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## HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED

昊天國際建設投資集團有限公司

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

**(Stock Code: 1341)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Hao Tian International Construction Investment Group Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (the “**Year**”) together with the comparative figures for corresponding year ended 31 March 2021 (the “**Previous Year**”).

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

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Revenue	3	<b>220</b>	220
Cost of revenue		<u>(144)</u>	<u>(127)</u>
Gross profit		<b>76</b>	93
Other income	4	<b>26</b>	15
Other loss, net	5	<b>(385)</b>	(20)
Administrative expenses		<b>(58)</b>	(59)
Impairment losses:		<b>(13)</b>	(62)
— property, plant and equipment		—	(6)
— intangible assets		—	(49)
— financial assets (expected credit losses)		<b>(13)</b>	(7)
Share-based payment expenses		<b>(7)</b>	(10)
Share of results of associates		<b>(17)</b>	169
Share of results of a joint venture		<b>1</b>	27
Finance costs	6	<u>(29)</u>	<u>(44)</u>
<b>(Loss)/profit before taxation</b>	7	<b>(406)</b>	109
Income tax expense	8	<u>(6)</u>	<u>(9)</u>
<b>(Loss)/profit for the year</b>		<u><b>(412)</b></u>	<u>100</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
<b>Other comprehensive (loss)/income after tax:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		<b>(16)</b>	11
<i>Items that may be reclassified to profit or loss:</i>			
Share of associates exchange differences on translating foreign operation		<b>11</b>	–
Exchange differences on translating foreign operations		<b>(2)</b>	–
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(7)</b>	11
<b>Total comprehensive (loss)/income for the year</b>		<b>(419)</b>	111
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(412)</b>	100
Non-controlling interests		–	–
		<b>(412)</b>	100
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		<b>(419)</b>	111
Non-controlling interests		–	–
		<b>(419)</b>	111
<b>(Loss)/earnings per share</b>			
	<i>10</i>		
Basic (HK\$ cents per share)		<b>(5.54)</b>	1.88
Diluted (HK\$ cents per share)		<b>(5.54)</b>	1.86

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK\$'million	2021 HK\$'million
<b>Non-current assets</b>			
Property, plant and equipment		199	186
Right-of-use assets		29	32
Intangible assets		5	5
Interests in associates		1,220	1,226
Interests in a joint venture		–	4
Financial assets at FVTOCI		42	120
Loan receivables	11	6	63
Finance lease receivables		2	3
Deferred tax assets		4	5
Pledged bank deposits		–	5
Other receivables and deposits		10	2
<b>Total non-current assets</b>		<b>1,517</b>	<b>1,651</b>
<b>Current assets</b>			
Inventories		5	88
Properties under development		368	370
Trade receivables	12	126	113
Other receivables, deposits and prepayments		74	21
Financial assets at fair value through profit or loss (“FVTPL”)		239	308
Loan receivables	11	53	215
Finance lease receivables		4	4
Corporate note receivables		358	–
Trusted and segregated bank accounts		96	16
Cash and cash equivalents		91	107
<b>Total current assets</b>		<b>1,414</b>	<b>1,242</b>
<b>Total assets</b>		<b>2,931</b>	<b>2,893</b>
<b>Current liabilities</b>			
Lease liabilities		12	11
Bank and other borrowings	13	410	252
Corporate note payables		–	108
Trade payables	14	6	4
Other payables, deposits received and accruals		160	40
Income tax payables		9	10
<b>Total current liabilities</b>		<b>597</b>	<b>425</b>
<b>Net current assets</b>		<b>817</b>	<b>817</b>
<b>Total assets less current liabilities</b>		<b>2,334</b>	<b>2,468</b>

	<i>Notes</i>	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
<b>Non-current liabilities</b>			
Lease liabilities		17	17
Deferred tax liabilities		24	22
Bank and other borrowings	13	31	77
Financial liabilities at FVTPL		<u>629</u>	<u>628</u>
<b>Total non-current liabilities</b>		<u>701</u>	<u>744</u>
<b>NET ASSETS</b>		<u><u>1,633</u></u>	<u><u>1,724</u></u>
<b>EQUITY</b>			
Share capital	15	76	67
Reserves		<u>1,557</u>	<u>1,657</u>
Non-controlling interests		<u>1,633</u>	<u>1,724</u>
		–	–
<b>TOTAL EQUITY</b>		<u><u>1,633</u></u>	<u><u>1,724</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 1. GENERAL INFORMATION

Hao Tian International Construction Investment Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is an exempted limited liability company incorporated in the Cayman Islands. Its immediate and ultimate holding company is Hao Tian Management (China) Limited and Asia Link Capital Investment Holdings Limited, which are incorporated in Hong Kong and the British Virgin Islands respectively, and the ultimate controlling shareholder is Ms. Li Shao Yu. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business in Hong Kong is Rooms 2510–2518, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

These consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) and rounded to the nearest million (“**million**”), unless otherwise stated.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Description of segments and principal activities

The Group has identified five reportable segments of its business:

- (i) Rental and sale of construction machinery and spare parts business: The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet in Hong Kong. The Group also sells construction machinery and spare parts in Hong Kong and Macau.
- (ii) Provision of repair and maintenance and transportation service business: The Group provides repair and maintenance service for construction machinery, in particular the crawler cranes, in Hong Kong. The Group also provides transportation services which include local container delivery, construction site delivery and heavy machinery transport in Hong Kong.
- (iii) Money lending business: The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.
- (iv) Provision of asset management, securities brokerage, commodities, futures and other financial service business: The Group holds Securities and Future Commission licenses for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance and provides a wide range of financial services in Hong Kong.
- (v) Property development business: The Group started the property development business during the Year. The Group holds properties under development in Malaysia through a subsidiary and in Cambodia through an associate.

**(b) Segment profit or loss**

The segment profit or loss for the reportable segments provided to the chief operating decision maker and reconciliation to loss before taxation for the years ended 31 March 2022 and 2021 are as follows:

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	2022					
	Rental and sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Money lending <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Property development <i>HK\$'million</i>	Total <i>HK\$'million</i>
<b>Segment revenue</b>						
External revenue	177	10	17	16	–	220
Segment results before the following items:	60	5	12	12	–	89
— Depreciation and amortisation	(42)	–	–	–	–	(42)
— Impairment losses:						
— financial assets (expected credit losses)	(7)	–	–	(2)	–	(9)
— Finance costs	(5)	–	(1)	–	–	(6)
Segment results	6	5	11	10	–	32
Unallocated:						
— Other income						21
— Other losses, net						(384)
— Administrative expenses						(25)
— Impairment losses:						
— financial assets (expected credit losses)						(4)
— Share-based payment expenses						(7)
— Share of results of associates						(17)
— Share of results of a joint venture						1
— Finance costs						(23)
Loss before taxation						<u>(406)</u>

	Rental and sale of construction machinery and spare parts <i>HK\$ million</i>	Provision of repair and maintenance and transportation service <i>HK\$ million</i>	Money lending <i>HK\$ million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$ million</i>	Property development <i>HK\$ million</i>	Total <i>HK\$ million</i>
<b>Segment revenue</b>						
External revenue	141	8	60	11	–	220
Segment results before the following items:	48	4	36	2	–	90
— Depreciation and amortisation	(39)	–	–	(1)	–	(40)
— Impairment losses:						
— property, plant and equipment	–	–	–	(1)	–	(1)
— intangible assets	–	–	–	(49)	–	(49)
— financial assets (expected credit losses)	4	–	(7)	(2)	–	(5)
— Finance costs	(3)	–	(3)	–	–	(6)
Segment results	10	4	26	(51)	–	(11)
Unallocated:						
— Other income						4
— Other losses, net						(9)
— Administrative expenses						(21)
— Impairment losses:						
— Financial assets (expected credit losses)						(2)
— Share-based payment expenses						(10)
— Share of results of associates						169
— Share of results of a joint venture						27
— Finance costs						(38)
Profit before taxation						109

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

(c) **Geographical information**

The geographical information about the Group's revenue from external customers by location of operations and the non-current assets other than financial instruments and deferred tax assets in which the assets are physically located is detailed below:

	Revenue		Non-current assets ( <i>note</i> )	
	For the year ended 31 March		As at 31 March	
	2022	2021	2022	2021
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Hong Kong	219	218	241	224
The People's Republic of China (the "PRC")	–	–	93	113
Macau	1	2	–	–
Cambodia	–	–	1,127	1,116
	<u>220</u>	<u>220</u>	<u>1,461</u>	<u>1,453</u>

*Note:*

Non-current assets excluded financial assets at FVTOCI, loan receivables, financial lease receivables, deferred tax assets, pledged bank deposits and financial assets included in other receivables and deposits.

(d) **Information about major customers**

There is no external customers over 10% of the total revenue of the Group.

(e) **Revenue summary**

	2022	2021
	HK\$'million	HK\$'million
Revenue from contracts with customers ( <i>note</i> ):		
— Sale of construction machinery and spare parts	49	41
— Repair and maintenance and transportation service income	10	8
— Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	9	7
	<u>68</u>	<u>56</u>
Revenue from other sources:		
— Rental income generated from construction machinery	128	100
— Interest income generated from money lending	17	60
— Interest income generated from margin financing	7	4
	<u>152</u>	<u>164</u>
	<u>220</u>	<u>220</u>

Note:

**Disaggregated revenue from contract with customers**

For the year ended 31 March 2022

	Sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Sale of construction machinery and spare parts	49	-	-	49
Repair and maintenance and transportation service income	-	10	-	10
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	-	-	9	9
	<u>49</u>	<u>10</u>	<u>9</u>	<u>68</u>
Timing of revenue recognition				
At a point in time	49	-	9	58
Over time	-	10	-	10
	<u>49</u>	<u>10</u>	<u>9</u>	<u>68</u>
Total	<u>49</u>	<u>10</u>	<u>9</u>	<u>68</u>

For the year ended 31 March 2021

	Sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Sale of construction machinery and spare parts	41	-	-	41
Repair and maintenance and transportation service income	-	8	-	8
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	-	-	7	7
	<u>41</u>	<u>8</u>	<u>7</u>	<u>56</u>
Timing of revenue recognition				
At a point in time	41	-	7	48
Over time	-	8	-	8
	<u>41</u>	<u>8</u>	<u>7</u>	<u>56</u>
Total	<u>41</u>	<u>8</u>	<u>7</u>	<u>56</u>

#### 4. OTHER INCOME

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Interest earned on:		
— corporate note receivables	17	—
— bank deposits	1	2
Government grant	—	6
Rental income	3	2
Others	5	5
	<u>26</u>	<u>15</u>

#### 5. OTHER LOSS, NET

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Fair value (losses)/gains on:		
— financial assets at FVTPL	(397)	4
— financial liabilities at FVTPL	(1)	(12)
Gain on settlement of other receivables	12	—
Loss on disposal of a joint venture	(1)	—
Extinguishment loss on early principal redemption of convertible note payables	—	(13)
Foreign exchange gain	2	1
	<u>(385)</u>	<u>(20)</u>

#### 6. FINANCE COSTS

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Interest expenses arising from:		
— bank and other borrowings	17	15
— corporate note payables	9	3
— convertible note payables	—	25
— lease liabilities	1	1
Exchange difference on borrowings	2	—
	<u>29</u>	<u>44</u>

## 7. (LOSS)/PROFIT FOR THE YEAR

This is stated at after charging the followings:

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Amortisation of intangible assets	–	2
Auditor's remuneration	<b>1</b>	1
Cost of inventories sold	<b>44</b>	32
Depreciation of:		
— property, plant and equipment	<b>37</b>	38
— right-of-use assets	<b>10</b>	11
Staff costs (including directors' remuneration):		
— salaries, bonuses and allowances	<b>62</b>	56
— retirement benefit scheme contributions	<b>2</b>	2
— share-based payments	<b>7</b>	10
	<u><b>71</b></u>	<u>68</u>

## 8. INCOME TAX EXPENSE

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Current income tax		
— Current year		
— Hong Kong	<b>3</b>	7
— Under-provision in prior years	<b>–</b>	1
	<u><b>3</b></u>	<u>8</u>
Deferred tax	<u><b>3</b></u>	<u>1</u>
	<u><b>6</b></u>	<u>9</u>

## 9. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 March 2022 (2021: Nil).

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share was calculated by dividing the (loss)/profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
(Loss)/profit for the year attributable to the owners of the Company (HK\$' million)	(412)	100
Weighted average number of ordinary shares in issue (million shares)	<u>7,437</u>	<u>5,313</u>
Basic (loss)/earnings per share (HK\$ cents)	<u>(5.54)</u>	<u>1.88</u>

### (b) Diluted

	<i>Note</i>	2022	2021
Adjusted (loss)/profit for the year attributable to owners of the Company used to determine the diluted (loss)/earnings per share (HK\$ million)		(412)	100
Weighted average number of ordinary shares in issue (million shares)	<i>(i)</i>	<u>7,437</u>	<u>5,365</u>
Diluted (loss)/earnings per share (HK\$ cents)		<u>(5.54)</u>	<u>1.86</u>

(i) Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share is calculated as follows:

	2022	2021
	<i>million shares</i>	<i>million shares</i>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	7,437	5,313
Adjustment for:		
— Assumed exercise of share awards	<u>—</u>	<u>52</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>7,437</u>	<u>5,365</u>

## 11. LOAN RECEIVABLES

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Non-current		
Secured fixed-rate loan receivables	8	64
Less: Allowance for expected credit losses	<u>(2)</u>	<u>(1)</u>
	<u>6</u>	<u>63</u>
Current		
Secured fixed-rate loan receivables	5	33
Unsecured fixed-rate loan receivables	92	232
Less: Allowance for expected credit losses	<u>(44)</u>	<u>(50)</u>
	<u>53</u>	<u>215</u>
	<u>59</u>	<u>278</u>

## 12. TRADE RECEIVABLES

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Trade receivables		
Rental income from construction machinery business	66	46
Provision of other financial services	–	3
Securities brokerage	<u>82</u>	<u>78</u>
	148	127
Less: Allowance for expected credit losses	<u>(22)</u>	<u>(14)</u>
	<u>126</u>	<u>113</u>

### Notes:

- (a) The Group allows an average credit period of 0–30 days to its trade customers arising from construction machinery and sales of construction materials business. The credit period provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has a policy for allowance for expected credit losses which is based on the evaluation of the collectability and aging analysis of accounts on every individual trade debtor basis and on the management's judgement including creditworthiness and the past collection history of each customer.

For those commodities, futures and securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The margin clients of the commodities, futures and securities brokerage business are required to pledge their investments to the Group for credit facilities for commodities, futures and securities trading. The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

- (b) The aging analysis by invoice date of trade receivables before allowance for expected credit losses is as follows:

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
0–30 days	27	91
31–60 days	22	13
61–90 days	16	3
91–180 days	19	7
181–365 days	32	5
Over 365 days	32	8
	<u>148</u>	<u>127</u>

### 13. BANK AND OTHER BORROWINGS

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Bank borrowings	275	91
Loans from other financial institutions	8	48
Loan from a fellow subsidiary	28	130
Loans from a director of subsidiaries	40	60
Loan from the Controlling Shareholder	90	–
	<u>441</u>	<u>329</u>
Representing:		
Current	410	252
Non-current	31	77
	<u>441</u>	<u>329</u>

The borrowings are repayable as follows:

On demand or within one year	410	252
Between 1 and 2 years	17	54
Between 2 and 5 years	14	23
	<u>441</u>	<u>329</u>

Less: Amount due for settlement within 12 months  
(shown under current liabilities)

Amount due for settlement after 12 months

<b>(410)</b>	(252)
<u>31</u>	<u>77</u>

*Notes:*

- (a) The average interest rates at 31 March were as follows:

	<b>2022</b>	2021
Bank borrowings	3.16%	3.88%
Loans from other financial institutions	3.88%	4.41%
Loan from a fellow subsidiary	6.00%	6.00%
Loans from a director of subsidiaries	3.00%	3.00%
Loan from the Controlling Shareholder	–	N/A

- (b) Borrowings arranged at fixed interest rates and expose the Group to fair value interest rate risk are as follows:

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Bank borrowings	<b>221</b>	12
Loans from other financial institutions	<b>8</b>	45
Loan from a fellow subsidiary	<b>28</b>	130
Loans from a director of subsidiaries	<b>40</b>	60
	<u><b>297</b></u>	<u>247</u>

Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

- (c) The directors estimate the fair value of the Group's borrowings approximate the carrying value of the borrowings.
- (d) Bank and other borrowings of HK\$265 million (2021: HK\$113 million) are secured. As at 31 March 2022, the carrying amounts of financial and non-financial assets pledged as security for certain bank borrowings and loans from other financial institutions are as follows:

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Property, plant and equipment	<b>114</b>	108
Loan receivables	–	54
Pledged bank deposits	–	5
Corporate note receivables	<b>358</b>	–
	<u><b>472</b></u>	<u>167</u>
Total assets pledged as security	<u><b>472</b></u>	<u>167</u>

#### 14. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>2022</b> <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Within 30 days	<b>2</b>	1
31 to 60 days	<b>2</b>	2
61 to 180 days	<b>2</b>	1
	<u><b>6</b></u>	<u>4</u>

## 15. SHARE CAPITAL

	Number of shares ( <i>'million</i> )	<i>HK\$'million</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>20,000</u>	<u>200</u>
<b>Issued and fully paid:</b>		
As at 1 April 2020	4,428	44
Issue of subscription shares	625	6
Issue of placement shares	234	3
Issue of award shares	1	–
Issue of consideration shares	500	5
Issue of shares upon conversions of convertible note payables	<u>871</u>	<u>9</u>
As at 31 March 2021 and 1 April 2021	6,659	67
Issue of consideration shares	867	8
Issue of award shares	<u>33</u>	<u>1</u>
As at 31 March 2022	<u>7,559</u>	<u>76</u>

## 16. EVENTS AFTER THE REPORTING PERIOD

### (1) Partial disposal of equity interest of a subsidiary

On 11 May 2022, Victory Bright Limited (the “**Vendor**”) and Alcott Global Limited (the “**Target Company**”), both are indirect wholly-owned subsidiary of the Company, and Glaring Sand Holdings Limited (the “**Purchaser**”) entered into a sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell 15 issued shares of the Target Company, representing 15% of the entire issued share capital of the Target Company at a consideration of US\$20 million (equivalent to approximately HK\$157 million). The transaction was completed on 16 May 2022.

### (2) Purchase of bonds

On 22 June 2022, True Well Limited, an indirect wholly-owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of US\$45,225,000 (equivalent to approximately HK\$355,016,250).

### (3) Disposal of an associate

On 23 June 2022, Victor Ocean Developments Limited, an indirect wholly-owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Triple Blessing International Limited, an associate of the Group, at a consideration of HK\$44 million.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Impact of COVID-19**

During the Year under review, the COVID-19 pandemic remained challenging due to the outbreak of the mutant variants and outbreak of 5th wave of COVID-19 in Hong Kong. The Group remained resilient and focused on its existing businesses.

Though operations of the construction industry in Hong Kong have been affected as a consequence of COVID-19. Due to the relatively stable undertaking of government infrastructure projects, the Group managed to record an increase in the (i) sales of construction machinery and spare parts, and (ii) rental income generated from construction machinery during the Year. The occupancy rate for the rental machineries kept at approximately 85%.

To manage the impact of COVID-19, the Group maintained its operation and put in place precautionary and risk mitigation measures, including suitably deploying remote work arrangements, periodic deep cleaning and sanitization for both our warehouse and offices, provision of facemasks or other personal protection equipment for all employees, daily COVID-19 Antigen Test and body temperature measurement for all personnel at workplaces, and proper record keeping of work schedule and contact history for tracing.

During the Year, the Group continued to pursue a long-term business strategy of diversifying into financial services business, property development business, and construction machinery business. The Group's principal activities include: (i) money lending; (ii) securities investment; (iii) provision of commodities, futures, securities brokerage and financial services; (iv) asset management; (v) rental and trading of construction machinery; and (vi) property development.

#### **Construction machinery business**

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet. The Group procures these construction machinery mainly through the manufacturers of construction machinery located in Western Europe, Japan and China as well as traders of used construction machinery around the world.

The Group has maintained approximately 185 units of construction machinery in the rental fleet during the Year. In order to maintain a modern fleet of construction machinery with a greater variety of models, the Group has been replacing portions of its fleet of construction machinery from time to time. The Board will continue to monitor the daily operations and review the expansion plan of the rental fleet and the capital requirements of the Group regularly. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and prevailing market conditions if necessary. To satisfy customers' needs, the Group also sells spare parts for maintenance purposes or upon request.

## **Financial services business**

The Group holds (i) licenses for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”). The Group provides a wide range of financial services.

The revenue for the Year of the financial services business (including provision of asset management, securities brokerage, commodities, futures and other financial services) was approximately HK\$16 million (2021: approximately HK\$11 million), represented approximately 7% (2021: approximately 5%) of the total revenue of the Group and a segment profit of approximately HK\$10 million (2021: approximately HK\$51 million loss). The increase in revenue was mainly due to increase in the value and volume of transactions in securities brokerage.

In the course of preparing the financial statements for the Year, the Company had engaged an independent qualified valuer to determine the recoverable amount of the trading right of the business carrying on the regulated activities of Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) as defined under the SFO. The recoverable amount of the trading right has been determined by fair value less cost of disposal, which is primarily making reference to sales of similar transactions in the market. During the Year, no impairment loss (2021: nil) on the trading right was recognised.

## **Money lending business**

The Group holds money lender licenses under the Money Lenders Ordinance in Hong Kong and the money lending business was conducted through its indirect wholly-owned subsidiaries, to grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

As at 31 March 2022, the Group had loans receivable with carrying amount of approximately HK\$59 million (2021: HK\$278 million). HK\$245 million of the loan receivables and interest income receivables was received from borrowers during the Year. The Group recorded interest income from loans receivable of approximately HK\$17 million for the Year (2021: HK\$60 million).

During the Year, the Group did not grant any new loans to individuals and enterprises. As at 31 March 2022, 5 loans with amount of approximately HK\$53 million were overdue, all of which are supported by personal guarantee and/or collateral, interest rate ranging from 10% to 18% per annum. A total of 5 cases with amount of approximately HK\$53 million are under legal proceedings (including assets under public auctions). The subsequent settlement from year end date to the date of this announcement amounted to approximately HK\$25 million.

As at 31 March 2022, the carrying amount of outstanding loans receivable from the five largest borrowers of the Group totaling HK\$55 million (representing 93% to the total loans receivable of the Group, subsequent settlement amounted to approximately of HK\$25 million) while the carrying amount of outstanding loans receivable from the largest borrower amounted to HK\$33 million (representing 56% to the total loans receivable of the Group).

As at 31 March 2022, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "**loans receivable ECL**"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of loans receivable ECL ranged from 18% to 55% depending on the nature, probability of default and loss of the loans receivable.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

The Group has performed background and credit risk assessment on the potential borrowers before granting the loans by (a) searching on their identity and background; (b) reviewing and assessing their financial information; and (c) performing an assessment on their creditability.

The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

Our Group is required to and has, at all times, strictly complied with all relevant laws and regulations. In the opinion of our Directors, in addition to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Money Lenders Ordinance constituted a major governance on our Group's money lending business in Hong Kong.

During the current year, we did not receive any objection from and was not investigated by the Registrar of Money Lenders (presently performed by the Registrar of Companies) nor the Commissioner of Police regarding the renewal of the money lenders license.

## **Property development business**

The Group has property development projects in Cambodia and Malaysia. In Cambodia, the Council of Ministers approved the project company to establish a special economic zone with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. The project company shall have the sole and exclusive right to develop the special economic zone with all the necessary land use rights, including those for residential, industrial and commercial development purposes. The project was still in its preliminary stage during the Year because of the impact of COVID-19 in Cambodia.

The Group has another property development project in Malaysia. The project is a residential and commercial mixed property development project located at Port Dickson, Negeri Sembilan, Malaysia comprising 267,500 square meters. The property is held from the government for a lease term of 99 years expiring on 8 February 2097 for residential and commercial building uses. The project was still in its preliminary stage during the Year because of the impact of COVID-19 in Malaysia.

## **FINANCIAL REVIEW**

The Group recorded a loss of approximately HK\$412 million for the Year (2021: Profit at approximately HK\$100 million).

### **Revenue**

During the Year, the total revenue of approximately HK\$220 million maintained at similar level as compared with last year.

### **Sales of construction machinery and spare parts, rental income from construction machinery and repair and maintenance and transportation service income**

During the Year, the sales of construction machinery and spare parts, rental income generated from construction machinery and repair and maintenance and transportation service income were approximately HK\$49 million (2021: approximately HK\$41 million), approximately HK\$128 million (2021: approximately HK\$100 million) and approximately HK\$10 million (2021: approximately HK\$8 million), respectively. The increase in revenue for sales of construction and spare parts was mainly attributable to the increased demand in bored piling accessories. The increase in rental income was mainly attributable to the increase in government projects which led to improved utilization rate of our rental fleets.

### **Money lending, asset management, securities brokerage, commodities, futures and other financial services**

During the Year, the total revenue from money lending, asset management, securities brokerage, commodities, futures and other financial services decreased by approximately HK\$38 million, or approximately 54%. Such decrease was mainly attributable to the decrease in loans receivables.

## Fair value gains on financial assets at fair value through profit or loss (“FVTPL”), net

The details of the Group’s securities investments and the net fair value gains recognised for the Year are set out as follows:

Name/(Stock Code)	Number of	Percentage of	Number of	Percentage of	Fair value	Fair value	Fair value	Percentage of
	shares held	shareholdings	shares held	shareholdings	at 31 March	at 31 March	(losses)/gains	total assets of
	at 31 March	at 31 March	at 31 March	at 31 March	at 31 March	at 31 March	for the Year	the Group
	2021	2021	2022	2022	2021	2022	HK\$’million	at 31 March
				(note 1)	HK\$’million	HK\$’million		2022
China Shandong Hi-Speed Financial Group Limited (412)	6,000	0.00%	6,000	0.00%	-	-	-	-
International Alliance Financing Leasing Company Limited (1563)	-	-	26,642,000	1.78%	-	88	14	3.00%
HT Riverwood Multi-Growth Fund (note 2)	N/A	N/A	N/A	N/A	293	44	(148)	1.50%
Tisé Equity SP-1 (Note 3)	N/A	N/A	N/A	N/A	-	59	(262)	2.01%
Unlisted debt instrument	N/A	N/A	N/A	N/A	15	20	(1)	0.68%
Convertible note receivable	N/A	N/A	N/A	N/A	-	28	-	0.96%
					<u>308</u>	<u>239</u>	<u>(397)</u>	<u>8.15%</u>

### Notes:

- The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 March 2022 of the issuers publicly available on the website of the Stock Exchange.
- HT Riverwood Multi-Growth Fund (formerly known as Riverwood Multi-Growth Fund) (the “**Riverwood**”) mainly invests in listed equities of companies located in the Greater China Region (which includes Mainland China, Hong Kong, Macau and Taiwan) or deriving income and/or assets from the Greater China Region. The Riverwood may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.
- Tisé Equity SP-1 is a segregate portfolio of Tisé Opportunities SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands in March 2021, with an investment objective to provide its investors with long-term capital appreciation.

During the Year, in relation to fair value loss in FVTPL of approximately HK\$397 million, a total of HK\$148 million and HK\$262 million was related to investment in Riverwood and Tisé Opportunities SPC respectively.

For Riverwood, investment with fair value of approximately HK\$195 million at 31 March 2021 (original cost of approximately HK\$122 million) was redeemed in the Year at approximately HK\$101 million. A fair value loss of approximately HK\$94 million was recorded from this redemption, where approximately HK\$22 million represents an actual loss and approximately HK\$72 million represents a reversal of fair value gain recognised in previous years. At 31 March 2022, there is a further adjustment to fair value loss of approximately HK\$54 million.

In April 2021, the Group entered into a share purchase agreement with an independent third party to acquire 49% equity interests in Kingdom Future Limited (“KFL”). KFL, through its interests in a segregated portfolio of Tisé Opportunities SPC, held shares of New Gains Group Limited (“NGG”), a subsidiary of China Evergrande Group (“CEG”), which owns Fangchebao Group Co. Ltd.\* (房車寶集團股份有限公司). The consideration of the acquisition was settled by the allotment and issue of approximately 867 million shares of the Company. The transaction was completed on 20 May 2021 and the closing market trading price is at HK\$0.37 per share which made the fair value of this investment at approximately HK\$321 million. This investment was treated as a financial asset at fair value through profit or loss on the consolidated statement of financial position.

Pursuant to CEG’s announcement dated 29 March 2021, a number of investors (including Tisé Opportunities SPC, acting for and on behalf of Tisé Equity SP-1) have entered into an investment agreement with CEG where if NGG has not completed a qualified IPO on or before 12 months after the completion date, investors (including Tisé Opportunities SPC) is entitled to require CEG and other relevant obligors (jointly and severally) to repurchase the original investment paid by Tisé Opportunities SPC together with a 15% premium.

On 30 June 2021, CEG further announced that the terms of the original investment agreement have been amended so that when the relevant investor exercises its right and request the repurchase of its interests in NGG, CEG or its designated entity has the right to elect (i) to repurchase all the interests held by the relevant investor in NGG at the repurchase price (equivalent to 1.15 times of the total consideration paid by the relevant investor); or (ii) not to exercise such repurchase right, and in such case, Mr. Hui Ka Yan, the controlling shareholder of CEG shall agree to fulfill such repurchase obligation and pay the relevant investor the repurchase price.

On 12 April 2022 and 25 April 2022, Tisé Opportunities SPC has sent a repurchase request and reminder to CEG and Mr. Hui Ka Yan for the original investment cost plus the 15% premium.

Following the outbreak of CEG financial crisis in the 2nd half of 2021, with due care and diligence, the Company has been closely monitoring the ongoing situation of the crisis and assessing the financial impact to our Group. The Company had engaged an independent qualified valuer to determine the recoverable amount of this investment. The recoverable amount has been determined by fair value less expected credit loss, which is primarily making reference to the information available in the market. During the Year, a fair value loss of HK\$262 million was recognised. The Company has and will continue to use its best endeavors to minimise losses to the Group.

### **Other losses, net**

During the Year, other losses, net were approximately HK\$385 million (2021: other loss, net of approximately HK\$20 million). Such change was mainly attributable to loss in fair value change of FVTPL of approximately HK\$397 million. In the Previous Year, there was an extinguishment loss of approximately HK\$13 million on early principal redemption of certain convertible note payables and loss in fair value change of financial liabilities at FVTPL of approximately HK\$12 million.

During the Year, in relation to fair value loss in FVTPL of approximately HK\$397 million, a total of HK\$148 million and HK\$262 million was related to investments in equity funds.

### **Administrative expenses**

During the Year, the administrative expenses were approximately HK\$58 million (2021: approximately HK\$59 million), representing a decrease of approximately 2% as compared with the Previous Year. Among the administrative expenses incurred during the Year, approximately HK\$11 million (2021: approximately HK\$10 million) was related to depreciation and non-cash in nature, and staff costs of approximately HK\$22 million (2021: approximately HK\$23 million).

### **Impairment losses**

An impairment losses of approximately HK\$13 million (2021: HK\$7 million) on allowance on expected credit losses on financial assets were recognised during the Year. It was mainly attributable to the default in loan receivables.

In the Previous Year, the impairment losses on property, plant and equipment and intangible assets were mainly arising from the loss in respective cash-generating units; while the allowance for expected credit losses on financial assets was mainly attributable to the default in loan receivables.

## Share of results of associates

During the Year, the share of results of associates of approximately HK\$17 million, loss (2021: approximately HK\$169 million, gain). In the Previous Year, the amount mainly represented the share of results arising from the excess of net fair value of identifiable assets over costs of investments for newly acquired associates of approximately HK\$215 million and the post-acquisition loss of approximately HK\$46 million.

## Share-based payment expenses

Share-based payment expenses of approximately HK\$7 million (2021: approximately HK\$10 million) was related to the share awards and emolument shares granted to certain Directors and employees.

## Finance costs

During the Year, the finance costs were approximately HK\$29 million (2021: approximately HK\$44 million), representing a decrease of approximately HK\$15 million as compared with the Previous Year. The decrease was mainly attributable to interest expenses of approximately HK\$23 million for convertible note payables incurred in last year, and which were convert in February 2021.

## Fair value gains on financial assets at fair value through other comprehensive income (“FVTOCI”)

The details of the listed securities investments and the fair value gains recognised during the Year are set out below:

Name	Notes	Percentage of shareholdings at 31 March 2021	Percentage of shareholdings at 31 March 2022	Fair value at 31 March 2021 HK\$'million	Fair value at 31 March 2022 HK\$'million	Fair value (loss) for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2022
Oshidori International Holdings Limited (622)	<i>a</i>	3.07%	1.27%	120	39	(15)	1.33%
Aceso Life Science Group Limited (474)	<i>b</i>	—	0.74%	—	3	(1)	0.10%
				<u>120</u>	<u>42</u>	<u>(16)</u>	<u>1.43%</u>

*Notes:*

- a. Oshidori International Holdings Limited (“**Oshidori**”) principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) money lending services; (v) investment advisory and asset management services; and (vi) margin financing services.

Pursuant to Oshidori’s annual report for the year ended 31 December 2021, Oshidori recorded a revenue of approximately HK\$(3,101) million and a total comprehensive loss of approximately HK\$4,206 million.

The Group held 77,500,000 shares of Oshidori as at 31 March 2022 (2021: 187,500,000).

- b. Aceso Life Science Group Limited (“**Aceso**”) principally engages in (i) money lending; (ii) securities investment; (iii) provision of commodities, futures, securities brokerage and other financial services; (iv) asset management; (v) rental and trading of construction machinery; (vi) provision of repair and maintenance and transportation service; (vii) property development; and (viii) property leasing.

Pursuant to Aceso’s annual results for the year ended 31 March 2022, Aceso recorded a revenue of approximately HK\$315 million and a total comprehensive loss of approximately HK\$570 million.

The Group held 54,570,000 shares of Aceso as at 31 March 2022 (2021: Nil).

### **Liquidity, financial resources and capital structure**

As at 31 March 2022, the Group’s current assets and current liabilities were approximately HK\$1,414 million (31 March 2021: approximately HK\$1,242 million) and HK\$597 million (31 March 2021: approximately HK\$425 million) respectively.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at the Group level. To manage the Group’s exposure to fluctuations in interest rates on project, appropriate funding policies will be applied including the use of bank and other borrowings and placing of new shares. The management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

## Gearing ratio and indebtedness

The Group monitors its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as “equity” as shown in the consolidated statement of financial position plus net debts. The capital structure (including its gearing ratio) as at 31 March 2022 and 31 March 2021 was as follows:

	<b>31 March 2022</b>	31 March 2021
	<i>HK\$'million</i>	<i>HK\$'million</i>
	<b>(audited)</b>	(audited)
Bank and other borrowings	<b>441</b>	329
Corporate note payables		
— at amortised cost	—	108
— at FVTPL	<b>629</b>	628
	<hr/>	<hr/>
Total borrowings	<b>1,070</b>	1,065
Less: cash and cash equivalents	<b>(91)</b>	(107)
pledged bank deposits	—	(5)
	<hr/>	<hr/>
Net debts	<b>979</b>	953
Total equity	<b>1,633</b>	1,724
	<hr/>	<hr/>
Total capital	<b>2,612</b>	2,677
	<hr/>	<hr/>
Gearing ratio	<b>37%</b>	36%
	<hr/>	<hr/>

The borrowings with aggregate amounts of approximately HK\$297 million were carried at fixed interest rates, approximately HK\$54 million were carried at floating interest rates and the remaining borrowings of the Group at HK\$90 million is interest free.

As at 31 March 2022, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	16
US\$	70
JPY	4
EUR	1
	<u>91</u>

As at 31 March 2022, the maturity and currency profile for the Group's bank and other borrowings and corporate note payables at amortised cost are set out as follows:

	<b>Within 1 year</b> <i>HK\$'million</i>	<b>2 years</b> <i>HK\$'million</i>	<b>3–5 years</b> <i>HK\$'million</i>	<b>Total</b> <i>HK\$'million</i>
HK\$	<u>410</u>	<u>17</u>	<u>14</u>	<u>441</u>

### **Charges on Group's assets**

As at 31 March 2022, approximately 60% (2021: approximately 30%) of the Group's borrowings and other borrowings are secured by (1) corporate note receivable; and (2) machinery and motor vehicles.

### **Interest rate risk**

The Group's pledged bank deposits and finance lease receivables bear fixed interest rates. The Group's cash at bank balances bear floating interest rates. The Group also has borrowings and obligation under finance leases. And a loan from a director which is partly bear interests at fixed interest rates and partly interest free. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are appropriately fixed when necessary.

## **Currency risk**

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$, US\$, JPY and EUR. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, bank balances and cash, trade payables, borrowings and obligation under finance leases which are denominated in US\$ and EUR. The Group does not adopt any hedging strategy in the long run but the management continuously monitors the foreign exchange risk exposure and might enter into foreign exchange forward contracts on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

## **Credit risk and liquidity risk**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements.

## **Risk management**

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures in the best interest of the Group and its shareholders.

## **Major Post Balance Sheet Date Events**

Major post balance sheet events are as follows:

1. On 11 May 2022, Victory Bright Limited, a subsidiary of the Company agreed to sell 15% of the entire issued share capital of Alcott Global Limited at a consideration of US\$20 million (equivalent to approximately HK\$157 million), which was settled in cash upon completion and the completion took place on 16 May 2022.

The major asset of Alcott Global Limited is 22% of the issued share capital of the project company which is principally engaged in investment in urban complex development project. Approval was granted by the Council of Ministers to the project company to establish a special economic zone at Koh Kong Province, Cambodia.

2. On 22 June 2022, True Well Limited, an indirect wholly-owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of US\$45,225,000 (equivalent to approximately HK\$355,016,250).

3. On 23 June 2022, Victor Ocean Developments Limited, an indirect wholly-owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Triple Blessing International Limited, an associate of the Group at a consideration of HK\$44 million.

Subsequent to the end of the year ended 31 March 2022 and up to the date of this announcement, there was no other significant or important event that affects the business of the Group.

### **Contingent liabilities**

As at 31 March 2022 and 2021, the Group had no material contingent liabilities.

### **Employees and remuneration policy**

As at 31 March 2022, the Group had 127 staff (31 March 2021: 120). The Group generally recruits its employees from the open market or by referral and enters into employment contracts with its employees. The Group offers attractive remuneration packages to the employees. In addition to salaries, the employees would be entitled to bonuses subject to the Company's and employees' performance. The Group provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for the eligible employees. The Group also adopted a share award scheme.

The operation staff consists of experienced machinery operators and mechanics. While such employees are highly demanded in the market, the Group manages to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offers technical trainings to existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

### **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend to the shareholders of the Company for the Year (2021: Nil).

## **MATERIAL ACQUISITIONS IN THE YEAR AND ISSUANCE OF CONSIDERATION SHARES**

In April 2021, the Group entered into an acquisition agreement with an independent third party to acquire 49% equity interests in KFL. KFL, through its interests in a segregated portfolio of Tisé Opportunities SPC, acquired shares of New Gains Group Limited, a subsidiary of China Evergrande Group, which owns Fangchebao Group Co. Ltd.\* (房車寶集團股份有限公司). The consideration was settled by the allotment and issuance of approximately 867 million shares of the Company. The transaction was completed on 20 May 2021 and the closing market trading price is at HK\$0.37 per share which made the fair value of this investment at approximately HK\$321 million. This investment was treated as a financial asset at fair value through profit or loss on the consolidated statement of financial position. During the Year, a fair value loss of HK\$262 million was recognised.

The Group had not made any material disposal of subsidiaries and associated companies during the Year.

## **BUSINESS PROSPECTS**

The past year was full of opportunities and challenges. The COVID-19 pandemic is affecting the pace of global economic recovery and adds uncertainties to the financial market. However, the Group implements prudent business strategies to establish a diversified business portfolio that can survive the uncertain market conditions while exploring high-quality asset investment opportunities to explore the growth potential of profit and capital value for shareholders and investors of the Company.

Looking ahead, the Group will remain cautious and sensibly uphold its risk management policies, strength its capital management and implement stringent cost control measures to uphold its profitability during downturn of economy.

### **Money lending and financial services business**

The Group will continue to expand the clients base and establish a strong track record in order to strengthen the businesses of corporate financial advisory services, asset management services and streamline the clients base of money lending services in the coming future. For the securities brokerage services business, the Group will explore the involvement in the share placement activities to enhance its revenue stream.

## **Property development business**

Located in the Indo-China Peninsula, Cambodia is an important stop on the ancient Maritime Silk Road and an important location for China to promote the “One Belt, One Road” construction in the 21st century. Now Cambodia is also preparing an economic transformation, with many business opportunities emerging. Meanwhile, Cambodia has a decent investment environment and the market is highly liberalised and internationalised, attracting the attention and injection of global capital. While taking part in the development potential of the land development project, the Group is also exploring more business opportunities to invest in more business sectors in Cambodia and to share the development dividend of this high growing emerging market in the future.

At the same time, Malaysia is one of the most popular countries in Asia. In recent years, Malaysia’s GDP has continued to rise, which proves that Malaysia has strong investment potential. The Group is also deploying and looking for local high-quality projects, following the layout along the “One Belt, One Road” regions.

Looking forward, the Group remains confident in its existing businesses and will continue to monitor the performance in order to maximise the returns to its shareholders.

## **CORPORATE GOVERNANCE PRACTICES**

The Company and the Board are devoted to achieving and maintaining high standard of corporate governance as the Board believes that effective corporate governance practices are fundamental in enhancing the shareholder value and safeguarding the interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company.

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules, except for the deviation from the code provision C.2.1.

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual in order to ensure that there is clear division of responsibilities between the chairman of the Board and the chief executive of the Company. The Company has not appointed a chairman and the Board provides leadership for the Company. Having considered the business operation of the Group at the material time, it is believed that the Board, which consists of experienced professionals, can function effectively as a whole, while the executive Directors along with other members of senior management of the Company are capable of overseeing the day-to-day management of the Group under the strong corporate governance structure in place.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Company regarding Directors’ transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have complied with the Model Code and its code of conduct during the Year.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **AUDIT COMMITTEE**

The Company established an audit committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the CG Code. The audit committee currently comprises four independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan (chairman of the committee), Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot and Mr. Shek Lai Him Abraham. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group.

The audit committee has reviewed with the management and the Group’s auditor, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and this announcement.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group’s auditor to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by the auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on this announcement.

## **PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement will be published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.haotianint.com.hk](http://www.haotianint.com.hk)). The annual report for the Year containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Year.

By order of the Board  
**Hao Tian International**  
**Construction Investment Group Limited**  
**Fok Chi Tak**  
*Executive Director*

Hong Kong, 29 June 2022

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Fok Chi Tak, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P. (Australia); two non-executive Directors, namely Mr. Xu Lin and Mr. Wei Bin; and four independent non-executive Directors, namely Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot, Mr. Shek Lai Him Abraham and Mr. Chan Ming Sun Jonathan.*