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HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED

昊天國際建設投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1341)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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 2021 (the “**Year**”) together with the comparative figures for corresponding year ended 31 March 2020 (the “**Previous Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK\$'million	2020 HK\$'million
Revenue	3	220	192
Cost of revenue	6	(127)	(129)
Gross profit		93	63
Other income	4	15	5
Other (losses)/gains, net	5	(20)	78
Administrative expenses	6	(59)	(68)
Impairment losses:		(62)	(52)
— property, plant and equipment		(6)	—
— intangible assets		(49)	(4)
— financial assets (expected credit losses)		(7)	(48)
Share-based payment expenses		(10)	(1)
Share of results of associates		169	—
Share of results of joint ventures		27	57
Finance costs	7	(44)	(14)
Profit before taxation		109	68
Income tax (expense)/credit	8	(9)	4
Profit for the year		100	72

		2021	2020
	<i>Notes</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Profit for the year attributable to:			
Equity holders of the Company		100	72
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>100</u>	<u>72</u>
Earnings per share attributable to the equity holders of the Company	<i>10</i>		
Basic (HK\$ cents)		1.88	1.67
Diluted (HK\$ cents)		<u>1.86</u>	<u>1.67</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 march 2021

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Profit for the year	100	72
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	11	–
Other comprehensive income for the year, net of tax	11	–
Total comprehensive income for the year	111	72
Total comprehensive income for the year attributable to:		
Equity holders of the Company	111	72
Non-controlling interests	–	–
	111	72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

		2021	2020
	<i>Notes</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
ASSETS			
Non-current assets			
Property, plant and equipment		186	226
Right-of-use assets		32	43
Intangible assets		5	56
Investments in associates		1,226	6
Investments in joint ventures		4	255
Financial assets at FVTOCI		120	–
Loan receivables	<i>11</i>	63	77
Finance lease receivables		3	3
Deferred tax assets		5	10
Other receivables and deposits		2	1
Pledged bank deposits		5	5
		<hr/>	<hr/>
Total non-current assets		1,651	682
		<hr/>	<hr/>
Current assets			
Inventories		88	86
Properties under development		370	–
Loan receivables	<i>11</i>	215	286
Finance lease receivables		4	4
Other receivables, deposits and prepayments		21	9
Trade receivables	<i>12</i>	113	60
Financial assets at fair value through profit or loss (“FVTPL”)		308	130
Trusted and segregated bank accounts		16	20
Cash and cash equivalents		107	220
		<hr/>	<hr/>
Total current assets		1,242	815
		<hr/>	<hr/>
Total assets		2,893	1,497
		<hr/>	<hr/>

	<i>Notes</i>	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	13	67	44
Reserves		<u>1,657</u>	<u>944</u>
		1,724	988
Non-controlling interests		<u>–</u>	<u>–</u>
Total equity		<u>1,724</u>	<u>988</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		17	28
Deferred tax liabilities		22	26
Bank and other borrowings	14	77	73
Convertible note payables		–	132
Financial liabilities at FVTPL		<u>628</u>	<u>–</u>
Total non-current liabilities		<u>744</u>	<u>259</u>
Current liabilities			
Lease liabilities		11	12
Bank and other borrowings	14	252	178
Corporate note payables		108	–
Trade payables	15	4	18
Other payables, deposits received and accruals		40	36
Income tax payables		<u>10</u>	<u>6</u>
Total current liabilities		<u>425</u>	<u>250</u>
Total liabilities		<u>1,169</u>	<u>509</u>
Total equity and liabilities		<u>2,893</u>	<u>1,497</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1 GENERAL INFORMATION

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) *Changes in accounting policy and disclosures*

(i) *New and amended standards, improvements and interpretation adopted by the Group*

The following new and amendments to HKFRSs, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform
Revised conceptual framework to financial reporting	

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) *New and amended standards, interpretations and revised framework that have been issued but were not yet effective*

Effective for accounting periods beginning on or after 1 April 2021

Amendments to HKFRS 16	COVID-19-related rent concessions
Amendments to HKFRS 4, 7, 9, and 16 and HKAS 39	Interest Rate Benchmark Reform

Effective for accounting periods beginning on or after 1 April 2022

Amendments to HKAS 16	Proceeds before intended use
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKAS 37	Cost of fulfilling a contract
Annual improvements to HKFRS standards 2018–2020	

Effective for accounting periods beginning on or after 1 April 2023

HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Classification of liabilities as current or non-current
Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HK-int 5	Amendments in relation to Amendments to HKAS 1

Effective for accounting periods beginning on or after a date to be determined

HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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There are no other standards that are not yet effective and that would be expected to have a material impact to the Group in the current or future reporting periods and on foreseeable transactions.

The Group does not intend to early adopt these standards before their respective effective dates.

3 REVENUE AND SEGMENT INFORMATION

a. Description of segments and principal activities

The Group has identified five (2020: four) reportable segments of its business:

- (i) Rental and sale of construction machinery and spare parts business: The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet in Hong Kong. The Group also sells construction machinery and spare parts in Hong Kong and Macau.
- (ii) Provision of repair and maintenance and transportation service business: The Group provides repair and maintenance service for construction machinery, in particular the crawler cranes, in Hong Kong. The Group also provides transportation services which include local container delivery, construction site delivery and heavy machinery transport in Hong Kong.

- (iii) Money lending business: The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.
- (iv) Provision of asset management, securities brokerage, commodities, futures and other financial services business: The Group holds Securities and Future Commission licenses for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance and provides a wide range of financial services in Hong Kong.
- (v) Property development business: The Group started the property development business during the Year. The Group holds properties under development in Malaysia through a subsidiary and in Cambodia through an associate.

b. Segment profit or loss

The segment profit or loss for the reportable segments provided to the chief operating decision maker and reconciliation to profit before taxation for the years ended 31 March 2021 and 2020 are as follows:

	Rental and sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Money lending HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Property development HK\$'million	Total HK\$'million
2021						
External revenue	<u>141</u>	<u>8</u>	<u>60</u>	<u>11</u>	<u>-</u>	<u>220</u>
Segment results before the following items:	48	4	36	2	-	90
— Depreciation and amortisation	(39)	-	-	(1)	-	(40)
— Impairment losses:						
— property, plant and equipment	-	-	-	(1)	-	(1)
— intangible assets	-	-	-	(49)	-	(49)
— financial assets (expected credit losses)	4	-	(7)	(2)	-	(5)
— Finance costs	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Segment results	<u>10</u>	<u>4</u>	<u>26</u>	<u>(51)</u>	<u>-</u>	<u>(11)</u>
Unallocated:						
— Other income						4
— Other losses						(9)
— Administrative expenses						(23)
— Share-based payment expenses						(10)
— Share of results of associates						169
— Share of results of joint ventures						27
— Finance costs						<u>(38)</u>
Profit before taxation						<u>109</u>

	Rental and sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Money lending <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
2020					
External revenue	<u>129</u>	<u>9</u>	<u>35</u>	<u>19</u>	<u>192</u>
Segment results before the following items:	36	–	41	(12)	65
— Depreciation and amortisation	(40)	(1)	–	(4)	(45)
— Impairment losses:					
— financial assets (expected credit losses)	(6)	–	(41)	(1)	(48)
— Finance costs	<u>(5)</u>	<u>–</u>	<u>(2)</u>	<u>–</u>	<u>(7)</u>
Segment results	<u>(15)</u>	<u>(1)</u>	<u>(2)</u>	<u>(17)</u>	<u>(35)</u>
Unallocated:					
— Other income					2
— Other gains					74
— Administrative expenses					(22)
— Share-based payment expenses					(1)
— Share of results of joint ventures					57
— Finance costs					<u>(7)</u>
Profit before taxation					<u>68</u>

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

c. Geographical information

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

	Revenue		Non-current assets <i>(note)</i>	
	For the year ended 31 March		As at 31 March	
	2021	2020	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Hong Kong	218	187	224	576
The People's Republic of China	–	–	113	10
Macau	2	5	–	–
Cambodia	<u>–</u>	<u>–</u>	<u>1,116</u>	<u>–</u>
	<u>220</u>	<u>192</u>	<u>1,453</u>	<u>586</u>

Note:

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

d. Information about major customers

Revenue from external customers over 10% of the total revenue of the Group are as follows:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Customer A		
— Rental and sale of construction machinery and spare parts segment	<u>N/A</u>	<u>30</u>

e. Revenue summary

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Revenue from contracts with customers (<i>note i</i>):		
— Sale of construction machinery and spare parts	41	29
— Repair and maintenance and transportation service income	8	9
— Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	<u>7</u>	<u>15</u>
	56	53
Revenue from other sources:		
— Rental income generated from construction machinery	100	100
— Interest income generated from money lending	60	35
— Interest income generated from margin financing	<u>4</u>	<u>4</u>
	164	139
	220	192

Note i. Disaggregated revenue from contracts with customers

For the year ended 31 March 2021

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

For the year ended 31 March 2020

	Sale of construction machinery and spare parts HK\$'million	Provision of repair and maintenance and transportation service HK\$'million	Provision of asset management, securities brokerage, commodities, futures and other financial services HK\$'million	Total HK\$'million
Sale of construction machinery and spare parts	29	-	-	29
Repair and maintenance and transportation service income	-	9	-	9
Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	-	-	15	15
	<u>29</u>	<u>9</u>	<u>15</u>	<u>53</u>
Timing of revenue recognition				
At a point in time	29	-	11	40
Over time	-	9	4	13
Total	<u>29</u>	<u>9</u>	<u>15</u>	<u>53</u>

f. Summary of revenue and gross proceeds from the sale of financial assets at FVTPL

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Revenue (<i>note 3(e)</i>)	220	192
Gross proceeds from the sale of financial assets at FVTPL	150	21
	<u>370</u>	<u>213</u>

4 OTHER INCOME

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Interest earned on bank deposits	2	1
Rental income	2	3
Government grant	6	–
Others	5	1
	<u>15</u>	<u>5</u>

5 OTHER (LOSSES)/GAINS, NET

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Fair value (losses)/gains on:		
— financial assets at FVTPL	4	28
— financial liabilities at FVTPL	(12)	–
Gain on disposal of a subsidiary	–	32
Gain on bargain purchase	–	18
Extinguishment loss on early principal redemption of convertible note payables	(13)	–
Foreign exchange gain	1	–
	<u>(20)</u>	<u>78</u>

6 EXPENSES BY NATURE

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Amortisation of intangible assets	2	2
Auditor's remuneration	2	1
Cost of inventories sold	32	27
Depreciation of:		
— property, plant and equipment	38	37
— right-of-use assets	11	7
Employee's benefit expenses	58	74
Others	43	49
	<u>186</u>	<u>197</u>
Representing:		
— Cost of revenue	127	129
— Administrative expenses	59	68
	<u>186</u>	<u>197</u>

7 FINANCE COSTS

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Interest expenses arising from:		
— bank and other borrowings	15	9
— corporate note payables	3	—
— convertible note payables	25	4
— lease liabilities	1	1
	<u>44</u>	<u>14</u>

8 INCOME TAX (EXPENSE)/CREDIT

The income tax (expense)/credit in the consolidated statement of profit or loss represented:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Current income tax — Hong Kong Profits Tax		
Provision for the year	(7)	(4)
Under-provision in prior years	(1)	—
Deferred income tax	<u>(1)</u>	<u>8</u>
	<u>(9)</u>	<u>4</u>

9 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 March 2021 (2020: Nil).

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share was calculated by dividing the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Profit for the year attributable to the equity holders of the Company (HK\$' million)	100	72
Weighted average number of ordinary shares in issue (million shares)	5,313	4,313
Basic earnings per share (HK\$ cents)	1.88	1.67

(b) Diluted

Diluted earnings per share was calculated as follows:

	2021	2020
Profit for the year attributable to the equity holders of the Company (HK\$' million)	100	72
Weighted average number of ordinary shares in issue (million shares)	5,313	4,313
Adjustment for assumed exercise: — share awards	52	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,365	4,313
Diluted earnings per share (HK\$ cents)	1.86	1.67

11 LOAN RECEIVABLES

	2021 HK\$'million	2020 HK\$'million
Non-current:		
— Secured fixed-rate loan receivables	64	79
— Less: Allowance for expected credit losses	(1)	(2)
	63	77
Current:		
— Secured fixed-rate loan receivables	33	149
— Unsecured fixed-rate loan receivables	232	183
— Less: Allowance for expected credit losses	(50)	(46)
	215	286
	278	363

12 TRADE RECEIVABLES

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Trade receivables arising from:		
— rental income from construction machinery business	46	54
— trading and provision of other service from construction machinery	–	1
— provision of other financial services	3	9
— securities brokerage	78	17
	<u>127</u>	<u>81</u>
Less: Allowance for expected credit losses	(14)	(21)
	<u><u>113</u></u>	<u><u>60</u></u>

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

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

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

The ageing analysis by invoice date of trade receivables before allowance for expected credit losses is as follows:

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
0–30 days	91	30
31–60 days	13	16
61–90 days	3	1
91–180 days	7	10
180–365 days	5	11
Over 365 days	8	13
	<u><u>127</u></u>	<u><u>81</u></u>

13 SHARE CAPITAL

	Number of shares ('million)	Share capital HK\$'million
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2019 and 2020, 31 March 2020 and 2021	20,000	200
Issued and fully paid		
At 1 April 2019	4,150	41
Issue of consideration shares	276	3
Issue of emolument shares	2	–
At 31 March 2020 and 1 April 2020	4,428	44
Issue of subscription shares	625	6
Issue of placement shares	234	3
Issue of award shares	1	–
Issue of consideration shares	500	5
Issue of shares upon conversions of convertible note payables	871	9
At 31 March 2021	6,659	67

14 BANK AND OTHER BORROWINGS

	2021			2020		
	Current portion HK\$'million	Non-current portion HK\$'million	Total HK\$'million	Current portion HK\$'million	Non-current portion HK\$'million	Total HK\$'million
Bank borrowings	44	47	91	68	41	109
Loans from other financial institutions	48	–	48	80	2	82
Loan from a fellow subsidiary	130	–	130	–	–	–
Loans from a director	30	30	60	30	30	60
	252	77	329	178	73	251

The Group's bank and other borrowings were repayable as follows:

	2021			2020		
	Bank borrowings HK\$'million	Other borrowings HK\$'million	Total HK\$'million	Bank borrowings HK\$'million	Other borrowings HK\$'million	Total HK\$'million
Within 1 year	44	208	252	68	110	178
Between 1 and 2 years	24	30	54	25	32	57
Between 2 and 5 years	23	–	23	16	–	16
	91	238	329	109	142	251

15 TRADE PAYABLES

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	–	11
Trade payables arising from construction machinery business	4	7
	<u>4</u>	<u>18</u>

The settlement terms of payables 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. The settlement terms of trade payables arising from construction machinery from the ordinary course of business range from 0–45 days.

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

	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>
0–30 days	1	1
31–60 days	2	2
61–180 days	1	3
181–365 days	–	–
Over 365 days	–	1
	<u>4</u>	<u>7</u>

16 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Acquisition

In April 2021, the Group entered into an acquisition agreement with an independent third party to acquire 49% equity interests in a target company with a consideration of approximately HK\$286 million. The target company, through its interests in a segregated portfolio of Tisé Opportunities SPC, acquired shares of New Gains Group Limited, a subsidiary of China Evergrande Group, which owns Fangchebao Group Co. Ltd.* (房車寶集團股份有限公司). The consideration was settled by the allotment and issue of approximately 867 million shares of the Company. The transaction was completed in May 2021. This investment will be treated as a financial asset at FVTPL on the consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Impact of COVID-19

Facing with the unprecedented challenge of the COVID-19 pandemic during the Year, the Group has adjusted its corporate management direction by exploring new development opportunities. During the Year, on top of the existing businesses, the Group has explored business opportunities in property development field.

Though operations of the construction industry in Hong Kong have been affected as a consequence of COVID-19, due to the relatively stable undertaking of government infrastructure projects, the Group managed to record an increase in the sales of construction machinery and spare parts as well as a stable rental income generated from construction machinery during the Year. The occupancy rate for the rental machineries was approximately 80%.

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

Existing Business

During the Year, the Group continued to pursue a long-term business strategy of diversifying into financial services business, property development business, along with the construction machinery business. During the Year, the Group was 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) money lending; (ii) securities investment; (iii) provision of commodities, futures, securities brokerage and financial services; (iv) asset management; (v) rental and trading of construction machinery; (vi) provision of repair and maintenance and transportation service; and (vii) property development.

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet. The Group procures these construction machinery mainly through the manufacturers of construction machinery located in developed countries in Western Europe and Northern Asia as well as traders of used construction machinery around the world. The Group has maintained approximately 200 units of construction machinery in the rental fleet during the Year. In order to maintain a modern fleet of construction machinery with a greater variety of models, the Group has been replacing portions of its fleet of construction machinery from time to time. The Board will continue to monitor the daily operations and review the expansion plan of the rental fleet and the capital requirements of the Group regularly. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and prevailing market conditions if necessary. The Group entered into several dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea during the Year. To satisfy customers' needs, the Group also sells spare parts for maintenance purposes or upon request.

The Group holds (i) 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; and (ii) money lender licences under the Money Lenders Ordinance.

The Group provides a wide range of financial services. During the Year, the Group allocated resources to further develop the asset management business by offering mortgaged-back fixed return fund, growth fund and other investment solutions in the middle of financial markets surge driven by massive monetary stimulus. The Group believes that with the regional advantages of Hong Kong as an international financial center, provision of financial services will bring various business opportunities, long-term stable income and steady growth to the Group.

Property development business

Cambodia investment

In January 2021, the Group, through a subsidiary of the Company, acquired 22% equity interests in CESIZ (Cambodia) Co., Ltd. ("**CESIZ**"), which is principally engaged in investment in urban complex development project. Under the sub-decree 122/2019 (the "**Sub-Decree**"), the Council of Ministers in Cambodia approved CESIZ to establish a special economic zone (the "**Special Economic Zone**") with a size of 17,252,519 square meters at Koh Kong Province, Cambodia. Under the Sub-Decree, CESIZ shall have the sole and exclusive right to develop the Special Economic Zone with all the necessary land use rights, including those for residential, industrial and commercial development purposes. The principal assets of CESIZ is a land for development (the "**Project Land 1**").

The consideration for the acquisition was HK\$1,125 million which was settled by (i) HK\$125 million by the allotment and issue of consideration shares of the Company; (ii) HK\$850 million by the issue of consideration notes by the Company; and (iii) HK\$150 million by the issue of consideration convertible bonds by the Company. The consideration convertible bonds were fully converted into shares of the Company on 26 February 2021.

CESIZ is engaged in investment in urban complex development project on the Project Land 1, including the construction of clean energy industrial parks along with designated areas for residential properties. The location of the Project Land 1 enjoys geographical advantage. The Special Economic Zone is located in the middle of the 144-kilometre major national highway No. 4 in Cambodia and port terminals, connecting the highway to the port, with the deep-water harbor under planning. The Special Economic Zone is also in close proximity to the Phnom Penh-Sihanoukville Expressway, which is currently under construction. The project has the benefit of the convenient domestic road transport hub in Phnom Penh, Cambodia that will reduce the transportation costs of corporate products and labour costs. The development in the Special Economic Zone will be freehold properties which allow enterprises, commercial and residential investors to invest in the area to have a long-term secure investment plan.

The acquisition allows the Group to invest and gain exposure in urban complex development project in a premium location in Cambodia and strengthens the Group's comprehensive investment portfolio. Cambodia is a member of the Association of Southeast Asian Nations ("ASEAN") and is one of the most promising developing countries in the ASEAN region. Cambodia is a member of the World Trade Organization ("WTO") as a developing country, and investments in the country can enjoy the WTO preferential tariff for imports and exports from and to its membership countries, while other countries like the United States ("U.S.") and Japan, also offer Cambodia preferential tariff and quota-free incentives. According to the World Bank, Cambodia's gross domestic product ("GDP") has continued to grow at an average rate of over 7% over the past decade, ranking first in ASEAN countries in terms of economic growth. Cambodia's GDP reached US\$27 billion and GDP per capita reached US\$1,643 in 2019, making it one of the fastest growing economies in the world and one of the emerging countries of investment hotspot in Southeast Asia. The stable political environment and dynamic labour force in Cambodia, together with the preferential tax policies and freedom of capital flows, have successfully attracted foreign investors. In addition, Cambodia has established a long-term friendly relationship with China and provides strong support to China in ASEAN. The Chinese government's "One Belt, One Road" development strategy has brought significant investment from Chinese enterprises, creating huge potential for Cambodia's business development. The bilateral "China-Cambodia Free Trade Agreement" signed between China and Cambodia will bring more tangible benefits and development opportunities to both countries. As an emerging developing economy in which basic infrastructure within the country needs to be fully developed, all industries in Cambodia have enormous room for development.

Given the promising long-term economic development of Cambodia and prospects of the urban complex development project, there is potential for attractive capital appreciation for this investment over the long term.

Having considered the above reasons, the Group considers that the acquisition serves as a good opportunity to diversify its business and to invest in the Project Land 1 with a view to realising the land value and enhancing shareholder value in the long run.

Malaysia investment

In February 2021, the Group, through a subsidiary of the Company, acquired 100% equity interests in a project company, Dasar Prisma Sdn. Bhd. (“**Dasar**”) with a total consideration of HK\$370 million. The consideration has been settled by the issue of promissory notes by the Company. Dasar is incorporated in Malaysia and is principally engaged in property holding, which is a residential and commercial mixed property development project located at Port Dickson, Negeri Sembilan, Malaysia comprising 267,500 square meters (or 2,879,343 square feet) (the “**Project Land 2**”). The property is held from the government for a lease term of 99 years expiring on 8 February 2097 for residential and commercial building uses.

Port Dickson is a popular resort destination at Negeri Sembilan, Malaysia and about 80 kilometers from Kuala Lumpur. Based on the available statistics published by the Valuation and Property Services Department of Malaysia, the overall house price index of Negeri Sembilan has increased from approximately 150 in 2015 to approximately 192 in 2019 with a compound annual growth rate of approximately 5.05%. The Group considers that there would be an upward potential for the property market in Negeri Sembilan.

The potential of investing in Malaysia can be further supported by the rising GDP in Malaysia. According to the statistics published by the Department of Statistics Malaysia, the nominal gross domestic product of Malaysia has increased by over 28% from approximately RM1,176,941 million (equivalent to approximately HK\$2,283,266 million) in 2015 to RM1,510,693 million (equivalent to approximately HK\$2,930,744 million) in 2019 with a compound annual growth rate of approximately 5.12%. The Group considers that there would be a vibrant economic growth and future prospects in Malaysia. The addition of Project Land 2 will enhance the Group’s investment portfolio of property development projects along the “One Belt, One Road” regions.

FINANCIAL REVIEW

The Group recorded a profit of approximately HK\$100 million for the Year (2020: approximately HK\$72 million).

Revenue

During the Year, the total revenue increased by approximately HK\$28 million, or approximately 15%. Such increase was mainly attributable to the increase in revenue generated from the sales of construction machinery and spare parts, money lending, asset management, securities brokerage, commodities, futures and other financial services.

Sales of construction machinery and spare parts and rental income

During the Year, the sales of construction machinery and spare parts and rental income generated from construction machinery were approximately HK\$41 million (2020: approximately HK\$29 million) and approximately HK\$100 million (2020: approximately HK\$100 million) respectively. The increase in revenue was mainly attributable to the increase in the revenue from trading of used construction machinery, due to the increased demand for foundation equipment such as RCD machines and oscillators.

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

During the Year, the revenue from money lending, asset management, securities brokerage, commodities, futures and other financial services increased by HK\$17 million, or 31%. Such increase was mainly attributable to the increase in revenue from money lending business.

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

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

Name/(Stock Code)	Number of shares held at 31 March 2020	Percentage of shareholdings at 31 March 2020	Number of shares held at 31 March 2021	Percentage of shareholdings at 31 March 2021 (note 1)	Fair value at 31 March 2020 HK\$'million	Fair value at 31 March 2021 HK\$'million	Fair value (losses)/gains for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2021
China Shandong Hi-Speed Financial Group Limited (412)	26,058,000	0.11%	6,000	0.00%	10	–	–	–
CA Cultural Technology Group Limited (1566)	35,890,000	3.90%	–	–	108	–	(14)	–
China Evergrande Group (3333)	–	–	–	–	–	–	(6)	–
Atlantis Star Opportunities Fund SPC	N/A	N/A	N/A	N/A	–	–	(1)	–
Riverwood Multi-Growth Fund (note 2)	N/A	N/A	N/A	N/A	–	293	20	10%
Unlisted debt instrument	N/A	N/A	N/A	N/A	12	15	(1)	1%
Futures	N/A	N/A	N/A	N/A	–	–	6	–
					<u>130</u>	<u>308</u>	<u>4</u>	<u>11%</u>

Notes:

- The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 March 2021 of the issuers publicly available on the website of the Stock Exchange.
- Riverwood Multi-Growth Fund (the “**Riverwood Fund**”) mainly invests in listed equities of companies located in the Greater China Region (which includes Mainland China, Hong Kong, Macau and Taiwan) or deriving income and/or assets from the Greater China Region. The Riverwood Fund may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.

Other (losses)/gains, net

During the Year, other losses, net were approximately HK\$20 million (2020: other gains, net of approximately HK\$78 million). Such change was mainly attributable to the extinguishment loss of approximately HK\$13 million on early principal redemption of certain convertible note payables and loss in fair value change of financial liabilities at FVTPL of approximately HK\$12 million. In the Previous Year, there was a gain in fair value change of financial assets at FVTPL of approximately HK\$28 million. In addition, a one-off gain of approximately HK\$32 million and HK\$18 million recognised on disposal of a subsidiary and bargain purchase in the Previous Year was no longer applicable in the Year.

Administrative expenses

During the Year, the administrative expenses were approximately HK\$59 million (2020: approximately HK\$68 million), representing a decrease of approximately 13% as compared with the Previous Year. Among the administrative expenses incurred during the Year, approximately HK\$7 million (2020: approximately HK\$7 million) was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$52 million (2020: approximately HK\$61 million) were mainly related to staff costs of approximately HK\$35 million (2020: approximately HK\$35 million). The decrease in administrative expenses was mainly attributable to effective implementation in cost-saving plans.

Impairment losses

The impairment losses on (i) property, plant and equipment; (ii) intangible assets; and (iii) allowance on expected credit losses on financial assets were recognised during the Year. The impairment losses on property, plant and equipment and intangible assets were mainly arising from the loss in respective cash-generating units; while the allowance for expected credit losses on financial assets was mainly attributable to the default in loan receivables.

Share of results of associates

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

Share-based payment expenses

The expense of approximately HK\$10 million was related to the share awards and emolument shares granted to certain directors and employees. During the Year, the Company granted approximately 262 million share awards, among which approximately 170 million were lapsed.

Finance costs

During the Year, the finance costs were approximately HK\$44 million (2020: approximately HK\$14 million), representing an increase of approximately HK\$30 million as compared with the Previous Year. The increase was mainly attributable to interest accretion of approximately HK\$25 million for convertible note payables, which were issued in January 2020.

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

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

Name	Note	Percentage of shareholdings at 31 March 2020	Percentage of shareholdings at 31 March 2021	Fair value at 31 March 2020 HK\$'million	Fair value at 31 March 2021 HK\$'million	Fair value gains for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2021
Oshidori International Holdings Limited	a	–	3.07%	–	120	11	4%

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 annual report for the year ended 31 December 2020, Oshidori recorded revenue of approximately HK\$280 million and total comprehensive income of approximately HK\$3,449 million.

The Group held 187,500,000 shares of Oshidori as at 31 March 2021 (31 March 2020: Nil).

Liquidity, financial resources and capital structure

As at 31 March 2021, the Group’s current assets and current liabilities were approximately HK\$1,242 million (31 March 2020: approximately HK\$815 million) and HK\$425 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 and placing of new shares. The management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

Gearing ratio and indebtedness

The Group monitors its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as “equity” as shown in the consolidated statement of financial position plus net debts.

The capital structure (including its gearing ratio) as at 31 March 2021 and 31 March 2020 was as follows:

	31 March 2021 <i>HK\$'million</i>	31 March 2020 <i>HK\$'million</i>
Bank and other borrowings	329	251
Convertible note payables	–	132
Corporate note payables		
— at amortised cost	108	–
— at FVTPL	628	–
	<hr/>	<hr/>
Total borrowings	1,065	383
Less: cash and cash equivalents	(107)	(220)
pledged bank deposits	(5)	(5)
	<hr/>	<hr/>
Net debts	953	158
Total equity	1,724	988
	<hr/>	<hr/>
Total capital	2,677	1,146
	<hr/>	<hr/>
Gearing ratio	36%	14%
	<hr/>	<hr/>

Except for the borrowings with aggregate amounts of approximately HK\$247 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 31 March 2021, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	97
United States Dollars (“US\$”)	9
Euro (“EUR”)	1
	<hr/>
	107
	<hr/>

As at 31 March 2021, the maturity and currency profile for the Group's bank and other borrowings and corporate note payables at amortised cost are set out as follows:

	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>360</u>	<u>54</u>	<u>23</u>	<u>437</u>

Charges on Group's assets

As at 31 March 2021, approximately 30% of the Group's borrowings and other borrowings are secured by (1) leasehold land and building; (2) bank deposits; and (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 HK\$, Japanese Yen ("JPY") and EUR. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, bank balances and cash, trade payables, borrowings and obligation under finance leases which are denominated in JPY, EUR and US\$. The Group does not adopt any hedging strategy in the long run but the management continuously monitors the foreign exchange risk exposure and might enter into foreign exchange forward contracts on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

Credit risk and liquidity risk

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

Contingent liabilities

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

Employees and remuneration policy

As at 31 March 2021, the Group had 120 staff (31 March 2020: 128).

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

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

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend to the shareholders of the Company for the Year (2020: Nil).

EQUITY FUND RAISING ACTIVITIES

Details of equity fund raising activities during the Year and the actual use of proceeds are as follows:

Date of announcement	Events	Net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this report
7 September 2020	Placing of a total of 234,296,000 new shares at the placing price of HK\$0.285 each	Approximately HK\$66,440,488	<ul style="list-style-type: none">— approximately HK\$33,220,244 to be used for general working capital of the Group; and— approximately HK\$33,220,244 to be used to support the development of the existing financial business of the Group, including securities brokerage, asset management and securities investments.	All the proceeds have been used as intended

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had the following material acquisitions:

- 100% equity interests in a subsidiary, incorporated in the British Virgin Islands (“BVI”), in January 2021. This subsidiary holds 22% equity interests in an associate, incorporated in the Cambodia, which owns a land for development in Cambodia; and
- 100% equity interests in a subsidiary, incorporated in the BVI, in February 2021. This subsidiary, through its subsidiaries, owns a land for development in Malaysia.

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

BUSINESS PROSPECTS

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

Property Development Business

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

At the same time, Malaysia is one of the most popular countries in Asia. From 2017 to 2018, Malaysia was also selected as the second most competitive ASEAN in the world, second only to Singapore. In recent years, Malaysia’s GDP has continued to rise, which proves that Malaysia has strong investment potential. According to statistics released by the Department of Statistics Malaysia, Malaysia’s nominal GDP has grown at a compound annual growth rate of approximately 5% in recent years. The Group is also deploying and looking for local high-quality projects, following the layout along the “One Belt, One Road” region.

Existing Businesses

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the listing of securities on the Stock Exchange (the “**Listing Rules**”), except for the deviation from the code provision A.2.1.

Under 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. During the Year, the following changes have taken place:

- (i) Mr. Zheng Li, an executive Director, has ceased to act as the co-chief executive officer of the Company with effect from 30 June 2020. Mr. Fok Chi Tak, an executive Director, has then been re-designated as the chief executive officer; and
- (ii) Mr. Zhang Sheng has ceased to act as an executive Director and the vice chairman of the Board with effect from 28 August 2020.

Subsequent to the abovementioned changes, the Company has not appointed a chairman and the Board provides leadership for the Company. Having considered the business operation of the Group at the material time, it is believed that the Board, which consists of experienced professionals, can function effectively as a whole, while the executive Directors along with other members of senior management of the Company are capable of overseeing the day-to-day management of the Group under the strong corporate governance structure in place.

The Company nevertheless understands the importance of compliance with the code provision A.2.1 of the CG Code and will continue to review the structure from time to time and consider appointing a chairman/chairlady of the Board as and when appropriate.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the auditor in this respect did not constitute an assurance engagement 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 the auditor on this announcement.

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) 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 of the Company in due course.

APPRECIATION

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

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

Hong Kong, 25 June 2021

As at the date of this announcement, the Board 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.