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 2024

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 2024 (the "**Year**") together with the comparative figures for corresponding year ended 31 March 2023 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	**2024** *HK$'million*	2023 *HK$'million*
Revenue	*3*	**173**	246
Cost of revenue		**(109)**	(164)
Gross profit		**64**	82
Other income		**43**	37
Other (losses)/gains, net		**(174)**	76
Administrative expenses		**(58)**	(53)
(Provision)/reversal of provision of impairment loss on financial assets (expected credit losses)		**(37)**	39
Fair value loss of investment properties		**(1)**	–
Share-based payment expenses		**–**	(3)
Share of results of associates		**(325)**	(45)
Finance costs		**(20)**	(19)

	Note	**2024** **_HK$'million_**	2023 _HK$'million_
(Loss)/profit before taxation	_4_	**(508)**	114
Income tax expense	_5_	**(4)**	(6)
(Loss)/profit for the year		**(512)**	108
Other comprehensive (expenses)/income after tax:			
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(87)**	(23)
Items that may be reclassified to profit or loss:			
Share of associates' exchange differences on translating foreign operation		**(4)**	3
Exchange differences on translating foreign operations		**(25)**	(16)
Other comprehensive expenses for the year, net of tax		**(116)**	(36)
Total comprehensive (expenses)/income for the year		**(628)**	72
(Loss)/profit for the year attributable to:			
Owners of the Company		**(463)**	108
Non-controlling interests		**(49)**	–
		(512)	108
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(579)**	72
Non-controlling interests		**(49)**	–
		(628)	72
(Loss)/earnings per share			
Basic (HK cents per share)	_7_	**(6.08)**	1.42
Diluted (HK cents per share)	_7_	**(6.08)**	1.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	**2024** **HK$'million**	2023 HK$'million
Non-current assets			
Property, plant and equipment		**192**	205
Right-of-use assets		**18**	27
Investment properties		**7**	–
Intangible assets		**5**	5
Interests in associates		**798**	1,128
Financial assets at FVTOCI		**258**	345
Deferred tax assets		**1**	2
Properties for development		**326**	352
Other receivables and deposits		**9**	4
Other financial asset		**1**	–
Corporate note receivable		**–**	42
Total non-current assets		**1,615**	2,110
Current assets			
Inventories		**1**	1
Trade receivables	*9*	**185**	91
Other receivables, deposits and prepayments		**37**	43
Financial assets at fair value through profit or loss ("**FVTPL**")		**13**	178
Loan receivables	*8*	**20**	45
Finance lease receivables		**1**	2
Corporate note receivables		**412**	360
Trusted and segregated bank accounts		**4**	554
Cash and cash equivalents		**100**	105
Total current assets		**773**	1,379
Total assets		**2,388**	3,489

	Notes	**2024** ***HK$'million***	2023 *HK$'million*
Current liabilities			
Lease liabilities		**10**	15
Bank and other borrowings	*10*	**293**	263
Trade payables	*11*	**6**	13
Other payables, deposits received and accruals		**240**	665
Income tax payables		**5**	12
Total current liabilities		**554**	968
Net current assets		**219**	411
Total assets less current liabilities		**1,834**	2,521
Non-current liabilities			
Lease liabilities		**9**	14
Deferred tax liabilities		**22**	24
Bank and other borrowings	*10*	**28**	41
Financial liabilities at FVTPL		**539**	578
Total non-current liabilities		**598**	657
NET ASSETS		**1,236**	1,864
EQUITY			
Share capital	*12*	**76**	76
Reserves		**1,040**	1,619
		1,116	1,695
Non-controlling interests		**120**	169
TOTAL EQUITY		**1,236**	1,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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. In the opinion of the directors of the Company, the immediate and ultimate holding company of the 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 intermediate holding company of the Company is Aceso Life Science Group Limited with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and the ultimate controlling shareholder of the Company 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.

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 services; (vi) property development and (vii) money lending.

These consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), which is also the functional currency of the Company and rounded to the nearest million ("**million**"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICY

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in current year has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenant[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

Information reported to the board of directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

(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 and Future 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 for development in Malaysia through a subsidiary.

(b) Segment profit or loss

There were no intersegment sales during the years. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The segment profit or loss for the reportable segments provided to the CODM and reconciliation to profit/loss before taxation for the years ended 31 March 2024 and 2023 are as follows:

	2024					
	Rental and sale of construction machinery and spare parts *HK$'million*	Provision of repair and maintenance and transportation service *HK$'million*	Money lending *HK$'million*	Provision of asset management, securities brokerage and other financial services *HK$'million*	Property development *HK$'million*	Total *HK$'million*
Segment revenue						
External revenue	157	6	3	7	–	173
Segment results before the following items:	59	3	3	3	–	68
– Depreciation	(28)	(1)	–	–	–	(29)
– Impairment losses on financial assets (expected credit losses)	–	–	(35)	(2)	–	(37)
– Interest income	1	–	–	4	–	5
– Finance costs	(4)	–	–	–	–	(4)
Segment results	28	2	(32)	5	–	3
Unallocated:						
– Other income						38
– Other losses, net						(174)
– Administrative expenses						(17)
– Depreciation						(16)
– Fair value loss of investment properties						(1)
– Share of results of associates						(325)
– Finance costs						(16)
Loss before taxation						(508)

	2023					
	Rental and sale of construction machinery and spare parts *HK$'million*	Provision of repair and maintenance and transportation service *HK$'million*	Money lending *HK$'million*	Provision of asset management, securities brokerage, and other financial services *HK$'million*	Property development *HK$'million*	Total *HK$'million*
Segment revenue						
External revenue	225	8	3	10	–	246
Segment results before the following items:	70	9	9	10	–	98
– Depreciation	(32)	–	–	–	–	(32)
– Reversal of impairment losses on financial assets (expected credit losses)	5	–	19	4	–	28
– Interest income	–	–	–	1	–	1
– Finance costs	(3)	–	–	–	–	(3)
Segment results	40	9	28	15	–	92
Unallocated:						
– Other income						36
– Other gains, net						76
– Administrative expenses						(22)
– Depreciation						(15)
– Reversal of impairment losses on financial assets (expected credit losses)						11
– Share-based payment expenses						(3)
– Share of results of associates						(45)
– Finance costs						(16)
Profit before taxation						114

(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 For the year ended 31 March		Non-current assets As at 31 March	
	2024	2023	**2024**	2023
	HK$'million	*HK$'million*	***HK$'million***	*HK$'million*
Hong Kong	**173**	245	**210**	217
United Kingdom	**–**	–	**21**	22
The People's Republic of China	**–**	–	**–**	1
Macau	**–**	1	**–**	–
Malaysia	**–**	–	**326**	352
Cambodia	**–**	–	**798**	1,127
	173	246	**1,355**	1,719

(d) Information about major customers

There is no external customers which contributed over 10% of the total revenue of the Group for the years ended 31 March 2024 and 2023.

(e) Revenue summary

Disaggregated revenue from contract with customers

For the year ended 31 March 2024

	Rental and sale of construction machinery and spare parts *HK$'million*	Provision of repair and maintenance and transportation service *HK$'million*	Money lending *HK$'million*	Provision of asset management, securities brokerage and other financial services *HK$'million*	Total *HK$'million*
Sale of construction machinery and spare parts	21	–	–	–	21
Repair and maintenance and transportation service income	–	6	–	–	6
Commission income generated from asset management, securities brokerage and other financial services	–	–	–	1	1
Rental of construction machinery	136	–	–	–	136
Interest income from money lending	–	–	3	–	3
Interest income from margin financing	–	–	–	6	6
	157	6	3	7	173
Timing of revenue recognition					
At a point in time	21	–	–	1	22
Over time	136	6	3	6	151
Total	157	6	3	7	173

For the year ended 31 March 2023

	Rental and sale of construction machinery and spare parts *HK$'million*	Provision of repair and maintenance and transportation service *HK$'million*	Money lending *HK$'million*	Provision of asset management, securities brokerage and other financial services *HK$'million*	Total *HK$'million*
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
Rental of contruction machinery	160	–	–	–	160
Interest income from money lending	–	–	3	–	3
Interest income from margin financing	–	–	–	4	4
	225	8	3	10	246
Timing of revenue recognition					
At a point in time	65	–	–	6	71
Over time	160	8	3	4	175
Total	225	8	3	10	246

4. (LOSS)/PROFIT BEFORE TAXATION

This is stated at after charging the followings:

	2024	2023
	HK$'million	*HK$'million*
Auditor's remuneration	**1**	1
Cost of inventories sold (included in cost of revenue)	**20**	58
Depreciation of property, plant and equipment	**32**	35
Depreciation of right-of-use assets	**13**	12
Total depreciation	**45**	47
Less: depreciation of property, plant and equipment included in cost of revenue	**(29)**	(32)
	16	15
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	**55**	58
– retirement benefit scheme contributions	**1**	1
– share-based payments	**–**	3
Total staff costs	**56**	62
Less: staff costs included in cost of revenue	**(39)**	(42)
	17	20

5. INCOME TAX EXPENSE

	2024	2023
	HK$'million	*HK$'million*
Current income tax		
– Current year		
– Hong Kong	**6**	5
– Over-provision in prior years	**(1)**	(1)
	5	4
Deferred tax	**(1)**	2
	4	6

6. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 March 2024 (2023: Nil).

7. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2024	2023
(Loss)/profit for the year attributable to the owners of the Company (HK$'million)	**(463)**	108
Weighted average number of ordinary shares in issue (million shares)	**7,614**	7,586
Basic (loss)/earnings per share (HK cents)	**(6.08)**	1.42

(b) Diluted

	Note		
Adjusted (loss)/profit for the year attributable to owners of the Company used to determine the diluted (loss)/earnings per share (HK$ million)		**(463)**	108
Weighted average number of ordinary shares in issue (million shares)	*(i)*	**7,614**	7,614
Diluted (loss)/earnings per share (HK cents)		**(6.08)**	1.42

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

	2024	2023
	million shares	*million shares*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**7,614**	7,586
Adjustment for:		
– Assumed exercise of share awards	**–**	28
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**7,614**	7,614

For the year ended 31 March 2024, there were no dilutive potential ordinary shares in issue.

8. LOAN RECEIVABLES

	2024	2023
	HK$'million	*HK$'million*
Secured fixed-rate loan receivables	**37**	37
Unsecured fixed-rate loan receivables	**25**	25
Less: Allowance for expected credit losses	**(42)**	(17)
	20	45

9. TRADE RECEIVABLES

	2024	2023
	HK$'million	*HK$'million*
Trade receivables		
Rental income from construction machinery business	**48**	56
Less: Allowance for expected credit losses	**(12)**	(12)
	36	44
Securities brokerage	**150**	48
Less: Allowance for expected credit losses	**(1)**	(1)
	149	47
	185	91

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.

Trade receivables from cash and margin clients arising from securities brokerage business are repayable on demand subsequent to settlement date. The margin clients of the securities brokerage business are required to pledge their investments to the Group for credit facilities for securities trading.

(b) The aging analysis by invoice date of trade receivables from rental income from construction machinery business before allowance for expected credit losses is as follows:

	2024	2023
	HK$'million	*HK$'million*
0–30 days	**13**	12
31–60 days	**19**	18
61–90 days	**1**	4
91–180 days	**4**	11
181–365 days	**4**	9
Over 365 days	**7**	2
	48	56

The aging analysis by settlement date of trade receivables from securities brokerage before allowance for expected credit losses is as follows:

	2024	2023
	HK$'million	*HK$'million*
0–30 days	**11**	5
31–60 days	**39**	2
61–90 days	**30**	–
91–180 days	**2**	10
181–365 days	**23**	1
Over 365 days	**45**	30
	150	48

10. BANK AND OTHER BORROWINGS

	2024	2023
	HK$'million	*HK$'million*
Bank borrowings	**318**	297
Loans from other financial institutions	**3**	7
	321	304
Representing:		
Current	**293**	263
Non-current	**28**	41
	321	304
The borrowings are repayable as follows:		
On demand or within one year	**293**	263
Between 1 and 2 years	**21**	22
Between 2 and 5 years	**7**	19
	321	304
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(293)**	(263)
Amount due for settlement after 12 months	**28**	41

Notes:

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

	2024	2023
Bank borrowings	**5.37%**	5.34%
Loans from other financial institutions	**3.88%**	4.91%

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

	2024	2023
	HK$'million	*HK$'million*
Bank borrowings	**10**	12
Loans from other financial institution	**3**	7
	13	19

(c) The directors estimate the fair values of the Group's borrowings approximate the carrying values of the borrowings.

(d) Bank and other borrowings of HK$274 million (2023: HK$292 million) are secured. As at 31 March 2024, 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:

	2024	2023
	HK$'million	*HK$'million*
Property, plant and equipment	**106**	125
Investment properties	**7**	–
Corporate note receivables	**361**	361
Total assets pledged as security	**474**	486

11. TRADE PAYABLES

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

	2024	2023
	HK$'million	*HK$'million*
Within 30 days	**2**	2
31 to 60 days	**2**	2
61 to 180 days	**1**	7
181 to 360 days	**–**	2
Over 360 days	**1**	–
	6	13

12. SHARE CAPITAL

	Number of shares *('million)*	*HK$'million*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	20,000	200
Issued and fully paid:		
As at 1 April 2022	7,559	76
Issue of award shares	33	–
As at 31 March 2023 and 1 April 2023	7,592	76
Issue of award shares	29	–
As at 31 March 2024	7,621	76

13. EVENTS AFTER THE REPORTING PERIOD

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

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 geopolitical tensions, military occupation, 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.

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 171 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 at regular intervals. The Group may reschedule such expansion plan according to the operation and needs, the preference of the target customers and the 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 provides a wide range of financial services. 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 revenue of the financial services business (including provision of asset management, securities brokerage, and other financial services) for the Year was approximately HK$7 million (2023: approximately HK$10 million), represented approximately 4% (2023: approximately 4%) of the total revenue of the Group and a segment profit of approximately HK$5 million (2023: approximately HK$15 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 (2023: 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, which grant loans to individuals and enterprises. The Group strived to adhere to a set of comprehensive policies and procedural manuals 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 2024, the Group had loans receivable with carrying amount of approximately HK$20 million (2023: HK$45 million). The Group recorded interest income from loans receivable of approximately HK$3 million for the Year (2023: HK$3 million). During the Year, the Group did not grant any new loan (2023: two).

As at 31 March 2024, there were a total number of 3 borrowers (comprising 1 individual 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 money lending business was funded by the internal resources of the Group.

As at 31 March 2024, three loans with aggregate amount of approximately HK$20 million were overdue, all of which were supported by personal guarantee and/or secured by collaterals, with interest rate ranging from 12% to 13% per annum. A total of 2 cases with aggregate amount of approximately HK$3 million were under legal proceedings (including assets under public auctions).

As at 31 March 2024, the carrying amount of outstanding loans receivable from the three largest borrowers of the Group was HK$20 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$17 million (representing 85% 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, and 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, i.e. 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 various factors such as background and credibility of borrowers, their business plans and present and projected operation performance, the collaterals or security to be made available by these borrowers, and their repayment track records (if the loan is sought by existing borrowers or former 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/collaterals for granting of each loan, whether to an individual or enterprise, on a case by case basis considering various 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.

For credit approval before granting loans to potential borrowers, the Company performs credit assessment 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 reviewed 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 in details 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 meetings 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 designated loan officer to closely monitor its loan portfolio, including regular communication with the borrowers on their financial position together with other measures such as monthly assessment of valuation of collaterals (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. Further, 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 the end of each month, the designated loan officer will check if there is any 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 manner. Various potential means like phones calls, seizure of collaterals, statutory demand 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 collaterals 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 bankruptcy/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 extensive experiences and knowledge in the industry. The risk management department has a senior financial manager 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' experiences 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 experiences in the corporate and banking industry and the field of accounting and auditing. Further, most of the Board members also possess extensive experiences 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 comply with all relevant laws and regulations. The Company has complied with those requirements as 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 2024.

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 (currently 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 2024 *HK$'million*	31 March 2023 *HK$'million*
Hong Kong money lending business		
– Secured only by shares and properties	**3**	3
– Secured only by personal guarantees	**–**	9
– Secured only by receivables and properties and personal guarantees	**17**	32
– Unsecured and no guarantee	**–**	1
	20	45

g) Maturity profile of loan receivables

	31 March 2024 *HK$'million*	31 March 2023 *HK$'million*
Hong Kong money lending business		
Due within 1 year	**20**	45
	20	45

h) Mortgage loan and personal loan interest rate

The mortgage loan interest rate is 12% per annum (2023: 12% per annum). The personal loan interest rate ranges from 12% per annum (2023: 10% to 16% per annum).

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

The provision for expected credit loss of loans receivables recognised in the consolidated statement of profit and loss for year ended 31 March 2024 are HK$25 million (2023: reversal of provision of HK$26 million). The provision was due to the loans and interest a total of approximately HK$62 million being overdue.

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 2024, 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 34% to 100% (2023: 3% to 61%) 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 site area 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.

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 with a site area of 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.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK$512 million for the Year (2023: profit at approximately HK$108 million).

Revenue

During the Year, the total revenue of approximately HK$173 million for the Year (2023: approximately HK$246 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$21 million (2023: approximately HK$65 million), approximately HK$136 million (2023: approximately HK$160 million) and approximately HK$6 million (2023: approximately HK$8 million), respectively. The decrease in revenue for sales of construction machinery and spare parts was mainly attributable to the decrease in the demand of brand new cranes manufactured in Japan. The decrease in rental income was mainly attributable to the decline in occupancy rate of 85% (2023: 90%) as some major construction sites (e.g. Hong Kong International Airport 3rd runway and Tseung Kwan O – Lam Tin Tunnel) have been completed.

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$10 million (2023: approximately 13 million), decreased by approximately HK$3 million, or approximately 23%. Such decrease was mainly attributable to the decrease in loans receivables and decrease in the value and volume of transactions in securities brokerage.

Fair value losses 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 losses recognised for the Year are set out as follows:

	Number of shares held at 31 March 2023	Percentage of shareholdings at 31 March 2023	Number of shares held at 31 March 2024	Percentage of shareholdings at 31 March 2024 *(note 1)*	Fair value at 31 March 2023 *HK$'million*	Fair value at 31 March 2024 *HK$'million*	Fair value (losses) for the Year *HK$'million*	Percentage of total assets of the Group at 31 March 2024
Name/(Stock Code)								
Shandong Hi-Speed Holdings Group Limited (412)	1,500	0.00%	1,500	0.00%	–	–	–	–
Zhixin Group Holding Limited (2187) *(note 2)*	–	–	12,796,400	1.71%	–	13	(32)	0.54%
Alliance International Education Leasing Holdings Limited (1563) *(note 3)*	26,642,336	1.78%	–	–	133	–	(108)	–
Wealthink AI-Innovation Capital Limited (formerly Wealthking Investments Limited) (1140)	1,980,000	0.02%	1,980,000	0.02%	1	–	–	–
Tisé Equity SP-1 *(note 4)*	N/A	N/A	N/A	N/A	29	–	(29)	–
Unlisted debt instrument	N/A	N/A	N/A	N/A	15	–	(14)	–
					178	13	(183)	0.54%

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 2024 of the issuers publicly available on the website of the Stock Exchange.

2. Zhixin Group Holding Limited ("**Zhixin**") and its subsidiaries ("**Zhixin Group**") were principally engaged in the manufacturing and sale of ready-mixed concrete and precast concrete components in the People's Republic of China.

   Pursuant to the annual report of Zhixin for the year ended 31 December 2023, Zhixin recorded revenue of approximately RMB512 million and total comprehensive income of approximately RMB10 million.

   The Group held 12,796,000 shares of Zhixin as at 31 March 2024 (2023: nil).

3. Alliance International Education Leasing Holdings Limited ("**Alliance International**") and its subsidiaries ("**Alliance International Group**") were principally engaged in offering finance and operating lease service and private higher education services.

   The Group did not hold any share of Alliance International as at 31 March 2024 (2023: 26,642,336).

4. 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 loss in financial asset at FVTPL of approximately HK$183 million, a HK$29 million of fair value loss was related to Tisé Opportunities SPC.

Other losses, net

During the Year, other losses, net were approximately HK$174 million (2023: other gains, net of approximately HK$76 million). Such change was mainly attributable to losses in fair value change of financial asset at FVTPL of approximately HK$183 million, gains in fair value change of financial liabilities at FVTPL of approximately HK$39 million and a provision on liabilities arising from financial asset at FVTPL of approximately HK$27 million.

During the Year, in relation to fair value losses of financial asset at FVTPL of approximately HK$183 million, a total of HK$29 million loss was related to investments in equity funds.

Administrative expenses

During the Year, the administrative expenses were approximately HK$58 million (2023: approximately HK$53 million), representing an increase of approximately 9% as compared with the Previous Year. Among the administrative expenses incurred during the Year, approximately HK$16 million (2023: approximately HK$15 million) was related to depreciation and non-cash in nature, and staff costs of approximately HK$17 million (2023: approximately HK$20 million).

Provision for expected credit loss of financial assets

A provision for expected credit loss of financial assets approximately HK$37 million (2023: reversal of provision of approximately HK$39 million) were recognised during the Year. It was mainly attributable to the loan receivables overdue.

Share of results of associates

During the Year, the share of loss of associates of approximately HK$325 million (2023: approximately HK$45 million, loss) was mainly attributable to the sharing of loss of our investment in Cambodia, where it reflect the change in fair value of Land held by the project company in Cambodia.

Share-based payment expenses

No share-based payment expenses for the share awards and emolument shares are granted in the Year (2023: approximately HK$3 million).

Finance costs

During the Year, the finance costs were approximately HK$20 million (2023: approximately HK$19 million), representing an increase of approximately HK$1 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:

	Note	Percentage of shareholdings at 31 March 2023	Percentage of shareholdings at 31 March 2024	Fair value at 31 March 2023 *HK$'million*	Fair value at 31 March 2024 *HK$'million*	Fair value (losses) for the Year *HK$'million*	Percentage of total assets of the Group at 31 March 2024
Name							
Oshidori International Holdings Limited (622)	*a*	1.27%	1.27%	20	15	(5)	0.63%
Aceso Life Science Group Limited (474)	*b*	1.46%	1.46%	19	17	(2)	0.71%
China Pearl Global Limited	*c*	6.00%	6.00%	255	181	(74)	7.62%
Tonsin Petrochemical Investment Limited	*d*	16.67%	16.67%	41	36	(5)	1.47%
Empire Victory Hong Kong Limited	*e*	4.11%	4.11%	10	9	(1)	0.38%
				345	258	(87)	10.8%

Notes:

a. Oshidori International Holdings Limited ("**Oshidori**") and its subsidiaries ("**Oshidori Group**") were principally engages in investment holdings, tactical and/or strategical investments, and the provisions of financial services (i) securities brokerage services; (ii) margin financing services; (iii) placing and underwriting services; (iv) corporate finance advisory services; (v) investment advisory and asset management services; and (vi) the provision of credit and lending services.

   Pursuant to the annual report of Oshidori for the year ended 31 December 2023, Oshidori recorded a revenue of approximately HK$60 million and a total comprehensive loss of approximately HK$1,567 million.

   The Group held 77,500,000 shares of Oshidori as at 31 March 2024 (2023: 77,500,000).

b. Aceso Life Science Group Limited ("**ALS**") and its subsidiaries (collectively "**ALS Group**") were principally engaged 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 2024, ALS recorded a revenue of approximately HK$228 million and a total comprehensive loss of approximately HK$1,182 million.

   The Group held 107,550,000 shares of ALS as at 31 March 2024 (2023: 107,550,000).

c. China Pearl Global Limited ("**CPG**"), through its wholly-owned subsidiary, holds a shopping mall in 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 leases out the complex to lessees and provides property management services to the shopping mall.

d. Tonsin Petrochemical Investment Limited principally engaged in the development of EcoPark in the South-East Asia which focuses 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 2024, the Group's current assets and current liabilities were approximately HK$773 million (31 March 2023: approximately HK$1,379 million) and HK$554 million (31 March 2023: approximately HK$968 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 2024 and 31 March 2023 was as follows:

	31 March 2024	31 March 2023
	HK$'million	*HK$'million*
	(audited)	(audited)
Bank and other borrowings	**321**	304
Corporate note payables – at FVTPL	**539**	578
Total borrowings	**860**	882
Less: cash and cash equivalents	**(100)**	(105)
Net debts	**760**	777
Total equity	**1,236**	1,864
Total capital	**1,996**	2,731
Gearing ratio	**38%**	32%

The borrowings with aggregate amounts of approximately HK$13 million were carried at fixed interest rates, and approximately HK$308 million were carried at floating interest rates.

As at 31 March 2024, cash and cash equivalents were denominated in the following currencies:

	HK$'million
HK$	**84**
US$	**5**
JPY	**9**
EUR	**1**
GBP	**1**
	100

As at 31 March 2024, the maturity and currency profile for the Group's bank and other borrowings at amortised cost are set out as follows:

	Within 1 year ***HK$'million***	**2nd year** ***HK$'million***	**3–5 years** ***HK$'million***	**Total** ***HK$'million***
HK$	293	19	9	321

Charges on Group's assets

As at 31 March 2024, approximately 85% (2023: approximately 96%) of the Group's borrowings and other borrowings are secured by (1) corporate note receivable; (2) property, machinery and motor vehicles; and (3) investment properties.

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

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

Contingent liabilities

As at 31 March 2024 and 2023, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 31 March 2024, the Group had 122 staffs (31 March 2023: 117). 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 (2023: Nil).

MATERIAL TRANSACTIONS IN THE YEAR

Material transactions in the Year are as follows:

1. On 13 June 2023 and 29 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 approximately HK$250 million and HK$101 million, respectively. The bond purchase constituted a discloseable transaction under the Listing Rules.

2. On 27 July 2023, Aceso Life Science Group Limited, through its wholly-owned subsidiary, as a vendor, entered into an agreement to dispose of 1,400,088,000 shares (being 18.37% of the entire issued capital) of the Company at HK$420,026,400, to a subsidiary of Inner Mongolia Yitai Coal Co., Ltd.* (內蒙古伊泰煤炭股份有限公司) ("**Yitai**"), as a purchaser. Completion took place on 17 October 2023.

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

* *For identification purposes only*

BUSINESS PROSPECTS

The Year was full of opportunities and challenges. The impact caused by geopolitical tensions, military occupation, high inflation rate continues to bring unprecedented challenges as it impacts long-term global economic developments. 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 in major economies in the world in order 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 opportunities in projects related to natural resources around the world.

The strategic investor, Yitai, through its wholly-owned subsidiary, Yitai Share (Hong Kong) Company Limited, has become a shareholder which held 18.37% of the total issued share capital of the Company on 17 October 2023, which represents a good opportunity to introduce a strategic investor to the Company. Considering the strong investor profile of Yitai, it is expected that it will boost the investor confidence in the market and may bring in additional resources and investment opportunities to the Company and it will broaden the shareholder base of the Company on the other hand.

The B shares of Yitai are listed on the Shanghai Stock Exchange (stock code: 900948) and its H shares were listed on the Main Board of the Hong Kong Stock Exchange and were subsequently voluntarily withdrawn from listing on 11 August 2023 (stock code before withdrawal of listing: 3948).

Yitai was ranked 221 in the 2023 Fortune China 500 listed companies and ranked 268 in the 2023 Fortune China 500, published in July 2023. According to All-China Federation of Industry and Commerce (中華全國工商業聯合會), Yitai was ranked 188 in the Top 500 Chinese Private Enterprise (中國民企500強) in 2022. Yitai was also ranked 16 in the Top 50 Chinese Coal Enterprise (中國煤炭企業50強) in 2022 according to The China National Coal Association (中國煤炭業協會). Yitai is the largest local coal enterprise in the Inner Mongolia Autonomous Region and one of the large-scale coal enterprises in the PRC.

The principal businesses of Yitai include coal production and operation (which directly owns and control 10 coal mines with resources reserve at 4,336 million tonnes and minable reserve at 2,126 million tonnes), rail transportation operations (controls 3 operating railway line for the coal mines), coal-related chemical operations and other operations.

According to the 2023 annual report of Yitai, it recorded audited revenue of approximately RMB53 billion and net profit attributable to owners of approximately RMB7.7 billion for the year ended 31 December 2023 and it recorded net assets of approximately RMB46.4 billion and total assets of approximately RMB85.4 billion as at 31 December 2023. The annual production of commodity coal of Yitai was approximately 51.7 million tonnes and sold 67.8 million tonnes of coals during 2023.

Looking forward, the Group will remain cautious and sensibly uphold its risk management policies, strengthen 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 client base and gradually phasing out the money lending business 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 C1 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 C3 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 MOORE CPA LIMITED

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, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on the preliminary 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, 26 June 2024

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.