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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 2023**

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 2023 (the “**Year**”) together with the comparative figures for corresponding year ended 31 March 2022 (the “**Previous Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$’million</i>	2022 <i>HK\$’million</i>
Revenue	3	246	220
Cost of revenue		(164)	(144)
Gross profit		82	76
Other income	4	37	26
Other gain/(loss), net	5	76	(385)
Administrative expenses		(53)	(58)
Reversal/(provision of impairment loss) on financial assets (expected credit losses)		39	(13)
Share-based payment expenses		(3)	(7)
Share of results of associates		(45)	(17)
Share of results of a joint venture		–	1
Finance costs	6	(19)	(29)

	<i>Notes</i>	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Profit/(loss) before taxation	7	114	(406)
Income tax expense	8	<u>(6)</u>	<u>(6)</u>
Profit/(loss) for the year		<u>108</u>	<u>(412)</u>
Other comprehensive loss after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(23)	(16)
<i>Items that may be reclassified to profit or loss:</i>			
Share of associates' exchange differences on translating foreign operation		3	11
Exchange differences on translating foreign operations		<u>(16)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of tax		<u>(36)</u>	<u>(7)</u>
Total comprehensive income/(loss) for the year		<u>72</u>	<u>(419)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		108	(412)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>108</u>	<u>(412)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		72	(419)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>72</u>	<u>(419)</u>
Earnings/(loss) per share			
Basic (HK cents per share)	10	<u>1.42</u>	<u>(5.54)</u>
Diluted (HK cents per share)	10	<u>1.42</u>	<u>(5.54)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	2023 HK\$'million	2022 <i>HK\$'million</i>
Non-current assets			
Property, plant and equipment		205	199
Right-of-use assets		27	29
Intangible assets		5	5
Interests in associates		1,128	1,220
Financial assets at FVTOCI		345	42
Loan receivables	<i>11</i>	–	6
Finance lease receivables		–	2
Deferred tax assets		2	4
Corporate note receivable		42	–
Other receivables and deposits		4	10
		<hr/>	<hr/>
Total non-current assets		1,758	1,517
Current assets			
Inventories		1	5
Properties under development		352	368
Trade receivables	<i>12</i>	91	126
Other receivables, deposits and prepayments		43	74
Financial assets at fair value through profit or loss (“FVTPL”)		178	239
Loan receivables	<i>11</i>	45	53
Finance lease receivables		2	4
Corporate note receivables		360	358
Trusted and segregated bank accounts		554	96
Cash and cash equivalents		105	91
		<hr/>	<hr/>
Total current assets		1,731	1,414
		<hr/>	<hr/>
Total assets		3,489	2,931
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Current liabilities			
Lease liabilities		15	12
Bank and other borrowings	<i>13</i>	353	410
Trade payables	<i>14</i>	13	6
Other payables, deposits received and accruals		575	160
Income tax payables		12	9
Total current liabilities		968	597
Net current assets		763	817
Total assets less current liabilities		2,521	2,334
Non-current liabilities			
Lease liabilities		14	17
Deferred tax liabilities		24	24
Bank and other borrowings	<i>13</i>	41	31
Financial liabilities at FVTPL		578	629
Total non-current liabilities		657	701
NET ASSETS		1,864	1,633
EQUITY			
Share capital	<i>15</i>	76	76
Reserves		1,619	1,557
		1,695	1,633
Non-controlling interests		169	–
TOTAL EQUITY		1,864	1,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

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

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

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

3. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group has identified five (2022:five) reportable segments of its business:

- (i) **Rental and sale of construction machinery and spare parts business:** The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its construction machinery rental fleet in Hong Kong. The Group also sells construction machinery and spare parts in Hong Kong and Macau.
- (ii) **Provision of repair and maintenance and transportation service business:** The Group provides repair and maintenance service for construction machinery, in particular the crawler cranes, in Hong Kong. The Group also provides transportation services which include local container delivery, construction site delivery and heavy machinery transport in Hong Kong.
- (iii) **Money lending business:** The Group holds money lending licenses and offers mortgaged loan and personal loan businesses in Hong Kong.
- (iv) **Provision of asset management, securities brokerage and other financial service business:** The Group holds Securities Commission licenses for conducting type 1 (dealing in securities), 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 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/loss before taxation for the years ended 31 March 2023 and 2022 are as follows:

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

	2023					
	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 and other financial services <i>HK\$'million</i>	Property development <i>HK\$'million</i>	Total <i>HK\$'million</i>
Segment revenue						
External revenue	<u>225</u>	<u>8</u>	<u>3</u>	<u>10</u>	<u>-</u>	<u>246</u>
Segment results before the following items:	<u>70</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>-</u>	<u>98</u>
- Depreciation and amortisation	(32)	-	-	-	-	(32)
- Reversal of impairment losses on financial assets (expected credit losses)	5	-	19	4	-	28
- Interest income	-	-	-	1	-	1
- Finance costs	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Segment results	<u>40</u>	<u>9</u>	<u>28</u>	<u>15</u>	<u>-</u>	<u>92</u>
Unallocated:						
- Other income						30
- Other gains, net						71
- Administrative expenses						(26)
- Reversal of impairment losses on financial assets (expected credit losses)						11
- Share-based payment expenses						(3)
- Share of results of associates						(45)
- Finance costs						<u>(16)</u>
Profit before taxation						<u><u>114</u></u>

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

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	
	2023	2022	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Hong Kong	245	219	217	241
United Kingdom	-	-	22	-
The People's Republic of China (the "PRC")	-	-	1	93
Macau	1	1	-	-
Cambodia	-	-	1,127	1,127
	<u>246</u>	<u>220</u>	<u>1,367</u>	<u>1,461</u>

Note:

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

(d) **Information about major customers**

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

(e) **Revenue summary**

	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Revenue from contracts with customers (<i>note</i>):		
– Sale of construction machinery and spare parts	65	49
– Repair and maintenance and transportation service income	8	10
– Commission income generated from asset management, securities brokerage, commodities, futures and other financial services	6	9
	<u>79</u>	<u>68</u>
Revenue from other sources:		
– Rental income generated from construction machinery	160	128
– Interest income generated from money lending	3	17
– Interest income generated from margin financing	4	7
	<u>167</u>	<u>152</u>
	<u>246</u>	<u>220</u>

Note:

Disaggregated revenue from contract with customers

For the year ended 31 March 2023

	Sale of construction machinery and spare parts <i>HK\$'million</i>	Provision of repair and maintenance and transportation service <i>HK\$'million</i>	Provision of asset management, securities brokerage and other financial services <i>HK\$'million</i>	Total <i>HK\$'million</i>
Sale of construction machinery and spare parts	65	–	–	65
Repair and maintenance and transportation service income	–	8	–	8
Commission income generated from asset management, securities brokerage and other financial services	–	–	6	6
	<u>65</u>	<u>8</u>	<u>6</u>	<u>79</u>
Timing of revenue recognition				
At a point in time	65	–	6	71
Over time	–	8	–	8
	<u>65</u>	<u>8</u>	<u>6</u>	<u>79</u>

For the year ended 31 March 2022

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

4. OTHER INCOME

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Interest earned on:		
– corporate note receivables	23	17
– bank deposits	2	1
Government grant	1	–
Rental income	5	3
Others	6	5
	<u>37</u>	<u>26</u>

5. OTHER GAIN/(LOSS), NET

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Fair value gains/(losses) on:		
– financial assets at FVTPL	16	(397)
– financial liabilities at FVTPL	51	(1)
Gain on settlement of other receivables	–	12
Loss on disposal of a joint venture	–	(1)
Gain on disposal of a subsidiary	1	–
Gain on disposal of associates	1	–
Gain on disposal of property, plant and equipment	6	–
Foreign exchange gain	1	2
	<u>76</u>	<u>(385)</u>

6. FINANCE COSTS

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Interest expenses arising from:		
– bank and other borrowings	18	17
– corporate note payables	–	9
– lease liabilities	1	1
Exchange difference on borrowings	–	2
	<u>19</u>	<u>29</u>

7. PROFIT/(LOSS) FOR THE YEAR

This is stated at after charging the followings:

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Auditor's remuneration	1	1
Cost of inventories sold	58	44
Depreciation of:		
– property, plant and equipment	35	37
– right-of-use assets	12	10
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	58	62
– retirement benefit scheme contributions	1	2
– share-based payments	3	7
	<u>62</u>	<u>71</u>

8. INCOME TAX EXPENSE

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Current income tax		
– Current year		
– Hong Kong	5	3
– Over-provision in prior years	<u>(1)</u>	<u>–</u>
	4	3
Deferred tax	<u>2</u>	<u>3</u>
	<u><u>6</u></u>	<u><u>6</u></u>

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 March 2023 (2022: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2023	2022
Profit/(loss) for the year attributable to the owners of the Company (HK\$'million)	108	(412)
Weighted average number of ordinary shares in issue (million shares)	<u>7,586</u>	<u>7,437</u>
Basic earnings/(loss) per share (HK cents)	<u><u>1.42</u></u>	<u><u>(5.54)</u></u>

(b) Diluted

Note

Adjusted profit/(loss) for the year attributable to owners of the Company used to determine the diluted earnings/(loss) per share (HK\$ million)	108	(412)
Weighted average number of ordinary shares in issue (million shares)	<i>(i)</i> <u>7,622</u>	<u>7,437</u>
Diluted earnings/(loss) per share (HK cents)	<u><u>1.42</u></u>	<u><u>(5.54)</u></u>

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

	2023 <i>million shares</i>	2022 <i>million shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	7,586	7,437
Adjustment for:		
– Assumed exercise of share awards	36	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	7,622	7,437
	<hr/> <hr/>	<hr/> <hr/>

11. LOAN RECEIVABLES

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Non-current		
Secured fixed-rate loan receivables	–	8
Less: Allowance for expected credit losses	–	(2)
	<hr/>	<hr/>
	–	6
	<hr/>	<hr/>
Current		
Secured fixed-rate loan receivables	37	5
Unsecured fixed-rate loan receivables	25	92
Less: Allowance for expected credit losses	(17)	(44)
	<hr/>	<hr/>
	45	53
	<hr/>	<hr/>
	45	59
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE RECEIVABLES

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Trade receivables		
Rental income from construction machinery business	56	66
Securities brokerage	48	82
	104	148
Less: Allowance for expected credit losses	(13)	(22)
	91	126

Notes:

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

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

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

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

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
0–30 days	17	27
31–60 days	20	22
61–90 days	4	16
91–180 days	21	19
181–365 days	11	32
Over 365 days	31	32
	104	148

13. BANK AND OTHER BORROWINGS

	2023 <i>HK\$'million</i>	2022 <i>HK\$'million</i>
Bank borrowings	297	275
Loans from other financial institutions	7	8
Loan from a fellow subsidiary	–	28
Loans from a director of subsidiaries	–	40
Loan from a controlling shareholder	90	90
	<u>394</u>	<u>441</u>
Representing:		
Current	353	410
Non-current	41	31
	<u>394</u>	<u>441</u>
The borrowings are repayable as follows:		
On demand or within one year	353	410
Between 1 and 2 years	22	17
Between 2 and 5 years	19	14
	<u>394</u>	<u>441</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(353)</u>	<u>(410)</u>
Amount due for settlement after 12 months	<u>41</u>	<u>31</u>

Notes:

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

	2023	2022
Bank borrowings	5.34%	3.16%
Loans from other financial institutions	4.91%	3.88%
Loan from fellow subsidiaries	N/A	6.00%
Loans from a director of subsidiaries	N/A	3.00%
Loan from a controlling shareholder	–	–

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

	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Bank borrowings	12	221
Loans from other financial institutions	7	8
Loan from a fellow subsidiary	–	28
Loans from a director of subsidiaries	–	40
	<u>19</u>	<u>297</u>

Other borrowings except for loan from a controlling shareholder are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

- (c) The directors estimate the fair value of the Group's borrowings approximate the carrying value of the borrowings.
- (d) Bank and other borrowings of HK292 million (2022: HK\$265 million) are secured. As at 31 March 2023, the carrying amounts of financial and non-financial assets pledged as security for certain bank borrowings and loans from other financial institutions are as follows:

	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Property, plant and equipment	125	114
Corporate note receivables	360	358
	<u>485</u>	<u>472</u>

14. TRADE PAYABLES

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

	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Within 30 days	2	2
31 to 60 days	2	2
61 to 180 days	7	2
181 to 360 days	2	–
	<u>13</u>	<u>6</u>

15. SHARE CAPITAL

	Number of shares (<i>'million</i>)	<i>HK\$'million</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>20,000</u>	<u>200</u>
Issued and fully paid:		
As at 1 April 2021	6,659	67
Issue of award shares	33	1
Issue of consideration shares	<u>867</u>	<u>8</u>
As at 31 March 2022 and 1 April 2022	7,559	76
Issue of award shares	<u>33</u>	<u>–</u>
As at 31 March 2023	<u>7,592</u>	<u>76</u>

16. EVENTS AFTER THE REPORTING PERIOD

(1) Purchase of bonds

On 13 June 2023, True Well Limited, an indirect wholly owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of HK\$250,848,000.

(2) Disposal of associates

On 26 June 2023, Victor Ocean Developments Limited, an indirect wholly owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Lion Run Holdings Limited, an associate of the Group, at a consideration of HK\$1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Over the past few years, we have seen a period of intense crisis of survival for many enterprises in Hong Kong and much of the rest of the world. They had to improve, re-assess and re-position themselves to do business amidst the challenges of the post-COVID Era, geopolitical tensions, military occupation, supply chain disruptions, high interest and inflation rate, and other upheavals that were rarely encountered in recent history. 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 and additional demands from government infrastructure projects, such as Mobile Cabin Hospital (方艙醫院) and the 3rd runway system of the Hong Kong International Airport, the Group managed to record an increase in the (i) sales of construction machinery and spare parts because of increases in sales of brand new crawler cranes due to increase in demand for replacement with environmentally friendly construction machinery, and (ii) rental income generated from construction machinery during the Year. The occupancy rate for the rental machineries kept at approximately 90%.

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

Construction machinery business

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

The Group has maintained approximately 175 units of construction machinery in the rental fleet during the Year. In order to maintain a modern fleet of construction machinery with a greater variety of models, the Group has been replacing portions of its fleet of construction machinery from time to time. The Board will continue to monitor the daily operations and review the expansion plan of the rental fleet and the capital requirements of the Group regularly. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and prevailing market conditions if necessary. To satisfy customers' needs, the Group also sells spare parts for maintenance purposes or upon request.

Financial services business

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

The revenue for the Year of the financial services business (including provision of asset management, securities brokerage, and other financial services) was approximately HK\$10 million (2022: approximately HK\$16 million), represented approximately 4% (2022: approximately 7%) of the total revenue of the Group and a segment profit of approximately HK\$15 million (2022: approximately HK\$10 million). The decrease in revenue was mainly due to decrease in the value and volume of transactions in securities brokerage.

In the course of preparing the financial statements for the Year, the Company had reviewed the recoverable amount of the trading right of the business carrying on the regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) as defined under the SFO. During the Year, no impairment loss (2022: nil) on the trading right was recognised.

Money lending business

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

a) The size and diversity and sources of its clients, and source of funding of the money lending business

As at 31 March 2023, the Group had loans receivable with carrying amount of approximately HK\$45 million (2022: HK\$59 million). A total of approximately HK\$71 million of the loan receivables and interest income receivables was received from borrowers during the Year. The Group recorded interest income from loans receivable of approximately HK\$3 million for the Year (2022: HK\$17 million). During the Year, the Group granted two (2022: Nil) new loans to individual independent third parties with a total carrying amount of approximately HK\$31 million.

As at 31 March 2023, there are a total number of 4 borrowers (2 individuals and 2 corporations) under the Company's Loan portfolio. The Company provides its mortgage financing service to individual and corporation clients of different backgrounds, including home owners and investment holding company, who are referred to it by sales executives. The source of funds for the money lending business is funded by the internal resources of the Group.

As at 31 March 2023, two loans with amount of approximately HK\$13 million were overdue, all of which were supported by personal guarantee and/or collateral, interest rate ranging from 12% to 13% per annum. A total of 2 cases with amount of approximately HK\$13 million were under legal proceedings (including assets under public auctions).

As at 31 March 2023, the carrying amount of outstanding loans receivable from the five largest borrowers of the Group totalled HK\$45 million (representing 100% to the total loans receivable of the Group) while the carrying amount of outstanding loans receivable from the largest borrower amounted to HK\$32 million (representing 71% to the total loans receivable of the Group).

b) Credit risk assessment policy

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

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

The Company's money lending business offers both secured and unsecured loans to borrowers comprising individuals and corporations. The Company has adopted a credit risk policy and put in place loan approval procedures to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals, assessment of the use of proceeds and the source of repayment. Details of such policy and procedures are all consolidated in an Internal Control Manual which governs the operations of our money lending business and relevant staff are required to abide by in conducting their behaviours and delivering their target performance. In granting loans to clients, documents such as loan application, proof of identity, employer/income verification, proof of address and any relevant credit reports of potential borrowers. The scope of money lending services provided by the money lending business generally includes personal loans, business loans on general working capital. The Company tries to diversify the loan portfolio by providing to different borrowers to lower the concentration risk. The Company does not have preference for specific types of borrowers for loan acceptance (e.g. job/business nature of borrower). The credit risk assessment was made in case-by-case basis and the Company generally looks at the 5 Cs in assessment of credit risk of borrowers, the 5 Cs are credit history, capacity to repay, capital, the loan's condition and associated collaterals. These includes but not limited to reviewing the financials of borrowers, considering the borrower's repayment history and evaluating whether the borrowers are in bankruptcy, receivership or liquidation. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan vary and is determined by factors such as background and credibility of borrowers, their business plans and present and projected operation performance, the collateral security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing borrowers and previous borrowers). The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

c) *Key internal controls*

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

Credit approval before granting loans to potential borrowers, the Company performs credit assessment process to assess the potential borrowers' credit quality individually, such as their identity and background, assessment on their creditability, financial background of the borrowers (again, factors such as background and credibility of borrowers, their business plans and present and projected operation performance, the collateral security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing clients) are considered), as well as the value and characteristics of the collaterals to be pledged. The loan proposals will be prepared by the designated loan officer and review by risk management department of money lending business on case specific issues in relation to the factors described above to determine if they have been thoroughly considered. Risk management department of money lending business will discuss each case back and forth with loan officer to fine tune its loan proposal and risk management department will make official comments on the submission draft. The loan proposal together with the comments from risk management department will then be sent to the approver(s), who are Director(s) designated with such role and function for approval through physical meeting or emails. Approver(s) may also comment, add pre-conditions and improve the terms and conditions during this process. The relevant department head(s) and approver(s) will sign off the proposals once approval is obtained for proper record.

The Company has the designated loan officer to closely monitor its loan portfolio, include regular communication with the borrowers of their financial position together with other measure such as monthly assessment of valuation of collateral (if any), repayment track record of borrower(s), change of profile of borrower(s) (such as change of employment and if there is additional liabilities on the part of the borrower(s), through which the Company will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. Also, risk management department, which comprised of officers with background in finance, auditing and experience in money lending business will review the risk level of each of the loans on a daily basis and report to the senior management which includes Chief Executive Officer, Financial Controller and the Board in some cases regularly on their recommendation. From time to time, risk management department of the money lending business will alert the senior management on certain events (e.g. failed repayment) and advise the Company to take appropriate actions. The accounts department of the money lending business will also keep track of the repayment schedule constantly and make alerts to senior management, the Financial Controller and Chief Executive Officer in case of failed or late repayment.

d) *Recoverability and collection*

At each month end, the designated loan officer will check if there is overdue balances or late payment and risk management department as described above will perform an independent review on the loans portfolio and closely monitor the status and report to the senior management. Usually there would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Company could recover the most in a timely fashion. Means like phone calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Reminder letter and statutory demand letter will be issued to the borrower when considered appropriate if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Actions in seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Company will also petition to the court for winding-up of the borrower and/or guarantor. Again, the recovery and collection decisions and processes are included in the monthly risk management report to the senior management.

The Director who operates and oversees the money lending business have vast experiences and knowledge in the industry. The risk management department which includes a senior financial management of the Company's money lending business and holds a bachelor's degree in Business and an Associated Degree in Psychology, and has more than 15 years' experience in the money lending industry. The Company's management team, which includes the chief executive officer, chief financial officer of the Company and the Company's financial controller and the company secretary, also possesses over 10 years of experience in the corporate and banking industry and the field of accounting and auditing. Additionally, most of the Board members also possess extensive experience in corporate financing, investments and banking and financial advisory services.

e) *Compliance with Chapter 14 and/or 14A of the Listing Rules and Money Lenders Ordinance*

Our Group is required to and has, at all times, strictly complied with all relevant laws and regulations. The Company has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted or extended the loans to each of the respective borrower whose loan was still outstanding as at 31 March 2023.

In addition to the Listing Rules, the Money Lenders Ordinance constituted a major governance on our Group's money lending business in Hong Kong. During the Year, we did not receive any objection from and was not investigated by the Registrar of Money Lenders (presently performed by the Registrar of Companies) nor the Commissioner of Police regarding the renewal of the money lenders license.

f) Amount of loan receivables secured by pledge of collaterals and guarantees, and nature of the collaterals

	31 March 2023 HK\$'million	31 March 2022 HK\$'million
Hong Kong money lending business		
– Secured only by shares and properties	3	10
– Secured only by personal guarantees	9	16
– Secured only by receivables and properties and personal guarantees	32	33
– Unsecured and no guarantee	1	–
	<u>45</u>	<u>59</u>

g) Maturity profile of loan receivables

	31 March 2023 HK\$'million	31 March 2022 HK\$'million
Hong Kong money lending business		
Due within 1 year	45	53
Due over 5 years	–	6
	<u>45</u>	<u>59</u>

h) Mortgage loan and personal loan interest rate

The mortgage loan interest rate is 12% per annum (2022: ranging from 12% to 18% per annum). The personal loan interest rate is ranging from 10% to 16% per annum (2022: 10% to 16% per annum).

i) Reasons for the movements in provision of impairment loss in the year

The reversal of provision for expected credit loss of loans receivables recognised in the consolidated statement of profit and loss for year ended 31 March 2023 are HK\$26 million (2022: provision of HK\$1 million). The reversed of provision was because of the loans and interest of approximately HK\$71 million recovered during the Year.

The Company adopted the requirements in respect of ECL assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. The details of the accounting policies in respect of the impairment assessment of financial assets are set out in the Annual Report. The Company has taken into account the following factors on the impairment assessment for the outstanding loans and unlisted debt securities due from the connected parties and independent third parties in accordance with the HKFRS 9: (i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Company will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account; (ii) the loss given default and the expected cash shortfall between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. The Company will consider the value of the collaterals pledged for the loans, if any; and (iii) forward-looking market data such as gross domestic product will also impact on the recoverability of the loans. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

As at 31 March 2023, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "loans receivable ECL"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group's internal assessment of the debtors' credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of loans receivable ECL ranged from 3% to 61% (2022: 18% to 55%) depending on the nature, probability of default and loss of the loans receivable.

Property development business

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

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

FINANCIAL REVIEW

The Group recorded a profit of approximately HK\$108 million for the Year (2022: Loss at approximately HK\$412 million).

Revenue

During the Year, the total revenue of approximately HK\$246 million for the Year (2022: approximately HK\$220 million).

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

During the Year, the sales of construction machinery and spare parts, rental income generated from construction machinery and repair and maintenance and transportation service income were approximately HK\$65 million (2022: approximately HK\$49 million), approximately HK\$160 million (2022: approximately HK\$128 million) and approximately HK\$8 million (2022: approximately HK\$10 million), respectively. The increase in revenue for sales of construction machinery and spare parts was mainly attributable to the increase in sales of brand new crawler cranes due to increase in demand for replacement with environmental friendly construction machinery. The increase in rental income was mainly attributable to the increased in government projects, such as Mobile Cabin Hospital (方艙醫院) and the 3rd runway system of the Hong Kong International Airport.

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

During the Year, the total revenue from money lending, asset management, securities brokerage and other financial services were approximately HK\$13 million (2022: approximately 33 million), decreased by approximately HK\$20 million, or approximately 60%. Such decrease was mainly attributable to the decrease in loans receivables.

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

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

Name/(Stock Code)	Number of	Percentage	Number of	Percentage of	Fair value		Fair value	Percentage
	shares	of	shares	shareholdings	gains/	Percentage	of total	of total
	held at	shareholdings	held at	at	(losses) for	of assets of	assets of	of total
	31 March	at	31 March	31 March	the Year at	the Group at	the Group at	31 March
	2022	31 March	2023	2023	31 March	31 March	31 March	2023
		2022			2023	2023	2023	2023
				(note 1)	HK\$'million	HK\$'million	HK\$'million	
Shandong Hi-Speed Holdings Group Limited (Formerly China Shandong Hi-Speed Financial Group Limited) (412) (note 2)	6,000	0.00%	1,500	0.00%	-	-	-	-
Alliance International Education Leasing Holdings Limited (Formerly International Alliance Financing Leasing Company Limited) (1563) (note 3)	26,642,336	1.78%	26,642,336	1.58%	88	133	46	3.81%
Wealthking Investments Limited (1140)	-	-	1,980,000	0.02%	-	1	-	0.03%
HT Riverwood Multi-Growth Fund (note 4)	N/A	N/A	N/A	N/A	44	-	1	0.00%
Tisé Equity SP-1 (note 5)	N/A	N/A	N/A	N/A	59	29	(30)	0.83%
Unlisted debt instrument	N/A	N/A	N/A	N/A	20	15	(3)	0.43%
Convertible note receivable	N/A	N/A	N/A	N/A	28	-	2	0.00%
					<u>239</u>	<u>178</u>	<u>16</u>	<u>5.10%</u>

Notes:

1. 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 2023 of the issuers publicly available on the website of the Stock Exchange.
2. China Shandong Hi-Speed Financial Group Limited changed its name to Shandong Hi-Speed Holdings Group Limited with effective from 15 July 2022. And there was a share consolidation for 4 old shares into 1 new share will effective from 29 July 2022.

As at 31 March 2022, the Company held 6,000 shares of Shandong HiSpeed Holdings Group Limited (formerly China Shandong Hi-Speed Financial Group Limited) and the same shares are consolidated into 1,500 new shares on 29 July 2022.

3. Alliance International Education Leasing Holdings Limited (Formerly International Alliance Financing Leasing Company Limited) (“Alliance International”) changed its name on 14 February 2023 and were principally engaged in offering finance lease service and provide higher education services.

Pursuant to Alliance International’s annual report for the year ended 31 December 2022, Alliance International recorded revenue of approximately RMB369 million and total comprehensive income of approximately RMB372 million.

The Group held 26,642,336 shares of Alliance International as at 31 March 2023 (2022: 26,642,336).

4. HT Riverwood Multi-Growth Fund (formerly known as Riverwood MultiGrowth Fund) (“**Riverwood**”) mainly invests in listed equities of companies located in the Greater China Region (which includes Mainland China, Hong Kong, Macau and Taiwan) or deriving income and/or assets from the Greater China Region. Riverwood may invest in Exchange-Traded Funds (ETFs), U.S. Treasury securities and derivative products.
5. Tisé Equity SP-1 is a segregated portfolio of Tisé Opportunities SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands in March 2021, with an investment objective to provide its investors with long-term capital appreciation.

During the Year, in relation to fair value gain in financial asset at FVTPL of approximately HK\$16 million, a HK\$30 million of fair value loss was related to Tisé Opportunities SPC.

For the investment in Tisé Opportunities SPC, the Company had engaged an independent qualified valuer to determine its fair value, which is primarily making reference to the information available in the market. During the Year, a fair value loss of HK\$30 million was recognised.

Other gains, net

During the Year, other gains, net were approximately HK\$76 million (2022: other losses, net of approximately HK\$385 million). Such change was mainly attributable to gain in fair value change of financial asset at FVTPL of approximately HK\$16 million and financial liabilities at FVTPL of approximately HK\$51 million.

During the Year, in relation to fair value gain of financial asset at FVTPL of approximately HK\$16 million, a total of HK\$30 million loss was related to investments in equity funds.

Administrative expenses

During the Year, the administrative expenses were approximately HK\$53 million (2022: approximately HK\$58 million), representing a decrease of approximately 9% as compared with the Previous Year. Among the administrative expenses incurred during the Year, approximately HK\$13 million (2022: approximately HK\$11 million) was related to depreciation and non-cash in nature, and staff costs of approximately HK\$20 million (2022: approximately HK\$22 million).

Reversal of provision for expected credit loss of financial assets

An reversal of provision for expected credit loss of approximately HK\$39 million (2022: provision of approximately HK\$13 million) were recognised during the Year. It was mainly attributable to the loan receivables recovered during the year. In the Previous Year, 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 loss of associates of approximately HK\$45 million (2022: approximately HK\$17 million, loss).

Share-based payment expenses

Share-based payment expenses of approximately HK\$3 million (2022: approximately HK\$7 million) was related to the share awards and emolument shares granted to certain Directors and employees.

Finance costs

During the Year, the finance costs were approximately HK\$19 million (2022: approximately HK\$29 million), representing a decrease of approximately HK\$10 million as compared with the Previous Year.

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

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

Name	Note	Percentage of shareholdings at 31 March 2022	Percentage of shareholdings at 31 March 2023	Fair value at 31 March 2022 HK\$'million	Fair value at 31 March 2023 HK\$'million	Fair value gains/(losses) for the Year HK\$'million	Percentage of total assets of the Group at 31 March 2023
Oshidori International Holdings Limited (622)	<i>a</i>	1.27%	1.27%	39	20	(19)	0.57%
Aceso Life Science Group Limited (474)	<i>b</i>	0.74%	1.46%	3	19	7	0.54%
China Pearl Global Limited	<i>c</i>	N/A	6.00%	-	255	-	7.31%
Tonsin Petrochemical Investment Limited	<i>d</i>	N/A	16.65%	-	41	(9)	1.18%
Empire Victory Hong Kong Limited	<i>e</i>	N/A	4.11%	-	10	(2)	0.29%
				<u>42</u>	<u>345</u>	<u>(23)</u>	<u>9.89%</u>

Notes:

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

Pursuant to Oshidori’s annual report for the year ended 31 December 2022, Oshidori recorded a revenue of approximately HK\$109 million and a total comprehensive loss of approximately HK\$482 million.

The Group held 77,500,000 shares of Oshidori as at 31 March 2023 (2022: 77,500,000).

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

Pursuant to ALS annual results for the year ended 31 March 2023, ALS recorded a revenue of approximately HK\$312 million and a total comprehensive loss of approximately HK\$402 million.

The Group held 107,550,000 shares of ALS as at 31 March 2023 (2022: 54,570,000).

- c. China Pearl Global Limited (“**CPG**”) through its wholly owned subsidiary hold a shopping mall in the Quanzhou, Fujian Province, the People’s Republic of China with approximately 97,000 square meters (available lease out area over 65,000 square meters) and 1,089 car parks, and it lease out the complex to lessor and provides property management services to the shopping mall.

The Group acquired 6% of CPG during the Year at a consideration of HK\$255 million and completion took place on 7 November 2022.

- d. Tonsin Petrochemical Investment Limited principally engaged in the development of EcoPark in the South-East Asia which focus on waste management and recycling industry with advanced technologies and value added processes.
- e. Empire Victory Hong Kong Limited principally engaged in the provision of trading in petroleum and aluminium products.

Liquidity, financial resources and capital structure

As at 31 March 2023, the Group’s current assets and current liabilities were approximately HK\$1,731 million (31 March 2022: approximately HK\$1,414 million) and HK\$968 million (31 March 2022: approximately HK\$597 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 2023 and 31 March 2022 was as follows:

	31 March 2023	31 March 2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
	(audited)	(audited)
Bank and other borrowings	394	441
Corporate note payables – at FVTPL	578	629
Total borrowings	972	1,070
Less: cash and cash equivalents	(105)	(91)
Net debts	867	979
Total equity	1,864	1,633
Total capital	2,731	2,612
Gearing ratio	32%	37%

The borrowings with aggregate amounts of approximately HK\$19 million were carried at fixed interest rates, approximately HK\$285 million were carried at floating interest rates and the remaining borrowings of the Group at HK\$90 million is interest free.

As at 31 March 2023, cash and cash equivalents were denominated in the following currencies:

	<i>HK\$'million</i>
HK\$	77
US\$	15
JPY	11
EUR	1
GBP	1
	<u>105</u>

As at 31 March 2023, the maturity and currency profile for the Group's bank and other borrowings at amortised cost are set out as follows:

	Within 1 year	2nd year	3–5 years	Total
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
HK\$	<u>353</u>	<u>22</u>	<u>19</u>	<u>394</u>

Charges on Group's assets

As at 31 March 2023, approximately 74% (2022: approximately 60%) of the Group's borrowings and other borrowings are secured by (1) corporate note receivable; and (2) property, machinery and motor vehicles.

Interest rate risk

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

Currency risk

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

Credit risk and liquidity risk

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

Risk management

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

Major post-balance sheet date events

Major post-balance sheet events are as follows:

1. On 13 June 2022, True Well Limited, an indirect wholly owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Ltd. for a bond purchase at the consideration of approximately HK\$250,848,000.
2. On 26 June 2023, Victor Ocean Development Limited, an indirect wholly owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Lion Run Holdings Limited, an associate of the Group, at a consideration of HK\$1 million.

Subsequent to the end of the Year and up to the date of this report, there was no other significant or important event that affects the business of the Group.

Contingent liabilities

As at 31 March 2023 and 2022, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 31 March 2023, the Group had 117 staffs (31 March 2022: 127). 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 (2022: Nil).

MATERIAL TRANSACTIONS IN THE YEAR

Material transactions in the year are as follows:

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

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

2. On 22 June 2022, True Well Limited, an indirect wholly owned subsidiary of the Company, executed an order with Shanghai Commercial Bank Limited for a bond purchase at the consideration of approximately US\$45 million (equivalent to approximately HK\$355 million).
3. On 23 June 2022, Victor Ocean Developments Limited, an indirect wholly-owned subsidiary of the Company, executed an agreement for the disposal of 49% equity interest in Triple Blessing International Limited, an associate of the Group at a consideration of HK\$44 million
4. On 19 July 2022, Glory Century Limited, an indirect wholly owned subsidiary of the Company, received a statement confirming that the redemption of 126,068.186 Participating Shares in HT Riverwood Multi-Growth Fund (formerly Riverwood Multi-Growth Fund) at the aggregate redemption price of approximately US\$5.8 million (equivalent to approximately HK\$45 million) on 4 July 2022.
5. On 28 October 2022, Novel Advice Limited, a direct wholly-owned subsidiary of the Company, executed an agreement for the acquisition of 6% equity interest in China Pearl Global Limited, at a consideration of HK\$255 million. And the acquisition was completed on 7 November 2022.

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

BUSINESS PROSPECTS

The past year was full of opportunities and challenges. The impact caused by geopolitical tensions, military occupation, supply chain disruptions, travel restrictions, high interest and inflation rate 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.

The Management also recognised the growing global demand in natural resources. The Group has put in additional resources in search of investment prospect and opportunities in natural resources related projects around the world. Potential projects have been identified both in the People's Republic of China, South East Asia and Africa. More information will be disclosed to Shareholders in company announcement(s) at suitable juncture.

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

Money lending and financial services business

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

Property development business

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF AUDITOR

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

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) 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, 28 June 2023

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); one non-executive Director, namely Mr. Xu Lin; 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.