

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

**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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board (the “**Board**”) of Directors (the “**Directors**”) of Hao Tian International Construction Investment Group Limited (the “**Company**”) is pleased to present the shareholders of the Company (the “**Shareholders**”) the interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended on 30 September 2020 (the “**Period**”).

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

For the six months ended 30 September 2020

		Six months ended 30 September	
	<i>Notes</i>	2020	2019
		<i>HK\$'million</i>	<i>HK\$'million</i>
		(unaudited)	(unaudited)
Revenue	4	119	74
Cost of revenue		(71)	(55)
Gross profit		48	19
Other income		8	2
Other (losses)/gains, net	5	(40)	18
Administrative expenses		(24)	(28)
Allowance for expected credit loss on financial assets		(48)	(18)
Share of results of associates		31	–
Share of results of joint ventures		(29)	(1)
Finance costs	6	(24)	(4)
Loss before taxation		(78)	(12)
Income tax (expense)/credit	7	(12)	5
Loss for the period		(90)	(7)

		Six months ended	
		30 September	
		2020	2019
<i>Notes</i>		<i>HK\$'million</i>	<i>HK\$'million</i>
		(unaudited)	(unaudited)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
	Fair value gains on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>32</u>	<u>–</u>
	Other comprehensive income for the period, net of tax	<u>32</u>	<u>–</u>
	Total comprehensive expense for the period	<u><u>(58)</u></u>	<u><u>(7)</u></u>
Loss for the period attributable to:			
	Owners of the Company	(90)	(7)
	Non-controlling interests	<u>–</u>	<u>–</u>
		<u><u>(90)</u></u>	<u><u>(7)</u></u>
Total comprehensive expense for the period attributable to:			
	Owners of the Company	(58)	(7)
	Non-controlling interests	<u>–</u>	<u>–</u>
		<u><u>(58)</u></u>	<u><u>(7)</u></u>
Loss per share			
	Basic (<i>HK cents</i>)	9 <u><u>(1.81)</u></u>	<u><u>(0.17)</u></u>
	Diluted (<i>HK cents</i>)	9 <u><u>(1.81)</u></u>	<u><u>(0.17)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020	As at 31 March 2020
	<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
Non-current assets			
Property, plant and equipment	10	243	269
Intangible assets		13	14
Goodwill		42	42
Investments in associates		86	6
Investments in joint ventures		226	255
Finance lease receivables		4	3
Loan receivables	14	72	77
Financial assets at FVTOCI	11	163	–
Deferred tax assets		8	10
Pledged bank deposits		5	5
Other non-current assets	13	1	1
		863	682
Total non-current assets			
Current assets			
Inventories		86	86
Trade receivables	12	131	60
Other receivables, deposits and prepayments	13	11	9
Finance lease receivables		4	4
Loan receivables	14	288	286
Financial assets at fair value through profit or loss (“FVTPL”)	15	72	130
Trust and segregated bank accounts		19	20
Cash and cash equivalents		144	220
		755	815
Total current assets			
Current liabilities			
Trade payables	16	37	37
Other payables, deposits received, accruals and contract liabilities		44	17
Bank and other borrowings	17	134	178
Lease liabilities		11	12
Income tax payable		14	6
		240	250
Total current liabilities			
Net current assets		515	565
Total assets less current liabilities		1,378	1,247

		As at 30 September 2020	As at 31 March 2020
	<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
Non-current liabilities			
Bank and other borrowings	<i>17</i>	102	73
Convertible note payable		99	132
Lease liabilities		22	28
Deferred tax liabilities		26	26
		<hr/>	<hr/>
Total non-current liabilities		249	259
		<hr/>	<hr/>
Net assets		1,129	988
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital	<i>18</i>	53	44
Reserves		1,076	944
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,129	988
Non-controlling interests		–	–
		<hr/>	<hr/>
Total equity		1,129	988
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, Cap. 22 (Laws 3 of 1961, as consolidated and revised) 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 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 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.

The condensed consolidated financial statements have not been audited.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company. All values are rounded to the nearest millions except when otherwise indicated.

2. BASIS OF PREPARATION AND KEY EVENTS

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements as at 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA.

Except as changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the current period, the Company has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group financial statements and amounts reported for the current period and prior years.

The Group has adopted the following revised HKFRSs for the first time for the current period's financial information:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting (Revised)	Revised Conceptual Framework for Financial Reporting

Key events during the six months ended 30 September 2020

- (1) In April 2020, the Company completed a share swap with Oshidori International Holdings Limited ("Oshidori"), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 622), an independent third party, where the Company issued and allotted 625 million subscription shares in exchange for the approximately 188 million shares in Oshidori.
- (2) In September 2020, the Group has entered into a sales and purchase agreement to acquire 100% equity interests in a target company which holds 22% equity interest in a project company incorporated in the Kingdom of Cambodia. The total consideration was HK\$1,125 million, which shall be settled upon completion of the acquisition as to (i) HK\$125 million by the allotment and issue of the 500 million shares of the Company at the issue price of HK\$0.25 per share; (ii) HK\$850 million by the issue of notes; and (iii) HK\$150 million by the issue of the convertible bonds at the conversion price of HK\$0.30 per share. This acquisition is subject to the approval of shareholders of the Company at extraordinary general meeting.
- (3) In September 2020, the Company entered into a placing agreement with a placing agent to conditionally issue approximately 234 million share at HK\$0.285 per placing share. The transaction was completed within the same month. The net proceeds from the share placing was approximately HK\$66 million.
- (4) In September 2020, the Group acquired 49% of the equity interests in a company which holds intellectual properties in the People's Republic of China. The total consideration for the transaction was HK\$49 million.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements for the year ended 31 March 2020.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2020	2019
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Revenue from contract with customers:		
Sales of construction machinery and spare parts	26	2
Transportation and other service income	4	4
Commission income generated from asset management, securities brokerage, commodities and futures and income from other financial services	6	3
	<u>36</u>	<u>9</u>
Revenue from other sources:		
Rental income generated from construction machinery	50	50
Interest income generated from money lending	32	15
Interest income from margin financing	1	–
	<u>83</u>	<u>65</u>
	<u>119</u>	<u>74</u>

a. Disaggregated revenue information

For the six months ended 30 September 2020 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Provision of transportation and other services <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>
Type of goods or services				
Sales of machinery and spare parts	18	–	–	18
Sales of rental machinery	8	–	–	8
Transportation service income	–	1	–	1
Repair and maintenance service income	–	3	–	3
Commission income generated from asset management, securities brokerage, commodities and futures and income from other financial services	–	–	6	6
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>
Geographical markets				
Hong Kong	24	4	6	34
Macau	2	–	–	2
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>
Timing of revenue recognition				
At a point in time	26	–	3	29
Over time	–	4	3	7
	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>

For the six months ended 30 September 2019 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Provision of transportation and other services <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>
Type of goods or services				
Sales of machinery and spare parts	2	–	–	2
Repair and maintenance service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities, futures and income from other financial services	–	–	3	3
	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
Geographical markets				
Hong Kong	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>
Timing of revenue recognition				
At a point in time	2	–	3	5
Over time	–	4	–	4
	<u>2</u>	<u>4</u>	<u>3</u>	<u>9</u>

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

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

Segment revenue and results

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

For the six months ended 30 September 2020 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Rental of construction machinery <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Money lending, asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Segment revenue	<u>26</u>	<u>50</u>	<u>4</u>	<u>39</u>	<u>119</u>
Segment results	<u>2</u>	<u>6</u>	<u>3</u>	<u>(42)</u>	<u>(31)</u>
Unallocated:					
— Other income, other gains and losses					(15)
— Corporate expenses					(15)
— Share of results of associates					31
— Share of results of joint ventures					(29)
— Finance costs					(19)
Loss before taxation					<u>(78)</u>

For the six months ended 30 September 2019 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Rental of construction machinery <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Money lending, asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Segment revenue	2	50	4	18	74
Segment results	(7)	(3)	2	(14)	(22)
Unallocated:					
— Other income, other gains and losses					20
— Corporate expenses					(8)
— Finance costs					(1)
— Share of results of joint ventures					(1)
Loss before taxation					(12)

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

Other segment information

For the six months ended 30 September 2020 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Rental of construction machinery <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Money lending, asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Unallocated <i>HK\$'million</i>	Total <i>HK\$'million</i>
Amounts (charged) credited in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	–	(21)	–	–	(5)	(26)
Allowance for expected credit loss on financial assets	1	5	–	(54)	–	(48)
Finance costs	–	(2)	–	(3)	(19)	(24)

For the six months ended 30 September 2019 (unaudited)

	Sales of construction machinery and spare parts <i>HK\$'million</i>	Rental of construction machinery <i>HK\$'million</i>	Provision of transportation and other services <i>HK\$'million</i>	Money lending, asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Unallocated <i>HK\$'million</i>	Total <i>HK\$'million</i>
Amounts (charged) credited in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	–	(19)	–	–	(1)	(20)
Gain on disposal of a subsidiaries	–	–	–	–	32	32
Allowance for expected credit loss on financial assets	–	(2)	–	(16)	–	(18)
Finance costs	–	(2)	–	(1)	(1)	(4)

Geographical information

The information about the Group's revenue by location of operations of the relevant group's entities and the Group's non-current assets by geographical area in which the assets physically are located is detailed below:

	Revenue		Non-current assets (note)	
	Six months ended 30 September 2020 <i>HK\$'million</i> (unaudited)	2019 <i>HK\$'million</i> (unaudited)	As of 30 September 2020 <i>HK\$'million</i> (unaudited)	As of 31 March 2020 <i>HK\$'million</i> (audited)
Geographical market:				
Hong Kong	117	72	600	576
PRC	–	–	10	10
Macau	2	2	–	–
	<u>119</u>	<u>74</u>	<u>610</u>	<u>586</u>

Note: Non-current assets excluded financial assets at FVTOCI, loan receivables, finance lease receivables, pledged bank deposits, other non-current assets and deferred tax assets.

5. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Net foreign exchange gain	1	–
Gain on disposal of a subsidiary	–	32
Change in fair value of financial assets at FVTPL	(22)	(14)
Loss on early redemption of convertible note payable	(19)	–
	<u>(40)</u>	<u>18</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Interest expenses arising from:		
— bank and other borrowings	7	4
— convertible note payable	16	–
— lease liabilities	1	–
	<u>24</u>	<u>4</u>

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
	(unaudited)	(unaudited)
Current tax expense		
— Hong Kong	10	1
Deferred tax expense/(credit)	2	(6)
	<u>12</u>	<u>(5)</u>

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

8. DIVIDENDS

No dividend has been paid by the Company during the Period, nor has been proposed since the end of the reporting period.

9. LOSS PER SHARE

Basic loss per share was calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. The Company has one categories of dilutive potential ordinary shares for the six months ended 30 September 2020 (2019: nil).

The basic and diluted loss per share for the six months ended 30 September 2020 and 2019 were the same because the effect of the assumed exercise of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
Loss attributable to the shareholders of the Company (<i>HK\$'million</i>)	(90)	(7)
Weighted average number of ordinary shares in issue (<i>million shares</i>)	4,968	4,198
Basic and diluted loss per share (<i>HK\$ cents</i>)	<u>(1.81)</u>	<u>(0.17)</u>

10. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are analysed as follows:

	<i>HK\$'million</i>
As at 1 April 2020 (audited)	269
Additions	5
Disposals	(5)
Depreciation	(26)
As at 30 September 2020 (unaudited)	<u>243</u>

11. FINANCIAL ASSETS AT FVTOCI

	As at	As at
	30 September	31 March
	2020	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
Listed equity securities	<u>163</u>	<u>–</u>

12. TRADE RECEIVABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Trade receivables arising from		
— Rental income from construction machinery business	57	54
— Trading and provision of other service from construction machinery	1	1
— Securities brokerage	48	18
— Provision of other financial services	41	8
Less: Allowance for expected credit loss	<u>(16)</u>	<u>(21)</u>
	<u>131</u>	<u>60</u>

The following is an aging analysis of trade receivables from client arising from construction machinery business and provision of other financial services presented based on invoice dates at the end of the reporting period:

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
0–30 days	58	18
31–90 days	8	17
91–180 days	8	10
181–365 days	9	5
Over 365 days	<u>16</u>	<u>13</u>
	<u>99</u>	<u>63</u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Non-current:		
Other non-current assets	2	2
Less: Allowance for expected credit loss	<u>(1)</u>	<u>(1)</u>
	<u>1</u>	<u>1</u>
Current:		
Deposits	2	2
Prepayments and other receivables	5	3
Amounts due from fellow subsidiaries	5	5
Less: Allowance for expected credit loss	<u>(1)</u>	<u>(1)</u>
	<u>11</u>	<u>9</u>
	<u>12</u>	<u>10</u>

14. LOAN RECEIVABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Non-current:		
Secured, fixed-rate loan receivables	74	79
Less: Allowance for expected credit loss	<u>(2)</u>	<u>(2)</u>
	<u>72</u>	<u>77</u>
Current:		
Secured, fixed-rate loan receivables	63	149
Unsecured, fixed-rate loan receivables	323	182
Less: Allowance for expected credit loss	<u>(98)</u>	<u>(45)</u>
	<u>288</u>	<u>286</u>
	<u>360</u>	<u>363</u>

15. FINANCIAL ASSETS AT FVTPL

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Equity securities listed in Hong Kong, at fair value	63	118
Unlisted debt instrument	9	12
	<u>72</u>	<u>130</u>

16. TRADE PAYABLES

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	22	19
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	10	11
Trade payables arising from construction machinery	5	7
	<u>37</u>	<u>37</u>

An aging analysis of the Group's trade payables arising from construction machinery business at the end of the reporting period presented based on the invoice dates is as follows:

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
0–30 days	1	1
31–60 days	1	2
61–180 days	2	3
181–365 days	–	–
Over 365 days	1	1
	<u>5</u>	<u>7</u>

17. BANK AND OTHER BORROWINGS

	As at 30 September 2020 <i>HK\$'million</i> (unaudited)	As at 31 March 2020 <i>HK\$'million</i> (audited)
Bank borrowings	101	109
Loans from other financial institutions	75	82
Loans from a director (<i>note (a)</i>)	60	60
	<u>236</u>	<u>251</u>
Represented by:		
Non-current	102	73
Current	134	178
	<u>236</u>	<u>251</u>

Movements in bank and other borrowings are analysed as follows:

	<i>HK\$'million</i>
As at 1 April 2020 (audited)	251
Proceeds from bank borrowings	6
Repayments of bank borrowings	(14)
Proceeds from loans from other financial institutions	44
Repayments of loans from other financial institutions	(51)
	<u>236</u>
As at 30 September 2020 (unaudited)	<u>236</u>

Note:

- (a) During the period, the maturity of a loan from a director with loan principal of HK\$30 million has been extended from 13 May 2020 to 13 May 2022. The interest rate for such loan was remained the same at 3% per annum.

18. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares (<i>'million</i>)	Share capital <i>HK\$'million</i>
Ordinary shares			
Authorised:			
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	0.01	20,000	200
At 1 April 2020 (audited)	0.01	4,428	44
Issue of subscription shares (<i>note a</i>)	0.01	625	6
Issue of award shares (<i>note b</i>)	0.01	1	–
Issue of placement shares (<i>note c</i>)	0.01	234	3
At 30 September 2020 (unaudited)	0.01	5,288	53

Notes:

- (a) In April 2020, the Company completed a share swap with Oshidori, where the Company issued and allotted 625 million subscription shares in exchange for approximately 188 million shares in Oshidori.
- (b) In September 2020, the Company issued approximately 775,000 award shares to its employees.
- (c) In September 2020, the Company issued and allotted approximately 234 million new shares to independent third parties at HK\$0.285 per share.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group continues to pursue a long-term business strategy of diversifying into financial services business, along with the construction machinery business. During the Period, the Group is principally engaged in the construction machinery business, serving primarily the construction sector and financial services in Hong Kong. The Group's principal activities include (i) rental of construction machinery, such as crawler cranes, aerial platforms and foundation equipment, and provision of repair and maintenance services; (ii) trading of construction machinery, spare parts and construction materials; (iii) provision of transportation services; and (iv) provision of commodities, futures, securities brokerage and financial services and related advisory services.

The Group offered crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet. 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 220 units of construction machinery in the rental fleet during the Period. 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 entered into several dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea. To satisfy customers' needs, the Group also sold spare parts for maintenance purposes or upon request.

The Group holds (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) an insurance broker company licenced to carry on regulated activities under the Insurance Ordinance; and (iii) a money lender licence.

The Group provides a wide range of financial services. The Group believes that with the regional advantages of Hong Kong as an international financial center, provide financial services will bring various business opportunities and long-term stable income and steady growth to the Group.

Smart New City Development Project

On 4 September 2020, the Group entered into a sale and purchase agreement in relation to an investment in urban complex development project. The Company will acquire 22% equity interest in a company incorporated in Cambodia (the “**Project Company**”) through the acquisition of the entire equity interest in the target company. Under the sub-decree 122/2019 on the establishment of CESIZ Special Economic Zone granted by the Council of Ministers, the Council of Ministers approved the Project Company, with sole and exclusive rights, to establish a special economic zone (the “**Special Economic Zone**”) with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. The Special Economic Zone shall be developed for residential, industrial and commercial development purposes and such development will be freehold properties which allow enterprises, commercial and residential investors to invest in the area to have a long-term secure investment plan. As at the date of this announcement, the acquisition has not yet been completed.

FINANCIAL REVIEW

The Group had incurred a loss of approximately HK\$90 million for the Period (2019: approximately HK\$7 million). Such loss was mainly attributable to the recognition of expected credit losses on loan receivables; share of loss from an investment fund; and interest accretion for convertible note payable, which were issued in January 2020.

Revenue

During the Period, the total revenue increased by approximately HK\$45 million, or approximately 61%. Such increase was mainly attributable to the increase in revenue generated from the sales of construction machinery and spare parts, and money lending, asset management, securities brokerage, commodities, futures and other financial services.

Sales of construction machinery and spare parts

During the Period, the revenue from sales of construction machinery and spare parts increased by approximately HK\$24 million, or 1,200%. Such increase was mainly attributable to the increased demand for replacement with brand new and environmentally friendly construction machinery.

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

During the Period, the revenue from money lending, asset management, securities brokerage, commodities, futures and other financial services increased by HK\$21 million, or 117%. Such increase was mainly attributable to the increase in revenue from money lending business.

Fair value loss on financial assets at FVTPL

The details of the Group's securities investments and the fair value loss recognised for the Period are set out as follows:

Name/(Stock Code)	Notes	Number of	Percentage of	Number of	Percentage of	Fair value at	Fair value at	Fair value
		shares held at	shareholdings at	shares held at	shareholdings at	31 March	30 September	(loss)/gain for
		31 March	31 March	30 September	30 September	31 March	30 September	the Period
		2020	2020	2020	2020	2020	2020	the Period
					(note 1)	HK\$'million	HK\$'million	HK\$'million
China Shandong Hi-Speed Financial Group Limited (412)		26,058,000	0.11%	6,000	0.00%	10	-	-
CA Cultural Technology Group Limited (1566)	2	35,890,000	3.90%	16,290,000	1.69%	108	41	(18)
China Evergrande Group (3333)	3	-	-	1,114,000	0.01%	-	22	(4)
Unlisted debt instrument		N/A	N/A	N/A	N/A	12	9	(3)
Futures		N/A	N/A	N/A	N/A	-	-	3
						130	72	(22)

Notes:

- The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 September 2020 of the issuers publicly available on the website of the Stock Exchange.
- CA Cultural Technology Group Limited (“**CA Cultural**”) and its subsidiaries (collectively “**CA Cultural Group**”) were principally engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment.

Pursuant to CA Cultural Group's annual report for the year ended 31 March 2020, CA Cultural Group recorded revenue of approximately HK\$392 million and total comprehensive income of approximately HK\$75 million.

The Group disposed approximately 20 million shares of CA Cultural during the Period.

- China Evergrande Group (“**China Evergrande**”) and its subsidiaries (collectively “**China Evergrande Group**”) were principally engaged in property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

Pursuant to China Evergrande Group's interim report for the six months ended 30 June 2020, China Evergrande Group recorded revenue of approximately RMB266,631 million and total comprehensive income of approximately RMB14,934 million.

The Group acquired approximately 1 million shares of China Evergrande during the Period.

Other losses, net

During the Period, other losses, net were approximately HK\$40 million (2019: other gains, net of approximately HK\$18 million). Such change was mainly attributable to the loss on early redemption of convertible note payable of approximately HK\$19 million and change in fair value of financial assets at FVTPL of approximately HK\$22 million (2019: approximately HK\$14 million) during the Period. In addition, a one-off gain of approximately HK\$32 million recognised on disposal of subsidiary in the prior period was no longer applicable in the Period.

Administrative expenses

During the Period, the administrative expenses were approximately HK\$24 million (2019: approximately HK\$28 million), representing a decrease of approximately HK\$4 million or 14% as compared with the corresponding period last year. The decrease was mainly attributable to effective implementation in cost-saving plan.

Share of results of associates

A gain of approximately HK\$31 million was recognised in relation to the bargain purchase arising from the acquisition of an associate which owns intellectual properties in the PRC.

Finance costs

During the Period, the finance costs were approximately HK\$24 million (2019: approximately HK\$4 million), representing an increase of approximately HK\$20 million or 500% as compared with the corresponding period last year. The increase was mainly attributable to interest accretion for convertible note payable, which were issued in January 2020.

Fair value gains on financial assets at FVTOCI

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

Name	Note	Percentage of	Percentage of	Fair value at	Fair value at	Fair value gains	Percentage of
		shareholdings at	shareholdings at	31 March	30 September	for the Period	total assets of
		31 March	30 September	31 March	30 September	for the Period	the Group at
		2020	2020	2020	2020	for the Period	30 September
				HK\$'million	HK\$'million	HK\$'million	2020
Oshidori International Holdings Limited	a	-	3.07%	-	163	32	10.07%

Note 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 interim report for the six-months ended 30 June 2020, Oshidori recorded revenue of approximately HK\$68 million and total comprehensive income of approximately HK\$247 million.

Liquidity, financial resources and capital structure

As at 30 September 2020, the Group's current assets and current liabilities were approximately HK\$755 million (31 March 2020: approximately HK\$815 million) and HK\$240 million (31 March 2020: approximately HK\$250 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, issue of 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 condensed consolidated statement of financial position plus net debts.

The capital structure (including its gearing ratio) as at 30 September 2020 was as follows:

	30 September 2020	31 March 2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
Bank and other borrowings	236	251
Convertible note payable	99	132
Total borrowings	335	383
Less: cash and cash equivalents pledged bank deposits	(144) (5)	(220) (5)
Net debts	186	158
Total equity	1,129	988
Total capital	1,315	1,146
Gearing ratio	14%	14%

Except for the borrowings with aggregate amounts of approximately HK\$233 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 September 2020, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
RMB	3
HK\$	126
US\$	9
JPY	5
EURO	1
	<hr/>
	144
	<hr/> <hr/>

As at 30 September 2020, the maturity and currency profile for the Group's bank and other borrowings and convertible note payable are set out as follows:

	Within 1 year <i>HK\$'million</i>	2nd year <i>HK\$'million</i>	3–5 years <i>HK\$'million</i>	Total <i>HK\$'million</i>
HK\$	<u>134</u>	<u>86</u>	<u>115</u>	<u>335</u>

Charges on Group's assets

As at 30 September 2020, approximately 75% of the Group's borrowings and other borrowings are secured by (1) leasehold land and building; (2) bank deposits; (3) 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, obligation under finance leases and loan from a director which bear interests at fixed and floating interest rates. 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 Hong Kong dollars, Japanese Yen ("JPY") and Euro Dollar ("EURO"). 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 JPY, EURO and United States Dollars. 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 Period. 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.

Contingent liabilities

As at 30 September 2020 and 31 March 2020, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 30 September 2020, the Group had 125 staff (31 March 2020: 128).

The Group generally recruits its employees from the open market or by referral and enters into service 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 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 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to Shareholders for the Period.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, except for the acquisition of 49% equity interests in an associate which owns intellectual properties in the PRC, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies.

BUSINESS PROSPECTS

The past six months were full of opportunities and challenges. Although the COVID-19 epidemic and Sino-US trade war are affecting the pace of global economic recovery, it also adds uncertainties to the financial market. However, the Group grasped the new opportunities arising from Belt and Road Initiative to diversify its business development.

On 12 October 2020, China and Cambodia formally signed the Free Trade Agreement (FTA) between the Government of the People's Republic of China and the Government of the Kingdom of Cambodia (《中華人民共和國政府和柬埔寨王國政府自由貿易協定》) during a video conference. This is the first free trade agreement signed by China after the outbreak of the pandemic. At the same time, it is also the first free trade agreement to establish a separate chapter for the “Belt and Road” cooperation initiative, which demonstrates the tremendous vitality of the “Belt and Road” initiative and fits the all-round friendly relations between China and Cambodia. In this context, investment in Cambodia is bound to be promising.

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 “Belt and Road” construction in the 21st century. The annual GDP growth rate of Cambodia has been increasing rapidly and its economic growth rate has ranked among the top six in the world. 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 liberalized and internationalized, attracting the attention and input of global capital.

This year, the Group participated in a smart new city project with a core location advantage in Cambodia. This will transform the local area into an urban integrated project comprising residential, industrial and commercial spaces. While taking part in the development potential of the smart new city 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.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieving and maintaining high standards of corporate governance as the Board believes that effective and efficient 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.

Throughout the Period, the Company has fully complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules, except for the deviations as described below.

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 28 August 2020, Mr. Zhang Sheng (“**Mr. Zhang**”) has resigned as the vice chairman of the Board; Mr. Zheng Li has resigned as joint chief executive officer of the Company on 30 June 2020 while at the same time Mr. Fok Chi Tak (“**Mr. Fok**”) who was appointed as co-chief executive office on 1 May 2020 was redesignated as chief executive officer. After Mr. Zhang’s resignation, the Company has not appointed the 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 effective in overseeing the day-to-day management of the Group under the strong corporate governance structure in place; and Mr. Fok is responsible for operating the business of the Group and implement the Group’s strategies effectively.

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 with all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct during the Period.

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 code provision C.3 of the CG Code. As at 30 September 2020, 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. Shek Lai Him Abraham was appointed as a member of the Audit Committee on 15 October 2020. 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. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. Meetings shall be held at least twice a year.

The unaudited interim results and financial report of the Group for the Period have been reviewed by the Audit Committee.

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 Period.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this announcement.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haotianint.com). The interim report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and the Company, respectively in due course.

On behalf of the Board

Fok Chi Tak

Hao Tian International Construction Investment Group Limited

Executive Director

Hong Kong, 25 November 2020

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. Fok Chi Tak, Mr. Zheng Li, 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. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong, Mr. Li Chi Keung Eliot and Mr. Shek Lai Him Abraham.