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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

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 2021 (the “**Period**”).

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

For the six months ended 30 September 2021

		Six months ended 30 September	
	<i>Notes</i>	2021	2020
		HK\$'million	HK\$'million
		(unaudited)	(unaudited)
Revenue	4	112	119
Cost of revenue		(69)	(71)
Gross profit		43	48
Other income		11	8
Other losses, net	5	(89)	(40)
Administrative expenses		(26)	(24)
Allowance for expected credit loss on financial assets		(18)	(48)
Share-based payment expenses		(4)	–
Share of results of associates		21	31
Share of results of joint ventures		–	(29)
Finance costs	6	(13)	(24)
Loss before taxation		(75)	(78)
Income tax expense	7	(3)	(12)
Loss for the period		(78)	(90)

		Six months ended	
		30 September	
		2021	2020
<i>Notes</i>		<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (unaudited)
Loss for the period attributable to:			
	Equity holders of the Company	(78)	(90)
	Non-controlling interests	—	—
		<u>(78)</u>	<u>(90)</u>
Loss per share attributable to the equity holders of the Company			
	Basic (HK\$ cents)	9 (1.07)	(1.81)
	Diluted (HK\$ cents)	9 (1.07)	(1.81)
		<u>(1.07)</u>	<u>(1.81)</u>
Loss for the period		<u>(78)</u>	<u>(90)</u>
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss</i>			
	Fair value (loss)/gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	(14)	32
		<u>(14)</u>	<u>32</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(14)</u>	<u>32</u>
Total comprehensive loss for the period		<u>(92)</u>	<u>(58)</u>
Total comprehensive loss for the period attributable to:			
	Equity holders of the Company	(92)	(58)
	Non-controlling interests	—	—
		<u>(92)</u>	<u>(58)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	As at 30 September 2021	As at 31 March 2021
<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	176	186
Right-of-use assets	27	32
Intangible assets	5	5
Investments in associates	1,247	1,226
Investments in joint ventures	4	4
Financial assets at FVTOCI	40	120
Loan receivables	7	63
Finance lease receivables	3	3
Deferred tax assets	8	5
Other receivables and deposits	11	2
Pledged bank deposits	5	5
Convertible note receivable	30	–
	1,563	1,651
Total non-current assets	1,563	1,651
Current assets		
Inventories	1	88
Properties under development	370	370
Loan receivables	43	215
Finance lease receivables	5	4
Other receivables, deposits and prepayments	69	21
Trade receivables	10	133
Financial assets at fair value through profit or loss (“FVTPL”)	623	308
Corporate note receivable	358	–
Trusted and segregated bank accounts	22	16
Cash and cash equivalents	176	107
	1,800	1,242
Total current assets	1,800	1,242
Total assets	3,363	2,893

		As at 30 September 2021	As at 31 March 2021
	<i>Notes</i>	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	11	76	67
Reserves		<u>1,846</u>	<u>1,657</u>
		1,922	1,724
Non-controlling interests		<u>–</u>	<u>–</u>
Total equity		<u>1,922</u>	<u>1,724</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		13	17
Deferred tax liabilities		20	22
Bank and other borrowings		23	77
Financial liabilities at FVTPL		<u>686</u>	<u>628</u>
Total non-current liabilities		<u>742</u>	<u>744</u>
Current liabilities			
Lease liabilities		9	11
Bank and other borrowings		507	252
Corporate note payables		108	108
Trade payables	12	5	4
Other payables, deposits received and accruals		54	40
Income tax payables		<u>16</u>	<u>10</u>
Total current liabilities		<u>699</u>	<u>425</u>
Total liabilities		<u>1,441</u>	<u>1,169</u>
Total equity and liabilities		<u>3,363</u>	<u>2,893</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 other 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 condensed consolidated financial statements have not been audited.

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

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 (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements as at 31 March 2021, 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

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 2021. 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 HKFRS 16
Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Covid-19-Related Rent Concession
Interest Rate Benchmark Reform — Phase 2

Key events during the six months ended 30 September 2021

- (1) 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, acquires shares of New Gains Group Limited (“**NGG**”), a subsidiary of China Evergrande Group, which owns Fangchebao Group Co. Ltd.* (房車寶集團股份有限公司). The consideration was settled by the allotment and issuance of approximately 867 million shares of the Company. The transaction was completed in May 2021. The Group does not appoint any member to the board of directors and has no voting right over the target company. This investment is treated as a financial asset at fair value through profit or loss on the consolidated statement of financial position, as the Group neither obtains control nor exercises significant influence over the target company.
- (2) In June 2021, the Group purchased corporate notes issued by Nanshan Capital Holdings Limited with a principal amount of US\$45 million (equivalent to approximately HK\$352 million) at a consideration of US\$45 million (equivalent to approximately HK\$352 million).

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this interim condensed consolidated 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 2021.

4. REVENUE AND SEGMENT INFORMATION

a. Description of segments and principal activities

The Group has identified five (30 September 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 in 2021. The Group holds properties under development in Malaysia through a subsidiary and in Cambodia through an associate.

* *for identification purpose only*

b. Segment profit or loss

The segment profit or loss for the reportable segments provided to the chief operating decision maker and reconciliation to loss before taxation for the period ended 30 September 2021 and 2020 are as follows:

For the six months ended 30 September 2021 (unaudited)

	Rental and sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Money lending <i>HK\$'million</i>	Provision of asset management, securities brokerage, commodities, futures and other financial services <i>HK\$'million</i>	Property development <i>HK\$'million</i>	Total <i>HK\$'million</i>
External revenue	<u>84</u>	<u>4</u>	<u>14</u>	<u>10</u>	<u>-</u>	<u>112</u>
Segment results before the following items:	29	2	12	7	-	50
— Depreciation and amortisation	(19)	-	-	-	-	(19)
— Allowance for expected credit loss on financial assets	(1)	-	(16)	(1)	-	(18)
— Finance costs	(1)	-	(1)	-	-	(2)
Segment results	<u>8</u>	<u>2</u>	<u>(5)</u>	<u>6</u>	<u>-</u>	<u>11</u>
Unallocated:						
— Other income						9
— Other losses, net						(88)
— Administrative expenses						(13)
— Share-based payment expenses						(4)
— Share of results of associates						21
— Finance costs						<u>(11)</u>
Loss before taxation						<u>(75)</u>

For the six months ended 30 September 2020 (unaudited)

	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>
External revenue	<u>76</u>	<u>4</u>	<u>32</u>	<u>7</u>	<u>119</u>
Segment results before the following items:	25	3	10	5	43
— Depreciation and amortisation	(21)	—	—	—	(21)
— Allowance for expected credit loss on financial assets	6	—	(53)	(1)	(48)
— Finance costs	<u>(2)</u>	<u>—</u>	<u>(3)</u>	<u>—</u>	<u>(5)</u>
Segment results	<u>8</u>	<u>3</u>	<u>(46)</u>	<u>4</u>	(31)
Unallocated:					
— Other income					7
— Other losses					(22)
— Administrative expenses					(15)
— Share of results of associates					31
— Share of results of joint ventures					(29)
— Finance costs					<u>(19)</u>
Loss before taxation					<u>(78)</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 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 <i>(note)</i>	
	Six months ended		As of	As of
	30 September		30 September	31 March
	2021	2020	2021	2021
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Geographical market:				
Hong Kong	112	117	208	224
The People's Republic of China (the "PRC")	–	–	135	113
Macau	–	2	–	–
Cambodia	–	–	1,116	1,116
	<u>112</u>	<u>119</u>	<u>1,459</u>	<u>1,453</u>

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

d. Revenue summary

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Revenue from contract with customers <i>(note i)</i> :		
— Sales of construction machinery and spare parts	24	26
— Repair and maintenance and transportation service income	4	4
— Commission income generated from asset management, securities brokerage, commodities and futures and other financial services	7	6
	<u>35</u>	<u>36</u>
Revenue from other sources:		
— Rental income generated from construction machinery	60	50
— Interest income generated from money lending	14	32
— Interest income generated from margin financing	3	1
	<u>77</u>	<u>83</u>
	<u>112</u>	<u>119</u>

Note i. Disaggregated revenue from contracts with customers

For the six months ended 30 September 2021 (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 construction machinery and spare parts	24	–	–	24
Repair and maintenance and transportation service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities and futures and other financial services	–	–	7	7
	<u>24</u>	<u>4</u>	<u>7</u>	<u>35</u>
Timing of revenue recognition				
At a point in time	24	–	7	31
Over time	–	4	–	4
	<u>–</u>	<u>4</u>	<u>–</u>	<u>4</u>
Total	<u><u>24</u></u>	<u><u>4</u></u>	<u><u>7</u></u>	<u><u>35</u></u>

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	26	–	–	26
Repair and maintenance and transportation service income	–	4	–	4
Commission income generated from asset management, securities brokerage, commodities and futures and other financial services	–	–	6	6
	<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>–</u>	<u>4</u>	<u>3</u>	<u>7</u>
Total	<u>26</u>	<u>4</u>	<u>6</u>	<u>36</u>

5. OTHER LOSSES, NET

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(unaudited)
Net foreign exchange (loss)/gain	(1)	1
Change in fair value of financial assets at FVTPL	(44)	(22)
Change in fair value of a financial liability at FVTPL	(58)	–
Loss on early redemption of a convertible note payable	–	(19)
Compensation gains for settlement of a receivable	14	–
	<u>(89)</u>	<u>(40)</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2021 <i>HK\$'million</i> (unaudited)	2020 <i>HK\$'million</i> (unaudited)
Interest expenses arising from:		
— bank and other borrowings	8	7
— corporate note payable	5	—
— convertible note payable	—	16
— lease liabilities	—	1
	<u>13</u>	<u>24</u>

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 <i>HK\$'million</i> (unaudited)	2020 <i>HK\$'million</i> (unaudited)
Current tax expense		
— Hong Kong	8	10
Deferred tax (credit)/expense	<u>(5)</u>	<u>2</u>
Income tax expense	<u>3</u>	<u>12</u>

Hong Kong Profits Tax is calculated at the rate of 8.25% on the estimated assessable profit up to HK\$2,000,000 and 16.5% on any part of estimated assessable profit over HK\$2,000,000 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 for the period attributable to the equity holders 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 category of dilutive potential ordinary shares for the six months ended 30 September 2021 (2020: one). The basic and diluted loss per share for the six months ended 30 September 2021 and 2020 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	
	2021	2020
	(unaudited)	(unaudited)
Loss for the period attributable to the equity holders of the Company (<i>HK\$'million</i>)	(78)	(90)
Weighted average number of ordinary shares in issue (<i>million shares</i>)	<u>7,311</u>	<u>4,968</u>
Basic and diluted loss per share (<i>HK\$ cents</i>)	<u><u>(1.07)</u></u>	<u><u>(1.81)</u></u>

10. TRADE RECEIVABLES

	As at	As at
	30 September	31 March
	2021	2021
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
Trade receivables arising from		
— Rental income from construction machinery business	47	46
— Trading and provision of other service from construction machinery	4	—
— Securities brokerage	90	78
— Provision of other financial services	<u>4</u>	<u>3</u>
	<u>145</u>	<u>127</u>
Less: Allowance for expected credit loss	<u>(12)</u>	<u>(14)</u>
	<u><u>133</u></u>	<u><u>113</u></u>

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

	As at	As at
	30 September	31 March
	2021	2021
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(unaudited)	(audited)
0–30 days	119	91
31–60 days	2	13
61–90 days	7	3
91–180 days	9	7
181–365 days	4	5
Over 365 days	<u>4</u>	<u>8</u>
	<u>145</u>	<u>127</u>

11. SHARE CAPITAL

	Number of shares ('million)	Share capital HK\$'million
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	<u>20,000</u>	<u>200</u>
Issued and fully paid:		
At 1 April 2021 (audited)	6,659	67
Issue of consideration shares (<i>note a</i>)	867	9
Issue of award shares (<i>note b</i>)	<u>30</u>	<u>–</u>
At 30 September 2021 (unaudited)	<u>7,556</u>	<u>76</u>

Notes:

- (a) In May 2021, the Company allocated and issued approximately 867 million shares of the Company as a consideration of acquiring 49% of issued equity interest in a target company.
- (b) In May and July 2021, the Company issued approximately 30 million award shares to its director and employees.

12. TRADE PAYABLES

	As at 30 September 2021 HK\$'million (unaudited)	As at 31 March 2021 HK\$'million (audited)
Trade payables arising from construction machinery	<u>5</u>	<u>4</u>
	<u>5</u>	<u>4</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 2021 HK\$'million (unaudited)	As at 31 March 2021 HK\$'million (audited)
0–30 days	2	1
31–60 days	1	2
61–180 days	<u>2</u>	<u>1</u>
	<u>5</u>	<u>4</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Impact of COVID-19

During the period under review, the COVID-19 pandemic remained challenging due to the outbreak of the mutant variants. The Group remained resilient and focused on its existing businesses.

Though operations of the construction industry in Hong Kong have been affected as a consequence of COVID-19, due to the relatively stable undertaking of government infrastructure projects, the Group managed to record an increase in rental income generated from construction machinery during the Period. The occupancy rate for the rental machineries kept at 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.

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

Construction machinery business

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet. The Group procures these construction machinery mainly through the manufacturers of construction machinery located in 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 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. To satisfy customers' needs, the Group also sells spare parts for maintenance purposes or upon request.

Financial services business

The Group holds (i) licenses for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance; and (ii) money lender licenses under the Money Lenders Ordinance.

The Group provides a wide range of financial services. During the Period, the Group allocated resources to develop the asset management business by offering mortgaged-back fixed return fund, growth fund and other investment solutions.

Property development business

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

The Group has another property development project in Malaysia. The project is a residential and commercial mixed property development project located at Port Dickson, Negeri Sembilan, Malaysia comprising 267,500 square meters (or 2,879,343 square feet). The property is held from the government for a lease term of 99 years expiring on 8 February 2097 for residential and commercial building uses. The project was still in its preliminary stage during the Period.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK\$78 million for the Period (2020: approximately HK\$90 million).

Revenue

During the Period, the total revenue decreased by approximately HK\$7 million, or approximately 6%. Such decrease was mainly attributable to the decrease in revenue generated from money lending business.

Sales of construction machinery and spare parts and rental income

During the Period, the sales of construction machinery and spare parts and rental income generated from construction machinery were approximately HK\$24 million (2020: approximately HK\$26 million) and approximately HK\$60 million (2020: approximately HK\$50 million) respectively. The increase in revenue was mainly attributable to the increase in the revenue from rental of construction machinery, due to the increased utilisation rate of crawler cranes.

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 decreased by HK\$15 million, or 38%. Such decrease was mainly attributable to the decrease in revenue from money lending business.

Fair value losses on financial assets at FVTPL, net

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

Name/(Stock Code)	Number of	Percentage of	Number of	Percentage of	Fair value	Fair value	Fair value losses for the Period	Percentage of
	shares held at 31 March 2021	shareholdings at 31 March 2021	shares held at 30 September 2021	shareholdings at 30 September 2021 <i>(note 1)</i>	at 31 March 2021 <i>HK\$'million</i>	at 30 September 2021 <i>HK\$'million</i>		at 30 September 2021
International Alliance								
Financial Leasing Co., Ltd (1563)	-	-	26,642,336	1.78%	-	69	(3)	2%
Riverwood Multi-Growth								
Fund <i>(note 2)</i>	N/A	N/A	N/A	N/A	293	256	(37)	8%
Tisé Equity SP-1 <i>(note 3)</i>	N/A	N/A	N/A	N/A	-	286	-	9%
Unlisted debt instrument	N/A	N/A	N/A	N/A	15	12	(4)	-
					<u>308</u>	<u>623</u>	<u>(44)</u>	<u>19%</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 30 September 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.
- Tisé Equity SP-1 is principally to invest in the shares of New Gain Group Limited, a subsidiary of China Evergrande Group provides an online platform for apartment and automobile sales/rentals with its main operations in the PRC. Tisé Equity SP-1 may hold other assets, including and not limited to cash or cash equivalent instruments.

Other losses, net

During the Period, other losses, net were approximately HK\$89 million (2020: approximately HK\$40 million). The amount was mainly attributable to the fair value loss in financial assets and liabilities at FVTPL.

Administrative expenses

During the Period, the administrative expenses were approximately HK\$26 million (2020: approximately HK\$24 million), representing an increase of approximately 8%. Among the administrative expenses incurred during the Period, approximately HK\$4 million (2020: approximately HK\$5 million) was related to depreciation and non-cash in nature; while the remaining expenses of approximately HK\$22 million (2020: approximately HK\$19 million) were mainly related to staff costs of approximately HK\$11 million (2020: approximately HK\$12 million). The increase in administrative expenses was mainly arising from the construction machinery business.

Share of results of associates

During the Period, the share of results of associates of approximately HK\$21 million (2020: approximately HK\$31 million). The amount recognised was related to the operating results of an associate which owns intellectual properties in the PRC.

Share-based payment expenses

The expense of approximately HK\$4 million was related to the share awards granted to a Director and employees of the Company.

Finance costs

During the Period, the finance costs were approximately HK\$13 million (2020: approximately HK\$24 million), representing an decrease of approximately HK\$11 million. The decrease was mainly attributable to drop in interests relating to convertible note payables which were fully redeemed or converted and no interests were recorded during the Period.

Fair value loss on financial assets at FVTOCI

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

Name	Note	Percentage of shareholdings at 31 March 2021	Percentage of shareholdings at 30 September 2021	Fair value at 31 March 2021 HK\$'million	Fair value at 30 September 2021 HK\$'million	Fair value loss for the Period HK\$'million	Percentage of total assets of the Group at 30 September 2021
Oshidori International Holdings Limited	a	3.07%	1.27%	120	40	(14)	1%

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 2021, Oshidori recorded revenue of approximately HK\$152 million and total comprehensive income of approximately HK\$1,011 million.

The Group held 77,500,000 shares of Oshidori as at 30 September 2021 (31 March 2021: 187,500,000).

Liquidity, financial resources and capital structure

As at 30 September 2021, the Group’s current assets and current liabilities were approximately HK\$1,800 million (31 March 2021: approximately HK\$1,242 million) and HK\$699 million (31 March 2021: approximately HK\$425 million) respectively.

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

Gearing ratio and indebtedness

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

The capital structure (including its gearing ratio) as at 30 September 2021 and 31 March 2021 was as follows:

	30 September 2021 HK\$’million (unaudited)	31 March 2021 HK\$’million (audited)
Bank and other borrowings	530	329
Corporate note payables		
— at amortised cost	108	108
— at FVTPL	686	628
	<hr/>	<hr/>
Total borrowings	1,324	1,065
	<hr/>	<hr/>

	30 September 2021	31 March 2021
	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (audited)
Less: cash and cash equivalents pledged bank deposits	(176)	(107)
	<u>(5)</u>	<u>(5)</u>
Net debts	1,143	953
Total equity	1,922	1,724
	<u>3,065</u>	<u>2,677</u>
Total capital	3,065	2,677
	<u>37%</u>	<u>36%</u>
Gearing ratio	37%	36%

Except for the borrowings with aggregate amounts of approximately HK\$430 million which were carried at fixed interest rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 September 2021, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	156
United States Dollar (“US\$”)	14
Euro Dollar (“EUR”)	1
Japanese Yen (“JPY”)	5
	<u>176</u>

As at 30 September 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	2 years	3–5 years	Total
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
HK\$	615	15	8	638
	<u>615</u>	<u>15</u>	<u>8</u>	<u>638</u>

Charges on Group's assets

As at 30 September 2021, approximately 45% of the Group's borrowings and other borrowings are secured by (1) leasehold land and building; (2) corporate note receivable; (3) bank deposits; and (4) 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, lease liabilities 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\$, 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 lease liabilities 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 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 2021, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 30 September 2021, the Group had 137 staff (31 March 2021: 120).

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

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

INTERIM DIVIDEND

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had not made any material acquisition or disposal of subsidiaries and associated companies except for those disclosed in this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event which has taken place after the end of the Period and up to the date of this announcement.

BUSINESS PROSPECTS

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

Looking 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 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 to the Listing Rules, except for the deviations as described below.

Under the 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. 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. In the meantime, Mr. Fok Chi Tak, as the Chief Executive Officer of the Company, is responsible for operating the business of the Group and implement the Group’s strategies effectively.

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

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.

AUDIT COMMITTEE

The Company established an audit committee (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 2021, the Audit Committee comprises four independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan (appointed as chairman of the Audit Committee on 12 July 2021), 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. 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.

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.

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

Hong Kong, 26 November 2021

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