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 2020

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 2020 (the "**Year**") together with the comparative figures for corresponding year ended 31 March 2019 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	4	**192,445**	176,518
Cost of revenue		**(128,940)**	(148,779)
Gross profit		**63,505**	27,739
Other income, other gains and losses	5	**78,926**	24,892
Administrative expenses		**(69,283)**	(45,319)
Expected credit loss on financial assets		**(48,282)**	(11,560)
Share of an associate's/joint ventures' results		**57,200**	5,453
Finance costs	6	**(14,639)**	(7,815)
Profit/(loss) before taxation		**67,427**	(6,610)
Income tax credit	7	**4,190**	153
Profit/(loss) for the year	8	**71,617**	(6,457)
Attributable to:			
Owners of the Company		**71,624**	(6,452)
Non-controlling interests		**(7)**	(5)
		71,617	(6,457)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Other comprehensive expense, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**(214)**	–
Profit/(loss) and total comprehensive income for the year		**71,403**	(6,457)
Attributable to:			
Owners of the Company		**71,410**	(6,452)
Non-controlling interests		**(7)**	(5)
		71,403	(6,457)
Earnings/(loss) per share (HK cents)	*10*		
Basic and diluted (2019: basic)		**1.66**	(0.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**269,119**	243,860
Intangible assets		**14,015**	16,419
Goodwill	*11*	**42,064**	46,417
Finance lease receivables		**3,484**	6,901
Loan receivables	*12*	**77,365**	16,046
Deferred tax assets		**10,014**	3,913
Pledged bank deposits		**5,000**	4,654
Deposits for acquisition of property, plant and equipment		**283**	2,719
Investments in an associate/joint ventures	*13*	**260,338**	165,387
Other non-current assets		**1,345**	–
		683,027	506,316
Current assets			
Inventories		**86,344**	1,716
Trade receivables	*14*	**60,227**	82,158
Other receivables, deposits and prepayments		**4,128**	4,500
Finance lease receivables		**3,626**	7,104
Loan receivables	*12*	**285,701**	147,259
Amounts due from fellow subsidiaries		**5,134**	11,283
Financial assets at fair value through profit or loss	*15*	**129,826**	114,376
Tax recoverable		**–**	707
Bank balances, trust and segregated accounts		**19,720**	7,266
Bank balances and cash		**220,295**	129,543
		815,001	505,912
Assets classified as held for sales		**–**	68,086
Total current assets		**815,001**	573,998

	Notes	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade payables	*16*	**36,535**	14,009
Accruals, deposits received and other payables		**12,212**	17,613
Contract liabilities	*4*	**352**	628
Amount due to a director		**1**	7,434
Amounts due to fellow subsidiaries		**5,232**	5,034
Amount due to an intermediate holding company		**300**	4,290
Borrowings		**148,104**	118,117
Obligations under finance leases		**–**	4,153
Loan from a director		**30,000**	40,000
Tax payable		**5,540**	614
Lease liabilities		**11,595**	–
		249,871	211,892
Liabilities directly associated with assets classified as held for sales		**–**	40
Total current liabilities		**249,871**	211,932
Net current assets		**565,130**	362,066
Total assets less current liabilities		**1,248,157**	868,382
Non-current liabilities			
Borrowings		**42,964**	37,681
Obligations under finance leases		**–**	5,704
Loan from a director		**30,000**	30,000
Deferred tax liabilities		**26,402**	28,236
Lease liabilities		**28,290**	–
Convertible notes payable		**131,948**	–
		259,604	101,621
Net assets		**988,553**	766,761
Equity			
Share capital	*17*	**44,279**	41,500
Reserves		**944,034**	725,014
Equity attributable to owners of the Company		**988,313**	766,514
Non-controlling interests		**240**	247
Total equity		**988,553**	766,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

Hao Tian International Construction Investment Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108 Cayman Islands and its principal place of business in Hong Kong changes to Rooms 2510–2518, 25/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

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

The Company is an investment holding company and the Group is principally engaged in rental of construction machinery, trading of construction machinery, spare parts and construction materials, provision of machinery transportation, repair and maintenance services and provision of money lending, asset management, securities brokerage, commodities, futures and other financial services mainly in Hong Kong.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Application of new/revised HKFRSs

The Group has applied for the first time the following new and revised standards and interpretation ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning on or after 1 April 2019.

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

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

Impact of the adoption of HKFRS 16

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

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

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

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

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

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

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

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

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments at 31 March 2019	960
Less: Short term leases for which lease terms end within 31 March 2020	(880)
Less: future interest expenses	(3)
Add: obligations under finance leases recognised as at 31 March 2019	9,857
Lease liabilities recognised as at 1 April 2019	9,934

The weighted average of the lessees' incremental borrowing rates applied to lease liabilities by the relevant group entities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.56% per annum.

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

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

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

	HKAS 17 Carrying amount 31 March 2019	**Reclassification**	**Capitalisation of operating lease contracts**	**HKFRS 16 Carrying amount 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Items presented in property, plant and equipment:				
— Right-of-use assets	–	12,267	75	12,342
— Machinery	238,156	(10,576)	–	227,580
— Motor Vehicle	1,758	(1,691)	–	67
Liabilities				
Lease liabilities	–	9,857	77	9,934
Obligations under finance leases	9,857	(9,857)	–	–

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

	1 April 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**
	HK$'000	*HK$'000*
Within 1 year	4,199	4,526
After 1 year but within 2 years	3,516	3,679
After 2 years but within 5 years	2,219	2,260
	9,934	10,465
Less: Total future interest expenses		(531)
Present value of lease liabilities		9,934

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

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

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

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

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

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

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

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

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

Amendments to HKAS 19 — Plan Amendments, Curtailment or Settlement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 New standards, interpretations and amendments not yet effective

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

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

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

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

3. SEGMENT INFORMATION

Information reported to the chief executive officer, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on the nature of the operations of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of construction machinery and spare parts	—	sale of crawler cranes, aerial platforms and foundation equipment
Rental of construction machinery and provision of repair and maintenance service	—	rent of cranes, aerial platforms and foundation equipment and provision of repair and maintenance service for the machinery rented
Provision of transportation services	—	provision of transportation service including local container delivery, site construction delivery and heavy machinery delivery
Provision of money lending, asset management, securities brokerage, commodities, futures and other financial services	—	provision of property mortgage loans, machinery loans and personal loans service, asset management, securities brokerage, commodities and futures service

No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

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

For the year ended 31 March 2020

	Trading of machinery and spare parts *HK$'000*	**Rental of construction machinery and provision of repair and maintenance** *HK$'000*	**Provision of transportation services** *HK$'000*	**Money lending, asset management, securities brokerage, commodities, futures and other financial services** *HK$'000*	**Total** *HK'000*
Revenue					
From external customers	**28,489**	**108,902**	**364**	**54,690**	**192,445**
Segment results	**(5,211)**	**(5,623)**	**(906)**	**(19,834)**	**(31,574)**
Other income, other gains and losses					**75,541**
Finance costs					**(6,536)**
Corporate expenses					**(27,204)**
Share of an associate's/joint ventures' results					**57,200**
Profit before taxation					**67,427**

Segment revenue and results

For the year ended 31 March 2019

	Trading of machinery, spare parts and construction materials *HK$'000*	Rental of construction machinery and provision of repair and maintenance *HK$'000*	Provision of transportation services *HK$'000*	Money lending, asset management, securities brokerage, commodities, futures and other financial services *HK$'000*	Total *HK$'000*
Revenue					
From external customers	54,760	106,100	1,549	14,109	176,518
Segment results	(268)	6,001	(1,121)	(6,987)	(2,375)
Other income, other gains and losses					16,565
Finance costs					(3,380)
Corporate expenses					(22,873)
Share of profit of joint ventures					5,453
Loss before taxation					(6,610)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of certain other income, other gains and losses, certain finance costs, corporate expenses and share of an associate's/joint ventures' results. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. REVENUE

An analysis of revenue is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Revenue from contract with customers:		
Sale of machinery and spare parts	**25,100**	46,163
Sale of rental machinery	**3,389**	8,597
Transportation service income	**364**	1,549
Repair and maintenance income	**8,527**	7,991
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	**15,236**	1,305
Revenue from other sources:		
Rental income from leasing of machinery	**81,897**	78,033
Rental income from sub-leasing of machinery	**18,478**	20,076
Interest income generated from money lending	**36,054**	12,804
Interest income from margin financing	**3,400**	–
	192,445	176,518

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2020

Segments	Trading of construction machinery and spare parts HK$'000	Provision of repair and maintenance service HK$'000	Provision of transportation services HK$'000	Provision of asset management, securities brokerage, commodities, futures and other financial services HK$'000	Total HK$'000
Sale of machinery and spare parts	25,100	–	–	–	25,100
Sale of rental machinery	3,389	–	–	–	3,389
Transportation service income	–	–	364	–	364
Repair and maintenance service income	–	8,527	–	–	8,527
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	–	15,236	15,236
Total revenue from contract with customers	28,489	8,527	364	15,236	52,616
Geographical markets					
Hong Kong	24,392	7,961	364	15,236	47,953
Macau	4,097	566	–	–	4,663
Total revenue from contract with customers	28,489	8,527	364	15,236	52,616
Timing of revenue recognition					
At a point in time	28,489	–	–	10,768	39,257
Over time	–	8,527	364	4,468	13,359
Total revenue from contract with customers	28,489	8,527	364	15,236	52,616

For the year ended 31 March 2019

Segments	Trading of construction machinery, spare parts and construction materials *HK$'000*	Provision of repair and maintenance service *HK$'000*	Provision of transportation services *HK$'000*	Provision of asset management, securities brokerage, commodities, futures and other financial services *HK$'000*	Total *HK$'000*
Sale of machinery and spare parts	46,163	–	–	–	46,163
Sale of rental machinery	8,597	–	–	–	8,597
Transportation service income	–	–	1,549	–	1,549
Repair and maintenance service income	–	7,991	–	–	7,991
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	–	1,305	1,305
Total revenue from contract with customers	54,760	7,991	1,549	1,305	65,605
Geographical markets					
Hong Kong	54,680	7,451	1,528	1,305	64,964
Macau	80	540	21	–	641
Total revenue from contract with customers	54,760	7,991	1,549	1,305	65,605

(ii) Contract liabilities

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the Group transfers goods to customers.

Contract liabilities include short-term advances received to deliver machinery and spare parts. The decrease in contract liabilities as at 31 March 2020 was mainly due to the decrease in short-term advances received from customers in relation to the sales of machinery and spare parts at the end of the year.

	2020	2019
	HK$'000	*HK$'000*
Balance at 1 April	**628**	1,951
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(276)**	(1,951)
Increase in the contract liabilities as a result of billing in advance of sales of goods	**–**	628
Balance at 31 March	**352**	628

(iii) Performance obligations

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

Sale of machinery and spare parts

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

Sale of rental machinery

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

Transportation service income

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

Repair and maintenance service income

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

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

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

Income from other financial services

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

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Other income		
Interest income from bank deposits	**418**	48
Finance lease income	**378**	1,471
Rental income	**2,622**	168
Sundry income	**1,539**	1,108
	4,957	2,795
Other gains and (losses)		
Net foreign exchange loss	**(907)**	(804)
Net gain on disposal and write-off of property, plant and equipment	**71**	52
Compensation received from a customer	**–**	5,229
Impairment loss of property, plant and equipment	**–**	(307)
Impairment loss of goodwill	**(4,353)**	–
Change in fair value of financial assets at fair value through profit and loss ("**FVTPL**")	**28,036**	17,927
Gain on early redemption of convertible bond	**653**	–
Gain on disposal of a subsidiary	**32,168**	–
Gain on bargain purchase	**18,301**	–
	73,969	22,097
	78,926	24,892

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on borrowings	**8,574**	6,148
Interest on convertible notes payable	**4,321**	–
Interest on lease liabilities/obligation under finance leases	**1,040**	317
Director's loan interest	**704**	1,350
	14,639	7,815

7. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Hong Kong:		
Current tax	**3,418**	614
Under-provision in prior years	**–**	214
	3,418	828
Deferred tax credit	**(7,608)**	(981)
Income tax credit	**(4,190)**	(153)

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

8. PROFIT/(LOSS) FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit/(loss) for the year is arrived at after charging:		
Auditor's remuneration	**1,346**	921
Amortisation of intangible assets	**2,404**	601
Depreciation of property, plant and equipment	**44,023**	39,397
Cost of inventories recognised as expenses	**26,996**	49,528
Minimum lease payment in respect of		
— Land and buildings	**–**	3,055
— Machinery	**–**	10,791
Short-term leases expenses	**3,551**	–
Interest on lease liabilities	**1,040**	–
Staff costs:		
Directors' and chief executive's emoluments	**12,188**	6,697
Other staff costs		
— Salaries and other benefits	**60,505**	50,278
— Retirement benefits scheme contributions	**2,121**	1,878
	74,814	58,853

9. DIVIDEND

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

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted (2019: basic) earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic and diluted (2019: basic) earnings/(loss) per share (earnings/(loss) for the year attributable to owners of the Company)	**71,624**	(6,452)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (2019: basic) earnings/(loss) per share	**4,313,199**	3,263,756

There were no potential ordinary shares on issue for the year ended 31 March 2019, hence no diluted loss per share was presented.

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

11. GOODWILL

	2020	2019
	HK$'000	*HK$'000*
The amount arises on acquisition of:		
Hao Tian International Financial Holdings Limited		
— Original amount	**46,417**	46,417
— Impairment loss	**(4,353)**	–
Total carrying amount	**42,064**	46,417

The recoverable amount of Hao Tian International Financial Holdings Limited ("**HTIFH**") has been determined based on a value in use calculation prepared by an independent valuer, CHFT Advisory and Appraisal Ltd. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period with a discount rate of 13.0% (2019: 10.7%). Cash flows after the five-year period are extrapolated at 3% (2019: 3%) growth rate. Another key assumption for the value in use calculation is the budgeted revenue and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. An impairment test in relation to the goodwill allocated to HTIFH and the related intangible asset has been performed by the Group. Due to the unfavourable market situation, the directors of the Company reduced the budgeted revenue and profit estimation, which caused the carrying amount of HTIFH as at 31 March 2020 exceeded its value in use based on cash flow projections. Accordingly, an impairment loss of HK$4,353,000 (2019: HK$Nil) was recognised to goodwill allocated to HTIFH during the year ended 31 March 2020.

12. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Non-Current:		
Secured, fixed-rate loan receivables *(Note)*	**79,250**	16,968
Less: Allowance for impairment	**(1,885)**	(922)
	77,365	16,046
Current:		
Secured, fixed-rate loan receivables *(Note)*	**149,125**	67,276
Unsecured and guaranteed, fixed-rate loan receivables	**92,092**	61,913
Unsecured and non-guaranteed, fixed-rate loan receivables	**90,332**	24,114
Less: Allowance for impairment	**(45,848)**	(6,044)
	285,701	147,259
	363,066	163,305

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

13. INTERESTS IN AN ASSOCIATE/JOINT VENTURES

	2020	2019
	HK$'000	*HK$'000*
Share of net assets	**260,338**	165,387

Included in the balance is goodwill of HK$362,000 (2019: HK$134,000).

As at 31 March 2020, particulars of the associate and joint ventures were as follows:

Name	**Place of incorporation, operation and principal activity**	**Relationship**	**Percentage of ownership interests**
開銀基金管理有限公司	Provision of asset management service in the PRC	Associate	20.00%
HT RIVERWOOD MULTI-GROWTH FUND (Formerly known as "Riverwood China Growth Fund")	Investment holdings in the Cayman Islands	Joint Venture	37.19%
延安振興發展產業投資基金管理有限公司	Investment holdings in the PRC	Joint Venture	35.00%

(a) Summarised financial information of material joint venture, adjusted for any difference in accounting policies:

HT Riverwood Multi-Growth Fund

	2020	2019
	HK$'000	*HK$'000*
Current assets	**691,523**	319,786
Current liabilities	**17,370**	6,228
Revenue	**156,028**	22,044
Profit/(loss) and total comprehensive income/(expense) for the year	**133,486**	(27,838)
Cash and cash equivalents	**15,514**	397

Reconciliation of the above summarised financial information to the carrying amount of the investment in HT Riverwood Multi-Growth Fund recognised in the consolidated financial statements:

	2020	2019
	HK$'000	*HK$'000*
Equity attributable to the owners	**674,106**	313,558
Proportion of the Group's ownership interests	**37.19%**	51.58%
Carrying amount of the Group's investment in HT Riverwood Multi-Growth Fund	**250,700**	161,733

(b) Summarised financial information (immaterial associate/joint venture):

	2020 *HK$'000*	2019 *HK$'000*
Aggregate carrying amount of individually immaterial associate/ joint ventures in the consolidated financial statements	**9,638**	3,654
Aggregate financial information of the Group's associate/joint ventures:		
Non-current assets	**1,293**	1,611
Current assets	**38,739**	9,004
Current liabilities	**1,172**	176
Profit/(loss) and total comprehensive income/(expense) for the year	**202**	(803)

14. TRADE RECEIVABLES

	2020 *HK$'000*	2019 *HK$'000*
Trade receivables from clients arising from		
— Rental income from construction machinery business	**54,355**	45,963
— Trading and provision of other service from construction machinery	**591**	622
— Securities brokerage	**16,582**	51,126
— Provision of other financial services	**8,972**	–
Margin and other trade related deposits with brokers and financial institutions arising from		
— futures brokerage	**273**	3,005
Less: Allowance for impairment	**(20,546)**	(18,558)
	60,227	82,158

For those cash commodities 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 and securities brokerage business are required to pledge their shares to the Group for credit facilities for securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

The following is an aged analysis of trade receivables from client arising from construction machinery business and other financial services, presented based on invoice date net of allowance for impairment at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**17,068**	8,712
31–90 days	**14,334**	13,680
91–180 days	**8,023**	2,403
181–365 days	**4,096**	3,135
Over 365 days	**650**	5,981
	44,171	33,911

Trade receivables from cash and margin clients arising from the commodities and securities brokerage business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of directors, the aging analysis does not provide additional value in view of the nature of commodities and securities dealing business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 March 2020, the total value of securities pledged as collateral in respect of the margin loans was approximately HK$80,543,000 (2019: HK$147,424,000) based on the market value of the securities as at the end of the reporting period.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

The Group applies simplified approach to provide for ECL for trade receivables from client arising from construction machinery business, cash clients and other financial services, and general approach for trade receivables from margin clients prescribed by HKFRS 9. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics. The ECL of trade receivables as at 31 March 2020 was approximately HK$20,546,000 (2019: HK$18,558,000) based on the counterparties' past repayment history. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies and are adjusted for forward-looking information that is available without undue cost or effort.

Movement in the loss allowance for impairment of trade receivables

	General approach				
				Simplified	
	Stage 1	**Stage 2**	**Stage 3**	**approach**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2018	–	–	–	14,185	14,185
Charged/(credited) to profit or loss	1,000	–	4,883	(589)	5,294
Amount written-off as uncollectible	–	–	–	(921)	(921)
As at 31 March 2019 and 1 April 2019	1,000	–	4,883	12,675	18,558
(Credited)/charged to profit or loss	(283)	–	–	7,154	6,871
Amount written-off as uncollectible	–	–	(4,883)	–	(4,883)
As at 31 March 2020	**717**	**–**	**–**	**19,829**	**20,546**

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Financial assets designated at FVTPL		
Listed equity instrument	**117,442**	114,376
Unlisted debt instrument, at fair value	**12,384**	–
	129,826	114,376

16. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**18,963**	7,971
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**10,873**	116
Trade payables arising from construction machinery and sales of construction materials	**6,699**	5,922
	36,535	14,009

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of brokerage in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts were payable on demand.

Trade payables arising from construction machinery and sales of construction materials business comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 0–45 days.

An ageing analysis of the Group's trade payables arising from construction machinery and sale of construction materials business at the end of the reporting period presented based on the invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**1,415**	1,581
31–60 days	**1,549**	1,724
61–180 days	**2,897**	2,058
181–365 days	**48**	151
Over 365 days	**790**	408
	6,699	5,922

17. SHARE CAPITAL

	Number of shares *Thousand shares*	Share capital *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2018, 31 March 2019,1 April 2019 and 31 March 2020	20,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2018	2,400,000	24,000
Issue of shares by right issue on 9 August 2018 *(Note (a))*	1,200,000	12,000
Issue of shares on 15 February 2019 *(Note (b))*	550,000	5,500
At 31 March 2019 and 1 April 2019	4,150,000	41,500
Issue of consideration shares on 30 August 2019 *(Note (c))*	275,862	2,759
Issue of emolument shares on 6 September 2019 *(Note (d))*	2,022	20
At 31 March 2020	4,427,884	44,279

Note (a): On 25 June 2018, the Company proposed a 1-for-2 rights issue. The rights issue was completed on 9 August 2018 and 1,200,000,000 shares were issued for a total cash consideration (before expenses) of HK$180,000,000. HK$899,000 professional fee was incurred as direct attribute cost.

Note (b): On 17 December 2018, the Company proposed to issue 550,000,000 shares for the settlement of the acquisition of 4.05% interests in China Shandong Hi-Speed Financial Group Limited. The issuance of shares was completed on 15 February 2019 and 550,000,000 shares were issued.

Note (c): On 30 August 2019, the Group completed the acquisition of assets with appraised value of approximately HK$84,300,000, which was satisfied in full by the allotment and issue of the 275,862,069 consideration shares by the Company. For details, please refer to the announcements of the Company dated 12 July 2019 and 30 August 2019.

Note (d): On 6 September 2019, 2,021,563 shares were issued to Mr. Gao Zhangpeng ("**Mr. Gao**") according to the terms and conditions of the service contract with Mr. Gao as emolument shares ("**Emolument Shares**") for his appointment as the chief executive officer of the Company, Mr. Gao has resigned as the chief executive officer with effect from 31 August 2019. For details of the Emolument Shares and the resignation of Mr. Gao, please refer to the announcements of the Company dated 28 February 2019 and 30 August 2019 respectively.

18. EVENTS AFTER THE REPORTING PERIOD

On 2 April 2020, the Company entered into a share swap agreement in respect of the subscription of 187,500,000 shares in Oshidori International Holdings Limited (stock code: 622) settled by issuance of 625,000,000 shares of the Company.

On 24 April 2020, the Company adopted a Share Award Scheme under which the maximum number of award shares may be granted is limited to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of an offer is made. As of the date of this results announcement, 26,274,929 Award Shares had been granted and remain outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The economic environment worldwide and the local economy in Hong Kong are full of uncertainties and challenges. Whilst various infrastructure projects have been approved and have commenced, the persistent social unrest and the outbreak of COVID-19 have delayed the funding approvals procedures as well as the original schedules of projects. According to the 2020–21 Budget Speech, the Hong Kong government will continue to invest in infrastructure projects. In the next few years, the annual capital works expenditure is expected to reach HK$100 billion on average, and the total construction output will increase to around HK$300 billion. Due to the commencement of several large-scale infrastructure projects, such as the Three Runway System of the Hong Kong International Airport, Route 6 Development and the Tung Chung New Town Extension, we would expect a stable growth in the construction industry in Hong Kong. The Board believes that the demand for construction machines will remain strong in the coming years. The management will closely monitor the rental and trading market of construction machinery business, and ensure the continuous provision of high quality, reliable and safe equipment to the construction market.

The financial market of Mainland China is experiencing internal cyclical and structural adjustments and the domestic economy in Hong Kong is uncertain with expectation over economic slowdown and impact of the social conflicts. The Group completed corporate restructuring and has acquired a new line of business in financial services in the Previous Year and expanded its money lending business in the Year. This diversification in business has broadened the source of income for the Group from the provision of financial services. With the advantage of Hong Kong as an international financial center and the continuing efforts of the government in enhancing our financial market infrastructures and measures taken to boost the competitiveness of Hong Kong as an international financial center, the Board is optimistic with the future prospects in the provision of financial services and will continue to expand the Group's business network with the government, enterprises and financial institutions as well as capabilities in providing professional financial services.

BUSINESS REVIEW

The Group has cautiously managed its strategic development plan and allocated efforts and resources to the business, namely the construction machinery business, serving primarily the construction sector in Hong Kong and the financial business. During the Year, the Group's principal activities included (i) rental of construction machinery, such as crawler cranes, aerial platforms and foundation equipment, and provision of repair and maintenance service; (ii) trading of new or used construction machinery, spare parts and construction materials; (iii) provision of machinery transportation services; and (iv) provision of money lending, asset management, securities brokerage, commodities, futures and other financial services.

Rental of construction machinery and provision of repair and maintenance services

The Group offered crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its rental fleet. For crawler cranes, the mix in the rental fleet ranged from 2.9-tonne mini crawler cranes to 750-tonne massive crawler cranes. The Group procured these construction machinery mainly through the manufacturers of construction machinery located in developed countries in Western Europe and Northern Asia as well as traders of used construction machinery around the world.

The Group has maintained over 200 units of construction machinery in the rental fleet during the Year. Details of the construction machinery carried by the Group which were available for the rental operations are summarised as follows:

	As at 31 March	
	2020	2019
	Number in fleet	*Number in fleet*
Crawler cranes and other mobile cranes	**100**	102
Aerial platforms	**85**	85
Foundation equipment	**38**	37
	223	224

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. The Group may also revise the timing and financing arrangements for the purchase of additional, and replacement of, existing construction machinery if the market condition changes or other factors deemed necessary.

Trading of construction machinery, spare parts and construction materials

The Group was also engaged in the trading of new construction machinery, spare parts and construction materials as well as used construction machinery. To accommodate the needs of different customers, the Group offered a wide range of construction machinery including crawler cranes with lifting capacity of up to 750 tonnes, aerial platforms and foundation equipment. The Group entered into several dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea. To satisfy customers' needs, the Group also sold spare parts to customers for maintenance purposes or upon request.

Transportation services

The transportation services included local container delivery, construction site delivery and heavy machinery transport. According to customers' requests, the Group arranged and provided these services with various transportation vehicles and equipment including 44-tonne heavy load trucks, 8-tonne to 25-tonne crane lorries, 20-feet to 40-feet trailers, and under 38-tonne trucks.

Provision of asset management, securities brokerage, commodities, futures and other financial services

The Group provides a wide range of financial services, through its subsidiaries which hold (i) SFC licences 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; (ii) membership of the Insurance Authority authorised to offer general insurance and long-term (including linked long-term) insurance; and (iii) a money lenders licence, which allows the Group to provide customers with personal or mortgaged loans services. In April 2020, the Group formed an alliance with Oshidori International Holdings Limited (stock code: 622) which is expected to bring in synergy in sharing of expertise and resources in the financial services industry to survive the challenging year of Hong Kong. The Group believes that with the regional advantages of Hong Kong as an international financial center, the increasing capability of the Group to provide diversified financial services offering and professional services will bring significant business opportunities and long-term stable income and steady growth to the Group.

During the Year, the net realised loss from securities investment of financial assets at FVTPL was approximately HK$10.3 million (2019: HK$Nil) and the unrealised fair value gain from financial assets at FVTPL, comprising listed equity securities in Hong Kong and an unlisted debt instrument, was approximately HK$38.3 million (2019: approximately HK$17.9 million). Details of the Group's equity securities investments classified as financial assets at FVTPL are set out as follows:

	Number of shares held at 31 March 2020	Percentage of shareholdings at 31 March 2020	Fair value at 31 March 2019	Unrealised fair value gain for the year ended 31 March 2020	Fair value at 31 March 2020	Percentage of total financial assets at FVTPL at 31 March 2020	Percentage of total assets of the Group at 31 March 2020
			HK$'000	*HK$'000*	*HK$'000*		
Company Name/(Stock Code)							
China Shandong Hi-Speed Financial Group Limited (412)	26,058,000	0.11%	114,376	2,345	9,773	7.53%	0.65%
CA Cultural Technology Group Limited (1566)	35,890,000	3.90%	–	31,224	107,670	82.93%	7.19%
Unlisted debt instrument	N/A	N/A	–	4,739	12,383	9.54%	0.83%
			114,376	38,308	129,826	100%	8.67%

Money lending services

In January 2020, the Group acquired the entire issued share capital of Hao Tian Credit Company Limited ("**Hao Tian Credit**"), a licensed money lender in Hong Kong, from a member of Hao Tian Development Group Limited, the controlling shareholder of the Company, and it is expected that such acquisition would potentially allow the Group to increase its scale in the money lending market, expand its network coverage and customer base and will bring mortgaged loan business opportunities and long-term stable income and steady growth to the Group.

FINANCIAL REVIEW

Overview

The Group provides a full range of financial services including securities investment, securities brokerage, margin financing, financial advisory and asset management. The total revenue increased by approximately HK$15.9 million, or 9.0%, from approximately HK$176.5 million for the Previous Year to approximately HK$192.4 million for the Year. Such increase was mainly attributable to full year contribution from the provision of money lending, asset management, securities brokerage, commodities, futures securities and other financial services for the Year.

The gross profit increased by approximately HK$35.8 million, or 129.2%, from approximately HK$27.7 million for the Previous Year to approximately HK$63.5 million for the Year, whereas the gross profit margin increased from approximately 15.7% for the Previous Year to approximately 33.0% for the Year. The increase in gross profit and gross profit margin was mainly due to gross profit generated from the provision of money lending, asset management, securities brokerage, commodities, futures and other financial services.

Rental of construction machinery and provision of repair and maintenance services

The revenue from rental of construction machinery slightly increased by approximately HK$2.8 million, or 2.6%, from approximately HK$106.1 million for the Previous Year to approximately HK$108.9 million for the Year.

The gross profit of construction machinery rental services increased by approximately HK$3.1 million, or 25.6%, from approximately HK$12.1 million for the Previous Year to approximately HK$15.2 million for the Year. In addition, the gross profit margin of construction machinery rental services increased from approximately 11.4% for the Previous Year to approximately 13.9% for the Year. The increase in gross profit margin of construction machinery rental services was mainly due to the decrease in sub-contracting fee and repair and maintenance of machinery.

Trading of construction machinery, spare parts and construction materials

The revenue from trading of construction machinery, spare parts and construction materials decreased by approximately HK$26.3 million, or 48.0%, from approximately HK$54.8 million for the Previous Year to approximately HK$28.5 million for the Year. The decrease was mainly attributable to the decrease in demand for replacement with brand new and environmentally friendly construction machinery, the delay in the approval of major infrastructure projects and the uncertainty in the overall business environment of the construction industry.

For the trading of construction machinery, spare parts and construction materials, the Group recorded a gross loss of approximately HK$2.4 million for the Year, compared to a gross profit of approximately HK$1.3 million for the Previous Year. In addition, the gross profit margin of the trading of construction machinery and parts decreased from approximately 2.3% for the Previous Year to approximately 8.3% for the Year.

The gross loss for trading of construction machinery, spare parts and construction materials was mainly attributable to the combined effect of (i) decrease in revenue from trading of construction machinery, spare parts and construction materials; and (ii) direct cost included staff costs remained at a similar level as the Previous Year for the maintenance of the workforce for operations.

Transportation services

The revenue from provision of transportation services decreased by approximately HK$1.2 million, or 80.0%, from approximately HK$1.5 million for the Previous Year to approximately HK$0.3 million for the Year.

Provision of money lending, asset management, securities brokerage, commodities, futures and other financial services

The revenue from our money lending, asset management, securities brokerage, commodities, futures and other financial services increased by approximately HK$40.6 million, or 287.9%, from approximately HK$14.1 million for the Previous Year to approximately HK$54.7 million for the Year. The gross profit from our financial services increased by approximately HK$36.9 million, or 261.7%, from approximately HK$14.1 million for the Previous Year to approximately HK$52.4 million for the Year. The increase in revenue and gross profit was mainly attributable to full year contribution from the provision of financial services for the Year.

OTHER INCOME, OTHER GAINS AND LOSSES

The other income and gains increased by approximately HK$54.0 million, or 217.1%, from approximately HK$24.9 million for the Previous Year to approximately HK$78.9 million for the Year. The increase was mainly due to a one-off gain from disposal of a subsidiary at approximately HK$32.2 million and fair value gain on certain financial assets at fair value through profit or loss of approximately HK$28.0 million.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately HK$24.0 million, or 53.0%, from approximately HK$45.3 million for the Previous Year to approximately HK$69.3 million for the Year. The increase in administrative expenses was mainly due to the administrative expenses incurred in the money lending, asset management, securities brokerage, commodities, futures and other financial services segment.

FINANCE COSTS

The finance costs increased by approximately HK$6.8 million, or 87.2%, from approximately HK$7.8 million for the Previous Year to approximately HK$14.6 million for the Year. The increase was mainly due to the interest expenses incurred from the convertible notes payable issued by the Company during the Year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group recorded a profit attributable to owners of the Company of approximately HK$71.6 million for the Year (2019: loss attributable to owners of the Company of approximately HK$6.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a strong and steady cash flow from operating activities. During the Year, the Group's primary sources of funding included cash generated from investing activities and the credit facilities provided by the commercial banks in Hong Kong.

As at 31 March 2020, the Group had bank balances and cash and pledged bank deposits of approximately HK$220.3 million (2019: approximately HK$129.5 million) and approximately HK$5.0 million (2019: approximately HK$4.7 million) respectively.

As at 31 March 2020, the Group had total assets of approximately HK$1,498.0 million (2019: approximately HK$1,080.3 million), net current assets of approximately HK$565.1 million (2019: approximately HK$362.1 million) and net assets of approximately HK$988.6 million (2019: approximately HK$766.8 million).

As at 31 March 2020, the Group's current assets and current liabilities were approximately HK$815.0 million (2019: approximately HK$574.0 million) and approximately HK$249.9 million (2019: approximately HK$211.9 million) respectively. The Group's current ratio was 3.3 times as at 31 March 2020 (2019: approximately 2.7 times).

The management believes that the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

Gearing ratio is calculated by dividing total debts (including borrowings, loan from a director, amounts due to related companies and a director and convertible notes payable) with total equity and it was approximately 39.3% as at 31 March 2020 (2019: approximately 32.9%). The increase was mainly due to the issuance of convertible notes payable by the Company for the acquisition of Hao Tian Credit, which is principally engaged in money lending business.

As at 31 March 2020, the borrowings, loan from a director, amounts due to related companies and a director and convertible notes payable amounted to approximately HK$388.5 million (2019: approximately HK$252.4 million) of which approximately HK$161.7 million were repayable on demand or within one year, approximately HK$64.1 million were repayable in the second year; approximately HK$162.7 million were repayable in the third to fifth year from the end of the reporting period.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2020, the Group's borrowings and obligations under finance leases are secured by (i) leasehold land and building with net carrying amount of approximately HK$Nil (2019: approximately HK$0.6 million); (ii) bank deposits of approximately HK$5.0 million (2019: approximately HK$4.7 million) and (iii) machinery and motor vehicles with net carrying amount of approximately HK$175.8 million (2019: approximately HK$148.4 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year was approximately HK$71.3 million (2019: approximately HK$67.5 million), which was mainly used in the purchase of property, plant and equipment.

INTEREST RATE RISK

The Group's pledged bank deposits, finance lease receivables and convertible notes payable bore fixed interest rates. The Group's cash at bank balances are subject to floating interest rates. The Group also had borrowings and loan from a director which are subject to interests at fixed and floating interest rates. Exposure to interest rate risk existed on those outstanding balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy was to manage its interest rate risk, working within an agreed framework, to ensure that there were no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

CURRENCY RISK

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong Dollars, Japanese Yen ("**JPY**") and Euro ("**EURO**"). The Group's exposure to foreign currency risk primarily arose from certain financial instruments including trade receivables, bank balances and cash, trade payables, borrowings and obligation under finance leases which were denominated in JPY, EURO, and United States dollars. The Group did not adopt any hedging strategy in the long run but the management continuously monitored 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 strived 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 monitored 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.

CAPITAL COMMITMENTS

The capital commitments consisted primarily of acquisition of subsidiaries and purchase of construction machinery for rental purpose. As at 31 March 2020, the capital commitments contracted but not provided for amounted to approximately HK$11.4 million (2019: approximately HK$19.3 million).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group provided performance guarantees amounting to approximately HK$10.2 million to the banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the banks were unable to recover the amounts under these finance leases from the third party customers or the Group failed to perform the relevant obligations to these customers. As at 31 March 2019, no provision for the Group's obligations under the guarantee contracts has been made as the Directors of the Company considered that it was not probable that the repayment of the finance lease obligations would be in default, and it was therefore not probable that a claim will be made against the Group.

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

EVENTS AFTER THE REPORTING PERIOD

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

On 24 April 2020, the Company adopted a share award scheme to (a) recognise the contributions by the participants and to provide them with incentives in order to retain them; and (b) attract the right talents for promoting the future development and expansion of the Group with a view to achieving the objective of enhancing the value of the Group by motivating the participants to strive for the continuous operation and future development and expansion of the Group and aligning the interests of the participants and the shareholders of the Company ("**Shareholders**"). The maximum number of award shares may be granted under the scheme is limited to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of an offer is made.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 128 staff (2019: 140). The total staff costs incurred by the Group for the Year were approximately HK$74.8 million (2019: approximately HK$58.9 million).

The Group generally recruited its employees from the open market or by referral and entered into employment contracts with its employees. The Group offered attractive remuneration packages to the employees. In addition to salaries, the employees would be entitled to bonuses taking into account the performance of the Company and the relevant employees. The Group provided 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 operation staff consisted of experienced machinery operators and technicians. While there is high demand on such talented personnel in the market, the Group managed to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees were required to attend induction courses to ensure that they were equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offered technical trainings to existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff were required to attend external trainings which were conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

FINAL DIVIDEND

The Board does not recommend the payment of final dividend to shareholders of the Company for the Year.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

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

Disposal of listed securities

On 27 November 2019, the Group completed the disposal of an aggregate of 300,000,000 shares in China Shandong Hi-Speed Financial Group Limited (stock code: 412) at the sale price of HK$0.25 per share for an aggregate consideration of approximately HK$75,000,000 (before transaction costs).

For details of the disposal, please refer to the announcement of the Company dated 27 November 2019.

Acquisition of Hao Tian Credit

On 10 September 2019, the Group entered into a sale and purchase agreement with Hao Tian Finance Company Limited to acquire the entire issued share capital of Hao Tian Credit at a consideration of HK$213,000,000, which shall be satisfied in full by the issue of the convertible notes in the principal amount of HK$213,000,000 by the Company upon completion. Hao Tian Credit is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and is principally engaged in money lending business in Hong Kong. The acquisition of Hao Tian Credit constituted a major and connected transaction of the Company under the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. Completion of the acquisition took place on 31 January 2020, and Hao Tian Credit has become an indirect wholly-owned subsidiary of the Company.

For details of the acquisition of Hao Tian Credit, please refer to the announcements of the Company dated 10 September 2019, 29 November 2019, 31 December 2019 and 31 January 2020 respectively, and the circular of the Company dated 27 December 2019.

Acquisition of fine arts for our new fund

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

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

Disposal of a property holding company

On 1 March 2019, Crawler Krane Business Limited, a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with the Bravo Rich Limited, an independent third party to dispose of (i) the entire issued share capital of Chim Kee Crane Company Limited ("**CKC**") and (ii) the then outstanding shareholder's loan owing by CKC at an aggregate cash consideration of HK$100,000,000. CKC was a property holding company and its principal asset was a parcel of land situated in Tai Tong, Yuen Long.

On 29 April 2019, the disposal of CKC was completed. CKC ceased to be a subsidiary of the Company and the Company ceased to have any interest in CKC. The Group recorded a net book gain of approximately HK$32,168,000 from the disposal of CKC, which was calculated with reference to the difference between (a) the consideration and (b) the aggregate of (i) the net book value of CKC; (ii) the amount of the shareholders' loan; and (iii) the estimated expenses in connection with the disposal of CKC.

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

PROSPECTS

In 2020, while continuing to take most of the advantage as Hong Kong being a global financial center and the strong support to the Company's management team from government, enterprises and financial institutions in mainland China, the Group would also ride the tide of "neo infrastructure", intensify government-enterprise cooperation, and establish industry-guide funds and guarantee funds. Apart from those, the Group would expect to participate in the opportunities created by the development of digitised infrastructure such as 5G networks and data centers in Guangdong-Hong Kong-Macao Greater Bay Area and other regions in Mainland China with a vision to propel the transformation, upgrade local traditional industries and support the development of the local digital economy.

The Group will pursue the "investment bank + finance" two-pronged approach and pinpoint business opportunities emerged in the wake of the pandemic by leveraging on the strength created from licenses for financial services the Group holds and its management team's extensive industry experience. In addition, the Group will assist more domestic enterprises in mergers and acquisitions business overseas, while diversifying its financing system, expanding financing channels abroad, optimising the debt structure and reducing financing costs.

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

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

ANNUAL GENERAL MEETING

The notice of the 2020 annual general meeting of the Company will be published on the Company's website and despatched to the Shareholders in the manner required by the Listing Rules in due course.

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.

The Company has fully 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 deviations from the CG Code as described below.

(i) Under CG Code provision A.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. On 30 August 2019, the Company announced that (i) Mr. Zhang Sheng ("**Mr. Zhang**") has been appointed as the vice chairman of the Board with effect from 1 September 2019; and (ii) Mr. Zheng Li ("**Mr. Zheng**") has been appointed as the chief executive officer of the Company with effect from 1 September 2019 following the resignation of Mr. Gao Zhangpeng, the former chief executive officer of the Company. Mr. Zhang provides leadership and is responsible for the effective functioning and leadership of the Board and Mr. Zheng is responsible for running the Group's business and effective implementation of the strategies of the Group. Further, Mr. Fok Chi Tak, an executive Director, was appointed as the co-chief executive officer of the Company with effect from 1 May 2020, alongside with Mr. Zheng.

(ii) The Nomination Committee was previously chaired by an executive Director instead of an independent non-executive Director. To enhance the corporate governance of the Company, and in compliance with the CG Code provision A.5.1. Mr. Mak Yiu Tong, an independent non-executive Director, has been appointed as the chairman of the Nomination Committee with effect from 1 September 2019.

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 of 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.

The Group commits to continuously improve its corporate governance practices by periodic review to ensure that the Group continues to meet the requirements of the CG Code.

AUDIT COMMITTEE

The Company established the Audit Committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the CG Code. During the Year and up to the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong and Mr. Li Chi Keung Eliot. Mr. Lee Chi Hwa Joshua is the chairman of the Audit Committee. 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, BDO Limited, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and this announcement.

SCOPE OF WORK OF BDO LIMITED

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

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (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 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
Zhang Sheng
Vice Chairman

Hong Kong, 26 June 2020

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Zhang Sheng (Vice Chairman), Mr. Fok Chi Tak, Mr. Zheng Li, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P., (Australia) and three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong and Mr. Li Chi Keung Eliot.