018 *HK$'000*	2017 *HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to the owners of the Company)	**(444,906)**	(3,078,901)

	2018 *'000*	2017 *'000* (restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**4,884,056**	4,817,265

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 31 March 2017 has been adjusted to reflect the impact of bonus issue the Company's shares took place on 25 July 2017.

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

For the year ended 31 March 2017, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and emolument shares since their assumed exercise would result in a decrease in loss per share.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2018 *HK$'000*	2017 *HK$'000*
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**463,977**	694,310
Unlisted investment, at fair value	**237,994**	–
Unlisted equity securities, at cost	**405,145**	363,235
Less: accumulated impairment loss	**(293,057)**	(293,057)
Unlisted equity securities, at cost less accumulated impairment loss	**112,088**	70,178
	814,059	764,488

13. GOODWILL

	2018	2017
	HK$'000	*HK$'000*
The amount arises on acquisition of:		
(i) Hao Tian International Construction		
— Original amount	**271,670**	271,670
— Impairment loss	**(172,756)**	–
	98,914	271,670
(ii) Fujian Nuoqi		
— Original amount	**143,494**	143,494
— Impairment loss	**(143,494)**	–
	—	143,494
Total carrying amount	**98,914**	415,164

14. OTHER CURRENT FINANCIAL ASSETS

Trade and interest receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables from clients arising from		
— construction machinery and sales of construction materials	**81,595**	74,261
— commodities and futures brokerage	**321**	6,029
— securities brokerage	**41,263**	403
— retailing of men's and women's apparels	**97**	4,614
Margin and other trade related deposits with brokers and financial institutions arising from		
— commodities brokerage	**2,435**	14,208
— futures brokerage	**1,170**	–
— securities brokerage	**–**	156
	126,881	99,671
Interest receivables in relation to money lending business	**50,276**	47,674
	177,157	147,345

The following is an aged analysis of trade receivables from client arising from construction machinery and sales of construction materials and retailing of men's and women's apparels business, net of allowance for bad and doubtful debts, presented based on invoice dates at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**37,852**	44,968
31–90 days	**20,408**	21,286
91–180 days	**8,059**	5,728
181–365 days	**13,496**	3,541
Over 365 days	**1,877**	3,352
	81,692	78,875

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

	2018	2017
	HK$'000	*HK$'000*
Overdue:		
1–90 days	**20,794**	21,877
91–180 days	**10,004**	7,262
181–365 days	**11,447**	1,438
Over 365 days	**1,595**	3,330
	43,840	33,907

As at 31 March 2018, HK$8,546,000 (2017: HK$8,389,000) interest receivables in relation to money lending business was past due of which HK$2,835,000 was settled up to the date of report.

As at 31 March 2018, the Group had determined approximately HK$190,000 (2017: HK$1,211,000) of interest receivables as together with their respective loan receivables of HK$321,000 (2017: HK$6,900,000) individually impaired respectively as the debtors were in financial difficulties.

15. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Non-current:		
Secured, fixed-rate loan receivables	**192,615**	120,870
Unsecured and guaranteed, fixed-rate loan receivables	**3,101**	2,327
	195,716	123,197
Current:		
Secured, fixed-rate loan receivables	**362,004**	507,480
Unsecured and guaranteed, fixed-rate loan receivables	**168,281**	157,913
	530,285	665,393
	726,001	788,590

16. INVESTMENTS HELD FOR TRADING

	2018	2017
	HK$'000	*HK$'000*
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**1,258,195**	1,237,200
Derivatives listed outside Hong Kong, at fair value *(Note)*	**51**	3,808
	1,258,246	1,241,008

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 2018 and 2017.

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

As at 31 March 2018, included in the Group's investments held for trading, carrying amount of HK$628,580,000 (2017: HK$675,501,000), HK$418,740,000 (2017: HK$459,380,000) and HK$204,800,000 (2017: nil) (the "**Pledged Shares**") are pledged to secure banking facilities of HK$621,604,000 (2017: HK$600,000,000) with a term of twelve months, the SN Notes and securities margin loan respectively. The Pledged Shares as security will be released upon the full repayment of the loans.

17. CONSIDERATION RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Consideration receivable in respect of:		
Menggang Group Disposal	**24,980**	67,680

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 2013. However, the Purchaser continues to withhold this RMB80 million.

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 defence to the Commission 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 "**Counterclaim**") 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 Counterclaim. The Purchaser, however, filed a litigation to the Beijing Second Intermediate People's Court (the "**Beijing Court**") to request the Beijing Court to set aside 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 set aside the decision made in the First Arbitration.

On 6 February 2015, the Group has submitted a mandatory enforcement application to Ordos Intermediate People's Court (the "**Ordos Court**") to execute the decision of the First Arbitration (the "**First Execution**"), which requires 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.

On 22 March 2016, the Purchaser applied to the Mongolia Autonomous Regional Higher People's Court ("**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 set aside the decision on temporarily suspending the First Execution. The appeal was dismissed on 5 May 2016. As a result of the suspension of execution, the execution procedures for enforcing the court order for the remaining RMB60,000,000 unsettled portion of the third installment are yet to take effect. According to opinion by the Group's legal counsel, it is anticipated that enforcement of execution may be able to be resumed following final resolution of the New Civil Claim (as defined below).

On 3 August 2015, the decision of the Second Arbitration was made 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**").

Following the Second Execution, on 29 December 2015, the Purchaser settled the final installment of RMB40 million and withheld 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) were received by the Group from the Purchaser and were recognised as other income during the year ended 31 March 2016.

On 21 August 2014, the Purchaser, however, filed a litigation (the "**New Civil Claim**") to the Inner-Mongolia Court and claimed for an aggregate amount of approximately RMB103 million (approximately HK$131 million), based on similar facts under the Counterclaim. On 6 February 2015, the Group received a writ of summons from the Inner-Mongolia Court regarding this litigation 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 dismissed 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 dismissed the Group's Objection. The Inner-Mongolia Court commenced the hearing of the New Civil Claim case on 13 April 2016 and completed on 20 June 2016. On 7 July 2017, the Inner Mongolia Court dismissed all claims submitted by the Purchaser against the Group under the New Civil Claim.

On 15 September 2017, the Purchaser appealed the Inner Mongolia Court's decision on the New Civil Claim to the Supreme Peoples' Court of the PRC and the appeal is being reviewed by a collegiate panel convened by the Supreme People's Court. On 12 January 2018, the Group successfully obtained the judgment of the Inner-Mongolia Autonomous Regional Higher People's Court ordering that the suspension of First Execution be lifted.

During the year ended 31 March 2018, RMB40,000,000 was received by the Company under the First Execution. As at 31 March 2018, the remaining unsettled consideration of RMB20,000,000 (or equivalent to HK$24,980,000) (2017: HK$67,680,000) was included in the condensed consolidated statement of financial position as consideration receivable.

In view of the Notice having been revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration, the Beijing Court and the Inner Mongolia 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 able to recover the amount is minimal, and no impairment loss is required as at 31 March 2018.

18. OTHER CURRENT FINANCIAL LIABILITIES

Trade payables

	2018 ***HK$'000***	2017 *HK$'000*
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**11,754**	48,470
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**42,092**	1,303
Trade payables arising from construction machinery and sales of construction materials	**21,980**	8,050
Trade payables arising from men's and women's apparel	**808**	3,567
	76,634	61,390

An aged analysis of the Group's trade payables arising from construction machinery and sales of construction materials and men's and women's apparel business at the end of the reporting period presented based on the invoice dates is as follows:

	2018 *HK$'000*	2017 *HK$'000*
0–30 days	**17,188**	7,338
31–60 days	**2,698**	2,383
61–180 days	**1,987**	1,274
181–365 days	**769**	177
Over 365 days	**146**	445
	22,788	11,617

19. SECURED NOTES

	2018 *HK$'000*	2017 *HK$'000*
Non-current:		
— SN3 Notes *(note c)*	**350,000**	–
Current:		
— SN1 Notes *(note a)*	**–**	150,331
— SN2 Notes *(note b)*	**155,840**	–
	155,840	150,331
	505,840	150,331

Notes:

(a) On 6 July 2015, the Group entered into a subscription agreement (the "**SN1 Subscription Agreement**") with an independent third party (the "**SN1 Subscriber**"). Pursuant to the SN1 Subscription Agreement, the Group agreed to issue and the SN1 Subscriber agreed to subscribe for notes (the "**SN1 Notes**") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the SN1 Notes is two years after the issue date. The SN1 Notes bear fixed coupon rate at 9% per annum. As at 31 March 2017, the SN1 Notes were secured by certain of the Group's investments held for trading with fair value of HK$459,380,000. During the year ended 31 March 2018, the pledge was released after the Group fully redeemed the SN1 Notes.

Pursuant to the SN1 Subscription Agreement, the SNI Subscriber had the right to request the Group to redeem the SN1 Notes in whole or in part at the sum of (a) the principal amount outstanding on the SN1 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 SN1 Notes at any time but no later than 45 days before maturity. Hence, the SN1 Notes were recognised as current liabilities in the consolidated statement of financial position.

As part of the SN1 Subscription Agreement, the Group entered into a call option deed (the "**CSFG Call Option Deed**") and a warrant agreement (the "**HTF Warrant Agreement**") with the SN1 Subscriber. Pursuant to the CSFG Call Option Deed, the SN1 Subscriber was granted a right to purchase up to 80,729,170 shares of CSFG at an exercise price of HK$1.44 per share (the "**CSFG Option**"). The SN1 Subscriber was entitled to exercise the option at any time before 14 July 2018.

Pursuant to the HTF Warrant Agreement, the SN1 Subscriber was 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 date 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 Group for the year ended 31 March 2017 are delivered by the Group, 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 Group for the year ended 31 March 2017 are delivered by the Group, 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 value of the SN1 Notes, the CSFG Option and the HTF Warrants were HK$188,198,000, HK$24,253,000 and HK$20,048,000 respectively.

The SN1 Notes represented 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 CSFG Option and the HTF Warrants. The effective interest rate of the SN1 Notes was 21.157% per annum. The SN1 Notes also included the value of the early repayment option as the option was closely related to the host debt instrument. The SN1 Notes were 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 CSFG Option and the HTF Warrants were carried in the consolidated statement of financial position as financial liabilities at FVTPL.

During the year ended 31 March 2018, an imputed interest on the SN1 Notes of HK$3,700,000 (2017: HK$21,791,000) was recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 March 2018, the SN1 Notes with the carrying value of HK$154,608,000 (2017: HK$74,534,000) were redeemed at the principal amount of HK$155,308,000 (2017: HK$77,493,000). Loss on early redemption of secured notes of approximately HK$700,000 (2017: HK$2,959,000) was charged to profit or loss.

(b) On 10 October 2017, the Group entered into a subscription agreement (the "**SN2 Subscription Agreement**") with an independent third party (the "**SN2 Subscriber**"). Pursuant to the SN2 Subscription Agreement, the Group agreed to issue and the SN2 Subscriber agreed to subscribe for notes (the "**SN2 Note**") in the aggregate principal amount of up to US$20,000,000 (or approximately HK$155,840,000). The maturity date of the SN2 Note is one year after the issue date. The SN2 Notes bear fixed coupon rate at 8% per annum. As at 31 March 2018, the SN2 Note is secured by certain of the Group's investments held for trading and available-for-sale investments with fair value of HK$418,740,000 and HK$58,878,000.

The SN2 Note is classified as financial liabilities as defined under HKAS 39 and is carried in the consolidated statement of financial position at amortised cost in accordance with HKAS 39.

(c) On 10 January 2018, the Group entered into a subscription agreement (the "**SN3 Subscription Agreement**") with an independent third party (the "**SN3 Subscriber**"). Pursuant to the SN3 Subscription Agreement, the Group agreed to issue and the SN3 Subscriber agreed to subscribe for notes (the "**SN3 Note**") in the aggregate principal amount of up to HK$350,000,000. The maturity date of the SN3 Note is five years after the issue date without repayable on demand clause. The SN3 Note bears fixed coupon rate at 9.75% per annum. As at 31 March 2018, the SN3 Note is secured by the entire issued share capital of a subsidiary of the Company.

Pursuant to the terms of SN3 Subscription Agreement, the Group may redeem the SN3 Note within five years from the issue date. The redemption amount of the SN3 Note will be: i) 103% of the principal amount if the redemption is made on the date falling the first anniversary of the issue date; ii) 106.35% of the principal amount if the redemption is made on the date falling the second anniversary of the issue date; iii) 110.15% of the principal amount if the redemption is made on the date falling the third anniversary of the issue date; iv) 114.35% of the principal amount if the redemption is made on the date falling the fourth anniversary of the issue date; and v) 119.1% of the principal amount if the redemption is made on the date falling the fifth anniversary of the issue date.

The effective interest rate of SN3 Note is 12.68% per annum.

The SN3 Note is classified as financial liabilities as defined under HKAS 39 and is carried in the consolidated statement of financial position at amortised cost in accordance with HKAS 39.

20. DEFERRED TAX ASSETS AND LIABILITIES

The following is the major deferred tax (liabilities) assets recognised and movement thereon during the current year:

	Accelerated tax depreciation	**Tax losses**	**Fair value change of investments held for trading**	**Fair value adjustment on property, plant and equipment and intangible assets on acquisition of subsidiaries**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	–	–	(567,335)	–	(567,335)
Acquisition of subsidiaries	(29,393)	5,080	–	(52,554)	(76,867)
(Charge) credit to profit or loss *(note 8)*	(1,388)	1,284	516,310	–	516,206
At 31 March 2017	(30,781)	6,364	(51,025)	(52,554)	(127,996)
Credit (charge) to profit or loss *(note 8)*	2,058	(1,621)	21,253	5,129	26,819
At 31 March 2018	(28,723)	4,743	(29,772)	(47,425)	(101,177)

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

	2018	2017
	HK$'000	*HK$'000*
Deferred tax assets	**4,743**	6,364
Deferred tax liabilities	**(105,920)**	(134,360)
	(101,177)	(127,996)

21. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Bank overdrafts — secured	**–**	19,825
Bank loans — secured	**394,355**	373,085
Corporate bonds and notes — unsecured	**162,550**	164,550
Securities margin loans — secured	**148,000**	320,412
Other borrowings — secured	**108,680**	61,147
Other borrowings — unsecured	**40,000**	–
	853,585	939,019
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**547,685**	688,971
More than one year but not exceeding two years	**57,355**	34,790
More than two years but not exceeding five years	**244,776**	170,666
More than five years	**3,769**	44,592
	853,585	939,019
Less: Amounts due within one year shown under current liabilities:		
— the carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**508,163**	642,185
More than one year but not exceeding two years	**18,220**	11,509
More than two years but not exceeding five years	**36,906**	27,910
More than five years	**3,769**	14,592
	567,058	696,196
— carrying amounts due within one year without repayable on demand clause	**39,522**	46,786
	606,580	742,982
Amounts shown under non-current liabilities	**247,005**	196,037

22. OBLIGATIONS UNDER FINANCE LEASES

	2018	2017
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**4,340**	3,877
Non-current liabilities	**8,341**	3,015
	12,681	6,892

23. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Share capital *HK$'000*
Ordinary shares			
Authorised:			
At 1 April 2016, 31 March 2017 and 31 March 2018	0.01	50,000,000,000	500,000
Issued and fully paid:			
At 1 April 2016	0.01	3,642,348,316	36,423
Shares issued upon exercise of warrants	0.01	537,743,800	5,378
Issue of emolument shares	0.01	6,075,334	61
At 31 March 2017	0.01	4,186,167,450	41,862
Issue of shares by bonus issue	0.01	697,694,575	6,976
Issue of emolument shares	0.01	14,175,779	142
At 31 March 2018	0.01	4,898,037,804	48,980

24. ACQUISITION OF SUBSIDIARIES

(A) Acquisition of Hao Tian Securities

On 8 August 2016, the Group acquired the entire issued share capital of Hao Tian Securities from an independent third party at a consideration of HK$29,158,000. This acquisition was accounted for using the purchase method. Hao Tian Securities is engaged in the provision of securities brokerage service in Hong Kong.

(B) Acquisition of Hao Tian International Construction

On 6 February 2017, the Group acquired 75% issued share capital of Clear Lift Holdings Limited (subsequently changed its name to Hao Tian International Construction) ("**Clear Lift Acquisition**") from an independent third party at a consideration of HK$592,500,000.

On 13 March 2017, the Group further acquired 5.79% issued share capital of Hao Tian International Construction at a total consideration of HK$45,778,000 under the general offer required by Takeover Code (the "**Clear Lift General Offer**"). As at 31 March 2017, the Group held 80.79% of total issued share capital of Hao Tian International Construction.

As Clear Lift General Offer was triggered by Clear Lift Acquisition, they were considered as one single acquisition.

In determination of the total consideration transferred in this transaction, the consideration paid in Clear Lift Acquisition and Clear Lift General Offer were considered together.

This acquisition was accounted for using the acquisition method. Hao Tian International Construction is an investment holding company and its subsidiaries are principally engaged in construction machinery business, including rental of construction machinery, trading of construction machinery and spare parts, and provision of repair and maintenance and transportation services.

(C) Acquisition of Fujian Nuoqi

On 22 July 2016, the Group entered into a restructuring agreement with Fujian Nuoqi, a company incorporated in the PRC and with its H-shares listed on the Main Board of the Stock Exchange ("**HT China Restructuring Agreement**"). Pursuant to the HT China Restructuring Agreement, the Group conditionally agreed to participate in the restructuring of Fujian Nuoqi through acquiring 51% of equity interest of Fujian Nuoqi for a total consideration of approximately RMB151,000,000 (equivalent to approximately HK$174,540,000) (the "**Fujian Nuoqi Acquisition**"). The Fujian Nuoqi Acquisition was completed on 5 September 2016. As at 5 September 2016, the Group held 51% of the total issued shares of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Group was required to make mandatory unconditional cash offers to all shareholders of Fujian Nuoqi (other than the Group and parties acting in concert with it) (the "**General Offer**"). Pursuant to Rule 26.4 of the Takeovers Code "Restrictions on control by offeror", the Group was restricted to appoint its nominee or persons acting in concert with it as director of Fujian Nuoqi or exercise its voting rights in Fujian Nuoqi until the offer document for the General Offer (the "**Offer Document**") had been posted.

The directors of the Company were of the view that the Group did not have control or significant influence over Fujian Nuoqi prior to the appointment of the Group's nominee or person acting in concert with it as directors of Fujian Nuoqi and the Group may not exercise its shareholders' voting rights in Fujian Nuoqi until the Offer Document had been posted, except with the consent of the Securities and Futures Commission. Consequently, investment in Fujian Nuoqi was classified as available-for-sale investments at its initial recognition.

On 8 February 2017, the Offer Document was posted. The directors of the Company are of the view that the Group, after considering the Group has the right to request for an extraordinary general meeting and exercise its shareholder's right in such meeting for the purposes of i) removal of existing directors of Fujian Nuoqi; ii) nominating and appointing new directors of Fujian Nuoqi, and; iii) the Group's dominance in shareholder's meeting of Fujian Nuoqi with its 51% of total issued equity interest in Fujian Nuoqi, has control over Fujian Nuoqi. Since then, Fujian Nuoqi has become an indirect and non-wholly owned subsidiary of the Company.

On 1 March 2017, the Group further acquired 8.93% issued share capital of Fujian Nuoqi at a total consideration of approximately HK$30,693,000 under the general offer required by Takeovers Code (the "**Fujian Nuoqi General Offer**"). As at 31 March 2017, the Group held 59.93% of total issued share capital of Fujian Nuoqi.

As Fujian Nuoqi General Offer was triggered by Fujian Nuoqi Acquisition, they were considered as one single acquisition.

In determination of the total consideration transferred in this transaction, the consideration paid in Fujian Nuoqi Acquisition and Fujian Nuoqi General Offer were considered together.

On 21 April 2017, an extraordinary general meeting was held by Fujian Nuoqi and certain resolutions were passed, including, amongst others, i) removal of one of the existing directors of Fujian Nuoqi; and ii) electing new directors of Fujian Nuoqi.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Money Lending Business

During the year, the money lending business of the Group generated an interest income of approximately HK$118.0 million (2017: approximately HK$138.1 million), representing an decrease of approximately 14.6%. The main business of this segment includes provision of property mortgage loans and personal loans to customers in Hong Kong. As at 31 March 2018, the outstanding loan receivables of the money lending business of the Group (net of impairment) was approximately HK$726.0 million (2017: approximately HK$788.6 million).

Securities Investment Business (Investments held for trading)

During the year, the net realised gains from disposal of investments held for trading were approximately HK$9.7 million (2017: realised loss of approximately HK$964.5 million) and the unrealised fair value losses from investments held for trading, comprising listed equity securities, were approximately HK$154.8 million (2017: unrealised fair value losses of approximately HK$2,096.0 million). The substantial losses incurred were mainly attributable to the fair value loss for the shares in China Shandong Hi-Speed Financial Group Limited (stock code: 412) ("**CSFG**") of approximately HK$99.2 million. (2017: fair value loss of approximately HK$2,050.5 million)

As at 31 March 2018, the value of equity securities listed on the Stock Exchange held by the Group which were classified as investments held for trading amounted to approximately HK$1,258.2 million (31 March 2017: approximately HK$1,237.2 million). They mainly comprised the following listed securities, namely: (1) CSFG (stock code: 412); (2) Tencent Holdings Limited (stock code: 700); (3) Carnival Group International Holdings Limited (stock code: 996); and (4) Imperial Pacific International Holdings Limited (stock code: 1076) ("**Imperial Pacific**").

Investments classified as available-for-sale investments

During the year, there was an impairment loss from the disposal of available-for-sale investments of approximately HK$1.7 million (2017: realised gain of approximately HK$53.2 million). As at 31 March 2018, the aggregate value of the listed equity securities in Hong Kong and an unlisted fund held by the Group which were classified as available-for-sale investments amounted to approximately HK$702.0 million (31 March 2017: approximately HK$694.3 million). Such value comprised of securities of two listed companies, namely: (1) Imperial Pacific (stock code: 1076); and (2) CSFG (stock code: 412) and an unlisted fund comprising the participating shares in Haitong Dynamic Multi-Tranche Investment Fund I S.P. of Haitong Global Investment SPC III. The remaining balance of available-for-sale investments represented certain unlisted equity securities carried at cost less accumulated impairment, which amounted to approximately HK$112.1 million (31 March 2017: approximately HK$70.2 million). During the year, the Group acquired the said unlisted fund and certain unlisted equity securities, and disposed of 500,000,000 shares in HengTen Networks Group Limited (stock code: 136).

Rental of construction machinery business

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

Trading of futures business

During the year, the Group had incurred a loss of approximately HK$3.8 million (2017: loss of approximately HK$16.2 million) in futures trading business segment, which was mainly attributable to the volatility of the commodities market.

Retailing of men's and women's apparels business

During the year, Fujian Nuoqi Co., Ltd. (stock code: 1353) ("**Fujian Nuoqi**") contributed a revenue of approximately HK$34.6 million and a segment loss of approximately HK$158.5 million. There was a goodwill impairment loss of approximately HK$143.5 million, in respect of the goodwill allocated to Fujian Nuoqi at the date of acquisition, recorded during the year. There was an operating loss of approximately HK$15.0 million from Fujian Nuoqi during the year.

Warehousing and Logistics Business

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

FINANCIAL REVIEW

The Group had incurred a loss attributable to the owners of the Company of approximately HK$444.9 million for the year ended 31 March 2018 (2017: approximately HK$3,078.9 million). Such loss was mainly attributable to the impairment loss on goodwill of approximately HK$316.3 million and fair value loss of listed investment held for trading of approximately HK$154.8 million (2017: approximately HK$2,096.0 million). Such impact was partially offset by a profit from the money lending business.

Interest income from money lending business amounted to approximately HK$118.0 million (2017: approximately HK$138.1 million). The decrease was mainly attributable to the decrease in personal loan business, and was partially offset by continual increase in the number of customers for our property mortgaged loan business. Interest expenses of approximately HK$5.7 million (2017: approximately HK$20.1 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 year.

The Group recorded losses in other gains and losses of approximately HK$384.1 million for the year ended 31 March 2018 (2017: approximately HK$3,616.6 million). Such loss was mainly attributable to impairment loss on goodwill of approximately HK$316.3 million (2017: nil) and fair value loss for the shares in CSFG of approximately HK$99.2 million (2017: approximately HK$2,050.5 million). Such impact was partially offset by a profit from the money lending business.

Administrative Expenses

During the year, administrative expenses were approximately HK$226.6 million (2017: approximately HK$132.9 million), representing an increase of approximately HK$93.8 million or 70.6% as compared with last year. The increase was mainly due to the increase in the number of subsidiaries after the acquisition of Hao Tian International Construction, Hao Tian Securities, Fujian Nuoqi and the establishment of various companies under Hao Tian International Financial Holdings Limited (formerly known as King International Financial Holdings Limited) which are engaged in trading of futures and bullions.

Finance Costs

During the year, the finance costs were approximately HK$79.6 million (2017: approximately HK$87.9 million), representing a decrease of approximately HK$8.3 million or 9.4% as compared with last year. The decrease was mainly attributable to the full redemption of US$30,000,000 secured notes during the year.

Taxation

During the year, net income tax credit was approximately HK$12.6 million (2017: approximately HK$497.9 million). The net income tax credit was generally in line with the existence of fair value loss on investments held for trading incurred during the year.

Loss Attributable to Owners of the Company

During the year, the Group recorded a loss attributable to owners of the Company of approximately HK$444.9 million (2017: approximately HK$3,078.9 million) which was attributable to the factors mentioned above.

Liquidity, Capital Structure and Financial Resources

The Group mainly financed its operations from a combination of operating cash flows, borrowings and equity. As at 31 March 2018, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$801.1 million (31 March 2017: approximately HK$865.6 million). The Group's working capital decreased to approximately HK$1,627.8 million (31 March 2017: approximately HK$1,747.5 million).

As at 31 March 2018, the Group had outstanding borrowings (including secured notes and obligations under finance leases) of approximately HK$1,372.1 million (31 March 2017: approximately HK$1,096.2 million). The Group had various banking facilities provided by financial institutions in Hong Kong which were secured by certain assets of the Group, including (i) the Group's available-for-sale investments of HK$464 million; (ii) investments held for trading of HK$1,252.1 million; (iii) certain bank deposits held by the Group; (iv) certain leasehold land and building; and (v) certain machinery and motor vehicles.

Gearing ratio (being the ratio of total borrowings, including secured notes and obligations under finance leases, to total assets) as at 31 March 2018 was 27.3% (31 March 2017: 20.5%). The increase was mainly attributable to (i) the issuance of secured notes and (ii) the fair value loss on investment held for trading which reduced the asset base.

Capital Commitments

As at 31 March 2018, the Group had capital commitments which amounted to approximately HK$1,435.1 million (31 March 2017: approximately HK$154.0 million) in respect of addition of property, plant and equipment which had been contracted for but not provided for and the consideration (net of a non-refundable deposit paid during the year) to acquire a company incorporated under the laws of the Grand Duchy of Luxembourg with limited liability, which hold a mixed-use property in London, United Kingdom. The capital commitments in respect of addition of property, plant and equipment were mainly related to the development of the logistics warehousing business in Xinjiang and the purchase of construction machinery for rental purpose.

Contingent liabilities

As at 31 March 2018, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$0.3 million (31 March 2017: HK$2.3 million) and HK$11.2 million (31 March 2017: HK$11.2 million) to banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers respectively. Under the guarantees, the Group would be liable to pay the banks if the banks are unable to recover the outstanding amounts under these finance leases from these customers or the Group failed to perform relevant obligations to these customers. As at 31 March 2018, no provision for the Group's obligation under the guarantee had been made as the Directors considered that it was not probable that the repayment of the finance lease would be in default and it was not probable that a claim will be made against the Group.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2018.

Exposure to Fluctuations in Exchange Rates

The Group's revenues and other income are denominated mainly in Hong Kong dollars ("**HK$**"), United States dollars ("**US$**") and Renminbi ("**RMB**"). The Group's purchases and expenses are mostly denominated in HK$, US$, RMB, Japanese Yen, Euro Dollar and British Pound. The Group has certain foreign currency bank balances and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure of the Group from time to time and will consider hedging significant foreign currency exposure should the need arise.

Employee Information

As at 31 March 2018, the Group had a total of approximately 281 employees (31 March 2017: 358 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employees and are reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group is set out in the notes to the consolidated financial statements of the Company. Details of the share award scheme are set out in the announcement of the Company dated 27 September 2013.

EQUITY FUND RAISING ACTIVITY DURING THE YEAR

The Group carried out an equity funding activity during the year. The details of equity funding activity and the actual use of proceeds are as follows:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
10 May 2017	Placing of 200,000,000 new ordinary shares with aggregate nominal value of HK$2,000,000 by a subsidiary of the Company, being Hao Tian International Construction (formerly known as Clear Lift Holdings Limited) at the placing price of HK$0.62 per placing share (and net issue price being HK$0.605 per placing share). The closing price of the shares on 10 May 2017 was HK$0.66	Approximately HK$121.4 million	The net proceeds intended to be used in real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom by Hao Tian International Construction; and for the general working capital of the Hao Tian International Construction. In view of recent business development strategies and investment opportunities, Hao Tian International Construction amended the intended use of proceeds to satisfy part of the consideration payable to the Company for the proposed acquisition by Solutions Pro Investments Limited (an indirect subsidiary of Hao Tian International Construction) of Hao Tian International Financial Holdings Limited.	Of the net proceeds of approximately HK$121.4 million, approximately HK$56.1 million has been utilised. Of this, approximately HK$6.1 million was utilised as intended for general working capital purposes and approximately HK$50.0 million was utilised towards paying the HK$100 million deposit in respect of the proposed acquisition by Solution Pro Investments Limited (an indirect wholly-owned subsidiary of Hao Tian International Construction) of Hao Tian International Financial Holdings Limited (the "**HTIFH Acquisition**")*. As of the date of this announcement, approximately HK$65.3 million of the proceeds has not yet been utilised.

* The HTIFH Acquisition has not yet completed as of the date of this announcement, and the deposit shall be returned to the Hao Tian International Construction if the HTIFH Acquisition does not take place due to a reason which is not caused by the default of Hao Tian International Construction. The directors of Hao Tian International Construction had resolved to revise the proposed use of the proceeds from the placing to include funding part of the cash consideration for the HTIFH Acquisition as the directors of Hao Tian International Construction believe that the HTIFH Acquisition would allow Hao Tian International Construction to develop a new line of business in the financial service sector and diversify the business of Hao Tian International Construction. This would broaden the Hao Tian International Construction's range of business and source of income and will potentially increase Hao Tian International Construction's revenue and enhance Hao Tian International Construction's financial performance.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Placing of new shares by Hao Tian International Construction

On 10 May 2017, Hao Tian International Construction entered into a placing agreement (the "**Placing Agreement**") with Hao Tian International Securities Limited ("**Hao Tian Securities**") and Kingston Securities Limited ("**Kingston Securities**") (collectively the "**Placing Agents**"), pursuant to which the Placing Agents agreed, as agents of Hao Tian International Construction, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 Shares ("**Placing Shares**") at the placing price of HK$0.62 per Placing Share ("**Placing**"). The Placing Shares have been allotted and issued pursuant to the general mandate granted pursuant to an ordinary resolution passed at the annual general meeting of Hao Tian International Construction held on 30 August 2016 to allot, issue and deal with new Shares and was not subject to further approval by Shareholders. Completion of the Placing took place in accordance with the terms of the Placing Agreement on 26 May 2017 and HK$545,600 was paid by the Company to Hao Tian Securities, a connected person of the Company, on account of placing commission of the Placing. A total of 156,000,000 Placing Shares were successfully placed by Kingston Securities and 44,000,000 Placing Shares were successfully placed by Hao Tian Securities to not fewer than 6 placees at the placing price of HK$0.62 per Placing Share pursuant to the terms and conditions of the Placing Agreement. An aggregate of 200,000,000 new Shares were issued and allotted, representing 20% of the issued shares of Hao Tian International Construction immediately prior to completion of the Placing (i.e. 1,000,000,000 Shares) and approximately 16.67% of the issued shares of Hao Tian International Construction as enlarged by the Placing (i.e. 1,200,000,000 shares). Hao Tian International Construction intended to apply the net proceeds from the Placing for prospective real estate developments and investment properties and expansion opportunities in respect of the rental of construction machinery business in the People's Republic of China, Singapore, Vietnam and the United Kingdom; and for the general working capital of Hao Tian International Construction and its subsidiaries. In view of the recent business development strategies and investment opportunities, Hao Tian International Construction adjusted the use of proceeds to satisfy part of the consideration payable to the Company for the proposed acquisition by Solutions Pro Investments Limited (an indirect wholly-owned subsidiary of Hao Tian International Construction) of Hao Tian International Financial Holdings Limited. As at 31 March 2018, the net proceeds from the Placing was HK$65.3 million, and was placed at interest bearing bank accounts. Further information regarding the Placing was published in the announcements of Hao Tian International Construction dated 10 May 2017 and 26 May 2017 respectively.

Redemption of secured notes

On 27 June 2017, the Group fully redeemed the US$30,000,000 9 per cent, senior secured notes due 2017 issued by the Company on 6 July 2015 (the "**SN Notes**"). The investments held for trading pledged to secure the SN Notes has been released in July 2017.

Bonus issue by Hao Tian International Construction

On 4 July 2017, Hao Tian International Construction proposed a bonus issue of shares to the qualifying shareholders on the basis of one (1) bonus share for every one (1) existing share held by the qualifying shareholders ("**HTIC Bonus Issue**"). The HTIC Bonus Issue was completed on 11 September 2017. After the completion of the HTIC Bonus Issue, there were a total number of 2,400,000,000 shares of Hao Tian International Construction in issue (as enlarged by the issue and allotment of 1,200,000,000 bonus shares). Pursuant to the HTIC Bonus Issue, the Company allotted and issued 750,000,000 bonus shares of Hao Tian International Construction, which increased the Company's total shareholding in Hao Tian International Construction to 1,500,000,000 shares. As the HTIC Bonus Issue was on a pro rata basis, the percentage shareholding of the Company in Hao Tian International Construction was maintained at 62.5% immediately before and after the HTIC Bonus Issue. Further information regarding the HTIC Bonus Issue was published in the announcements of Hao Tian International Construction dated 4 July 2017 and 14 September 2017 respectively and the circular of Hao Tian International Construction dated 26 July 2017.

Proposed Nuoqi Transaction

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

Assuming the Consideration Shares are fully issued, the shareholding interest of the Company in Fujian Nuoqi will be diluted from 59.93% to 17.00% and the Proposed Nuoqi Transaction will constitute a deemed disposal of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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

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

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

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

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

Acquisition of a company holding a mixed-use property in the United Kingdom

On 20 January 2018, Hao Tian Asia Investment Company Limited ("**Hao Tian Asia Investment**"), an indirectly wholly-owned subsidiary of the Company, as buyer and Reignwood Europe Holdings S.À R.L. ("**Reignwood Europe**") as seller, entered into a sale and purchase agreement, pursuant to which Hao Tian Asia Investment conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of 55 Mark Lane S.À R.L., a company incorporated under the laws of the Grand Duchy of Luxembourg ("**Luxembourg**"), together with certain intra-group debts owing by it to Reignwood Europe. 55 Mark Lane S.À R.L. owns the property known as "55 Mark Lane, EC3" situated at 52-58 Mark Lane, London, EC3R 7NE, the United Kingdom, which is let to a mix of office and retail tenants. This transaction constitutes a major transaction of the Company. Details of the acquisition were disclosed in the announcements of the Company dated 7 December 2017 and 21 January 2018 respectively and the circular of the Company dated 23 March 2018.

The acquisition was subsequently completed (after the reporting period) on 12 April 2018. For details, please refer to the announcement of the Company dated 12 April 2018.

Potential disposal of Hao Tian International Financial Holdings

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

Details of the acquisition were disclosed in the announcement of the Company dated 28 March 2018.

This transaction was yet to be completed up to the date of this announcement.

SIGNIFICANT LITIGATIONS

Claim against Inner-Mongolia Shuangxin Resources Group Co. Ltd

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 the third installment in the sum of RMB80,000,000 (out of the four installment payments in total) 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. On 22 March 2016, Shuangxin applied to the Inner-Mongolia Autonomous Regional Higher 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 was in favour of Shuangxin. The Group then filed an appeal against such ruling on 30 March 2016, which was dismissed by the court on 5 May 2016. On 12 January 2018, the Group successfully obtained the judgment of the Inner-Mongolia Autonomous Regional Higher People's Court ordering that the suspension of execution be lifted. As at the date of this announcement, in respect of the third instalment, the Group has now received in aggregate RMB60,000,000 by enforcement, and the execution procedures for enforcing the court order for the remaining unsettled portion of the third installment in the sum of RMB20,000,000 are still in progress. (not including any accrued interest, penalty interest and any legal and court costs which may be awarded by the court)

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional Higher People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100 (the "**New Civil Claim**"). On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional Higher People's Court. On 2 June 2015, the Inner-Mongolia Autonomous Regional Higher People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal against such civil ruling at the Supreme People's Court of the People's Republic of China and the appeal was dismissed. The Inner-Mongolia Autonomous Regional Higher People's Court commenced the hearing of the New Civil Claim on 13 April 2016 and the court hearing was in general completed in June 2016. As announced by the Company on 11 September 2017, the Group had received the written judgment of the Inner-Mongolia Autonomous Higher People's Court dated 7 July 2017 to the effect that all the claims of Shuangxin under the New Civil Claim against the Group have been dismissed. Subsequently, on 15 September 2017, Shuangxin further appealed to the Supreme People's Court of the PRC, which appeal has been submitted by the Inner-Mongolia Autonomous Higher People's Court to the Supreme People's Court. Up to the date of this announcement, the appeal is being reviewed by a collegiate panel convened by the Supreme People's Court.

Separately, in June 2016, the Group filed an arbitration claim to CIETAC against Shuangxin for the return of guarantee monies (質保費) of approximately RMB7,900,000 which was previously withheld by Shuangxin. The CIETAC hearing took place on 27 September 2017 and the Group had received a written arbitral award of CIETAC dated 18 December 2017 in the Group's favour, to the effect that Shuangxin shall return guarantee monies in the amount of RMB7,375,555.60 and pay costs related to the arbitration to the Group. On 6 February 2018, Shuangxin applied to the Beijing Second Intermediate People's Court to cancel the CIETAC arbitral award, the Beijing Second Intermediate People's Court decided it was appropriate for the matter to be handled by the Beijing Fourth Intermediate People's Court. Up to the date of this announcement, the matter is in the process of being reviewed the Beijing Fourth Intermediate People's Court.

Claim against Up Energy Development Group Limited

On 12 August 2016, the Group claimed against Up Energy Mining Limited and Up Energy Development Group Limited (the "**Defendants**") for (i) issuance of the 227,500,000 top-up consideration shares of Up Energy Development Group Limited and (ii) cash payment pursuant to an agreement entered into between the Company as a vendor and the Defendants as the purchaser group for the sale and purchase of shares in and assignment of shareholder's loan due from Champ Universe Limited on 12 October 2012 (the "**Up Energy HK Claim**"). Details of the claim are disclosed in the announcements of the Company dated 29 June 2016 and 12 August 2016, and the interim report of the Company dated 28 December 2017.

In the meantime, two joint provisional liquidators (the "**JPLs**") were appointed to the Defendants by the Supreme Court of Bermuda in October 2016, and since 28 April 2017, the JPLs have assumed full control of the Defendants, including the powers to bring and defend any legal action, including the Company's claim. In August 2017, the High Court of Hong Kong recognised the appointment of and granting of powers to the JPLs by the Bermuda court.

At the case management summons for the Up Energy HK Claim hearing on 8 June 2017, the court adjourned the hearing to 15 August 2017 and directed the Company and the JPLs to conduct mediation to resolve the claim. The said hearing was subsequently further adjourned to 30 April 2018, and the claim was stayed until 10 November 2017. At the case management summons hearing on 30 April 2018, the court further adjourned the hearing to around mid-September 2018 before a Master to be fixed by the court.

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

Separately, on 15 August 2017, the Group applied to the Supreme Court of Bermuda for a declaration of the court (the "**Up Energy Bermuda Declaration**") to the effect that the former directors of Up Energy Development Group Limited have been replaced by directors nominated by the shareholders, by way of a shareholders' resolution duly passed at an Extraordinary General Meeting of Up Energy Development Group Limited held on 25 April 2017. The Group's application has subsequently been adjourned to 12 July 2018, on which date the Bermuda court will set down directions in preparation for the hearing and adjudication of the Group's application.

Claim against Liu Jincheng and Xia Heting

On 1 July 2017, Hao Tian Investment (China) Co., Ltd, a wholly-owned subsidiary of the Company, filed a legal action at the Beijing Fourth Intermediate People's Court claiming against Liu Jincheng and Xia Heting for repayment of the principal amount of the borrowings and the interest thereof in an aggregate amount of approximately RMB40,070,000 as well as other expenses. On 4 July 2017, the Beijing Fourth Intermediate People's Court accepted the legal action. Subsequently, Hao Tian Investment (China) Co., Ltd made an application to the Beijing Fourth Intermediate People's Court for property preservation. On 4 August 2017, the property and other interests of the defending parties, being Liu Jincheng and Xia Heting, were ordered to be sealed up, seized and frozen by the Beijing Fourth Intermediate People's Court.

Subsequently, Liu Jincheng and Xia Heting made an application to the Beijing Fourth Intermediate People's Court objecting to its jurisdiction, which was dismissed by the court on 9 October 2017. On 18 October 2017, Liu Jincheng and Xia Heting further appealed to Beijing Higher People's Court against the aforesaid dismissal, which was dismissed by the court on 2 February 2018. Up to the date of this announcement, the case is in the process of being substantively reviewed by Beijing Higher People's Court.

Claim by Chim Kee against equipment hire customer

In 2012, a customer of Chim Kee Machinery Co., Ltd. ("**Chim Kee**"), one of the subsidiaries of the Group held indirectly through Hao Tian International Construction, commenced litigation against Chim Kee for alleged breach of a hire contract (the "**Legal Proceedings**"). The customer claimed for overall damages of more than HK$100 million while the disputed sum claimed by Chim Kee against the customer was approximately HK$17.5 million together with other unascertained damages. On 24 March 2016, the Court of First Instance handed down a judgment and ruled in favour of Chim Kee and ordered the customer to pay Chim Kee for unpaid hire plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal against the judgment of the Court of First Instance (the "**Appeal**").

On 11 July 2017, the Appeal was concluded by the Court of Appeal. The judgment was in favour of Chim Kee and the Court of Appeal ordered the customer to settle the unpaid hire of HK$8.9 million plus interest and part of the costs of the Legal Proceedings and the Appeal. Up to the date of this announcement, Chim Kee has received an aggregate amount of HK$14.4 million representing the unpaid hire plus interest of HK$12.0 million and part of the costs of the Legal Proceedings and the Appeal of HK$2.4 million. For details of this legal proceeding, please refer to the prospectus of Hao Tian International Construction dated 30 November 2015.

On 11 July 2017, the customer lodged another claim against Chim Kee for loss and damage of more than HK$27 million. After considering the evidence and the background facts in relation to this claim and the advice from the legal adviser in relation to this claim, the directors of Hao Tian International Construction were of the view that the chance of success of the claim against Chim Kee was remote and an application to strike out the said customer's statement of claim was filed on 22 January 2018. The case was subsequently settled on 27 April 2018 with the customer discontinuing its claims. Up to the date of this announcement, Chim Kee has received from the customer in an aggregate amount of HK$150,000 of the costs incurred to Chim Kee.

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 2018.

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 2018.

EVENTS AFTER THE REPORTING PERIOD

Exercise of put option right

On 9 April 2018, Rui Sheng Global Holdings Limited ("**Investor**") exercised the put option in respect of all the shares of Hao Tian Finance Company Limited ("**Hao Tian Finance**"), a subsidiary of the Company, held by the Investor and the Company is obliged to acquire the same at a price of HK$1.15 per share. Prior to the exercise of the put option, the Investor held 100,000,000 shares in Hao Tian Finance, representing approximately 8.26% of the entire issued share capital of Hao Tian Finance. The Company acquired the 100,000,000 shares held by the Investor at a consideration of HK$115,000,000. Upon completion of the acquisition, the Company held approximately 83.5% of the entire issued share capital of Hao Tian Finance. Details of the transaction were disclosed in the announcements of the Company dated 9 April 2015 and 9 April 2018 respectively.

Completion of the acquisition of a company holding a mixed-use property in the United Kingdom

On 12 April 2018, the Group completed the acquisition of 100% equity interest of 55 Mark Lane S.À.R.L. ("**55 Mark Lane**"), a company incorporated in Luxembourg, which holds a mixed-use property in the United Kingdom at an initial consideration of £127,651,973 (equivalent to approximately HK$1,381,194,348), subject to completion adjustment. Upon completion, 55 Mark Lane became a wholly-owned subsidiary indirectly held by the Company and the financial results of 55 Mark Lane will be consolidated into the financial statements of the Group. Details of the acquisition of 55 Mark Lane were disclosed in the announcements of the Company dated 7 December 2017, 21 January 2018 and 12 April 2018 respectively and the circular of the Company dated 23 March 2018.

Potential acquisition of Done and Dusted Productions Limited engaging in media and entertainment business

On 14 April 2018, the Company entered into the sale and purchase agreement with the legal and beneficial owner (the "**Vendors**") of Done and Dusted Production Limited ("**Done and Dusted**"), pursuant to which the Vendors have conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire issued share capital of Done and Dusted, for a total consideration of US$89.6 million (equivalent to approximately HK$703.4 million) (subject to adjustment). Done and Dusted is principally engaged in the business of global television and events production and has staged and filmed events such as The Victoria's Secret Fashion Show, Stand Up To Cancer, BAFTA TV Awards, Laureus World Sports Awards, Nickelodeon Kids Choice Sports Awards, CNN Heroes and has also filmed some of the biggest names in music including Katy Perry, U2, The Rolling Stones and Beyoncé. Done and Dusted also produced the TV coverage for the 2012 London Olympic Opening & Closing Ceremonies. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

The consideration for the acquisition of Done and Dusted is US$89.6 million (equivalent to approximately HK$703.4 million) (subject to adjustment), which shall be settled as to 37.5% (i.e. US$33.6 million, equivalent to approximately HK$263.8 million) (subject to adjustment) by way of cash and as to 62.5% (US$56 million, equivalent to approximately HK$439.6 million) (subject to adjustment) by way of the allotment and issue of ordinary shares of the Company to the Vendors. 619,154,930 ordinary shares of the Company ("**Consideration Shares**") issued at HK$0.71 ("**Reference Price**"), being the consolidated net asset value of the Group as at 30 September 2017 as shown in the 2017 interim report of the Company, worth US$56 million will be issued to the Vendors upon completion of the acquisition. The 619,154,930 Consideration Shares represent (i) approximately 12.6% of the total issued share capital of the Company as at 14 April 2018; and (ii) approximately 11.2% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Details of the acquisition were disclosed in the announcements of the Company dated 15 November 2017 and 15 April 2018 respectively.

This transaction was yet to be completed up to the date of this announcement.

BUSINESS PROSPECTS

The Group remains confident about its existing businesses in Hong Kong including its money lending business and financial services and securities business. The Group will also closely manage and monitor its investments and acquisitions from time to time.

Referring to the statistics published by Hong Kong Stock Exchanges and Clearing Limited, market capitalization of Hong Kong securities market reached HK$34 trillion at the end of 2017, a record high and representing a year-on-year increase of 37%. The average daily turnover in 2017 was HK$88.2 billion and total funds raised in 2017 was HK$579.9 billion. With a view to developing financial services and securities businesses in Hong Kong, the Group announced a group restructuring of Hao Tian International Financial Holdings (昊天國際金融控股有限公司) to capture the financial market opportunity. This financial platform owns SFC license businesses including type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 9 (asset management) regulated activities, business of general insurance business and long term (including linked long term) insurance with HKCIB membership and money lenders licence business.

Residential property prices in Hong Kong's housing market rose 14.9% at an annualised rate in the first quarter of 2018, according to real estate consultant Knight Frank. It reflects a steady growth of property market drives the property lending business in Hong Kong. The Group will focus on its money lending business to enjoy this organic growth.

After London property market adjustment following the Brexit, the Group completed the investment in the London property, namely "55 Mark Lane, EC3". The Group is conducting feasibility study to further enhance the building structure by constructing two additional floors to increase the leasable areas and tenant mix to further enhance its investment value.

The Group is also in the process of acquisition of Done & Dusted to expand its businesses to cultural and media sector. Based on the existing production business, the Group is also exploring new self-owned intellectual property production to enrich the current business and introduce new production projects to China and Asian markets so as to further release the values of this production company.

The Group believes that its new investments and other new business opportunities will diversify and develop more promising business prospect in long term.

FINAL DIVIDEND

The Board does not recommend the payment of a cash final dividend for the year ended 31 March 2018 (2017: Nil).

ANNUAL GENERAL MEETING

The notice of the 2018 annual general meeting of the Company will be published on the websites of the Company and the Stock Exchange and despatched to the Shareholders in the manner required by the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles and complied with all relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2018, save and except Code Provisions A.2.1 and A.5.1:

(i) The position of Chief Executive Officer was vacant since 30 September 2017

On 30 September 2017, Mr. Gao Shufang resigned as chief executive officer of the Company and the Company has not appointed a new chief executive officer. The Company does not have a chairman and the role of chairman was performed by the Board collectively. Having considered the business operation of the Group at the material time, the Directors considered that the Board, which consists of experienced professionals, can collectively achieve effective functioning of the Board, while the executive Directors along with other members of senior management of the Company are effective in overseeing the day-to-day executive management of the Group.

(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.

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 2018 as set out in this 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 this announcement of the Company for the year ended 31 March 2018.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.haotianhk.com) and the Stock Exchange (www.hkex.com.hk). The 2017/18 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, 22 June 2018

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