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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

(Formerly known as Clear Lift Holdings Limited 焯陞企業控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1341)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$194.4 million for the year ended 31 March 2017, representing a decrease of approximately 29.9% as compared with the same for the year ended 31 March 2016.
- Gross profit was approximately HK$32.5 million for the year ended 31 March 2017, representing an increase of approximately 2.3% as compared with the same for the year ended 31 March 2016.
- Gross profit margin increased from approximately 11.5% for the year ended 31 March 2016 to approximately 16.7% for the year ended 31 March 2017.
- Profit attributable to the owners of the Company was approximately HK$0.3 million for the year ended 31 March 2017, against the loss attributable to the owners of the Company of approximately HK$11.2 million for the year ended 31 March 2016.
- Basic earning per share was approximately HK0.03 cents for the year ended 31 March 2017, against the basic loss per share of approximately HK1.3 cents for the year ended 31 March 2016.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2017.
- As at 31 March 2017, the Group's bank balances and cash amounted to approximately HK$71.3 million (2016: HK$91.7 million) and the Group had borrowings and obligations under finance leases in total of approximately HK$159.1 million (2016: HK$97.4 million).

The board (the "**Board**") of directors (the "**Directors**") of Hao Tian International Construction Investment Group Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2017 (the "**Year**") together with the comparative figures for corresponding year ended 31 March 2016 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (restated)
Revenue	*4*	**194,364**	277,275
Cost of sales and services rendered		**(161,867)**	(245,518)
Gross profit		**32,497**	31,757
Other income and gains	*5*	**6,557**	390
Administrative expenses		**(32,780)**	(28,105)
Finance costs	*6*	**(5,354)**	(5,486)
Listing expenses		**–**	(10,539)
Profit (loss) before taxation	*8*	**920**	(11,983)
Income tax (expense) credit	*7*	**(613)**	738
Profit (loss) and total comprehensive income (expense) for the year		**307**	(11,245)
Attributable to:			
Owners of the Company		**300**	(11,240)
Non-controlling interests		**7**	(5)
		307	(11,245)
Earning (loss) per share *(HK cents)*			
Basic	*10*	**0.03**	(1.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (restated)
Non-current assets			
Property, plant and equipment		**284,483**	214,409
Finance lease receivables		**4,241**	5,191
Deferred tax assets		**6,364**	2,032
Pledged bank deposits		**4,603**	4,578
Deposits for acquisition of property, plant and equipment		**5,232**	–
		304,923	226,210
Current assets			
Inventories		**2,018**	1,415
Trade receivables	*11*	**74,261**	55,690
Other receivables, deposits and prepayments		**5,163**	6,634
Finance lease receivables		**3,112**	4,228
Amount due from a related company		**2**	3
Tax recoverable		**1,279**	4,890
Bank balances and cash		**71,279**	91,715
		157,114	164,575
Current liabilities			
Trade payables	*12*	**8,050**	6,238
Accruals, deposits received and other payables		**16,986**	12,263
Amount due to a director		**310**	565
Borrowings		**118,744**	80,822
Obligations under finance leases		**3,877**	3,769
Tax payable		**2,639**	59
		150,606	103,716

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(restated)
Net current assets		**6,508**	60,859
Total assets less current liabilities		**311,431**	287,069
Non-current liabilities			
Borrowings		**33,487**	9,346
Obligations under finance leases		**3,015**	3,485
Deferred tax liabilities		**30,781**	30,397
		67,283	43,228
Net assets		**244,148**	243,841
Equity			
Share capital	*13*	**10,000**	10,000
Reserves		**233,898**	233,598
Equity attributable to owners of the Company		**243,898**	243,598
Non-controlling interests		**250**	243
Total equity		**244,148**	243,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 December 2015. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108 Cayman Islands and its principal place of business in Hong Kong changed to Rooms 4917-4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company.

Pursuant to the special resolution of the Shareholders dated 27 April 2017, the name of the Company has been changed from Clear Lift Holdings Limited to Hao Tian International Construction Investment Group Limited with effect from 1 June 2017.

The Company is an investment holding company and the Group is principally engaged in rental of construction machinery, trading of construction machinery and spare parts, and provision of machinery transportation services mainly in Hong Kong.

For the period from 1 April 2016 to 5 February 2017, the Company's immediate and ultimate holding company was Tang J F T Company Limited. Since 6 February 2017, its immediate and ultimate holding company changed to Hao Tian Management (China) Limited ("**Hao Tian China**") and Asia Link Capital Investment Holdings Limited ("**Asia Link**"), which are incorporated in Hong Kong and the British Virgin Islands ("**BVI**"), respectively, and the ultimate controlling shareholder is Ms. Li Shao Yu.

Pursuant to a group reorganisation (the "**Group Reorganisation**") carried out by the Group in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 20 October 2015. Details of the Group Reorganisation are as set out in the section headed "History, Development and Reorganisation" to the prospectus issued by the Company dated 30 November 2015 (the "**Prospectus**").

The Group Reorganisation involved the combination of a number of entities that were under common control before and after the Group Reorganisation. The Group is therefore regarded as a continuing entity resulting from the Group Reorganisation, as there has been a continuation of the risks and benefits to the ultimate controlling parties that existed prior to the Group Reorganisation.

Accordingly, the consolidated financial statements have been prepared on the basis as if the Company had always been the holding company of the Group. The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2016 had been prepared as if the current group structure had been in existence throughout the year ended 31 March 2016.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle

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

New and amendments to HKFRSs and interpretation in issue but not yet effective

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

HKFRS 9	Financial instrument[1]
HKFRS 15	Revenue from contracts with customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[5]
HK(IRFIC) – Int 22	Foreign currency transaction and advance consideration[1]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2017.

[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. Specifically, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will both be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$2,121,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Amendments to HKAS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the chief executive officer, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on the nature of the operations of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Trading of construction machinery and spare parts	–	sale of crawler cranes, aerial platforms and foundation equipment
Rental of construction machinery and provision of repair and maintenance service	–	rent of cranes, aerial platforms and foundation equipment and provision of repair and maintenance service for the machinery rented
Provision of transportation services	–	provision of transportation service including local container delivery, site construction delivery and heavy machinery delivery

No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

Segment revenue and results

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

For the year ended 31 March 2017

	Trading of construction machinery and spare parts *HK$'000*	Rental of construction machinery and provision of repair and maintenance service *HK$'000*	Provision of transportation services *HK$'000*	Total *HK$'000*
Revenue				
From external customers	**69,689**	**123,463**	**1,212**	**194,364**
Segment profit (losses)	**22,886**	**(4,566)**	**(1,412)**	**16,908**
Other income and gains				**29**
Finance costs				**(2,212)**
Corporate expenses				**(13,805)**
Profit before taxation				**920**

For the year ended 31 March 2016

	Trading of construction machinery and spare parts *HK$'000*	Rental of construction machinery and provision of repair and maintenance service *HK$'000*	Provision of transportation services *HK$'000*	Total *HK$'000*
Revenue				
From external customers	153,668	121,299	2,308	277,275
Segment profit (losses)	14,472	(5,630)	(8)	8,834
Other income and gains				35
Finance costs				(2,608)
Listing expenses				(10,539)
Corporate expenses				(7,705)
Loss before taxation				(11,983)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profits (losses) represent the profit earned by or loss from each segment without allocation of certain other income and gains, certain finance costs, listing expenses and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

For the year ended 31 March 2017

	Trading of construction machinery and spare parts	Rental of construction machinery and provision of repair and maintenance service	Provision of transportation services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts (charged) credited in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	(2)	(38,293)	(668)	(2,024)	(40,987)
Gain on disposal and write-off of property, plant and equipment, net	–	–	143	–	143
Allowance for bad and doubtful debts	–	(346)	–	–	(346)
Finance lease income	551	–	–	–	551
Finance costs	(265)	(2,813)	(64)	(2,212)	(5,354)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Income tax (expense) credit	(3,708)	187	271	2,637	(613)

For the year ended 31 March 2016

	Trading of construction machinery and spare parts *HK$'000*	Rental of construction machinery and provision of repair and maintenance service *HK$'000*	Provision of transportation services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts (charged) credited in the measure of segment profit or loss:					
Depreciation of property, plant and equipment	(2)	(35,861)	(476)	(1,558)	(37,897)
Gain on disposal and write-off of property, plant and equipment, net	–	–	427	–	427
Allowance for bad and doubtful debts	–	(4,115)	–	–	(4,115)
Finance lease income	596	–	–	–	596
Finance costs	(337)	(2,456)	(85)	(2,608)	(5,486)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Income tax (expense) credit	(2,549)	1,585	7	1,695	738

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A		
– trading of construction machinery and spare parts	**N/A**	28,881
– rental of construction machinery and provision of repair and maintenance service	**N/A**	5,731
– provision of transportation services	**N/A**	185
	N/A[1]	34,797
Customer B		
– trading of construction machinery and spare parts	**27,700**	N/A
– rental of construction machinery and provision of repair and maintenance service	**318**	N/A
	28,018	N/A[1]
Customer C		
– rental of construction machinery and provision of repair and maintenance service	**23,127**	N/A
– provision of transportation services	**25**	N/A
	23,152	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical information

The Group's revenue from external customers is mainly derived from customers located in Hong Kong and Macau, which is determined based on the location of customers.

	2017	2016
	HK$'000	*HK$'000*
External revenue:		
Hong Kong	**176,928**	275,095
Macau	**17,436**	2,180
	194,364	277,275

The Group's non-current assets based on the geographical location of the owners of these assets are as follows:

	Non-current assets *(Note)*	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**294,318**	218,987

Note: Non-current assets excluded finance lease receivables and deferred tax assets.

4. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Sale of machinery and spare parts	**20,315**	144,370
Sale of rental machinery	**49,374**	9,298
Rental income from leasing of machinery	**90,762**	87,442
Rental income from sub-leasing of machinery	**23,357**	29,121
Transportation service income	**1,212**	2,308
Other service income	**9,344**	4,736
	194,364	277,275

5. OTHER INCOME AND GAINS

	2017	2016
	HK$'000	*HK$'000*
		(restated)
Other income		
Interest income from bank deposits	**165**	35
Finance lease income	**551**	596
Rental income from leasing a warehouse property and a motor vehicle	**1,914**	1,628
Sundry income	**1,022**	1,266
	3,652	3,525
Other gains and losses		
Net foreign exchange gains	**584**	553
Net gain on disposal and write-off of property, plant and equipment	**143**	427
Allowance for bad and doubtful debts	**(346)**	(4,115)
Refund of costs incurred for a litigation	**2,524**	–
	2,905	(3,135)
	6,557	390

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(restated)
Interest on borrowings	**5,044**	5,055
Finance lease interest	**310**	431
	5,354	5,486

7. TAXATION

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**4,067**	2,369
Macau	**103**	–
Under (over) provisions in prior years:		
Hong Kong	**391**	(778)
	4,561	1,591
Deferred tax credit	**(3,948)**	(2,329)
Income tax expense (credit)	**613**	(738)

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

Macau Complementary Tax is calculated at the maximum progressive rate of 12% with maximum Macau Pataca ("**MOP**") 600,000 exemption allowance on the estimated assessable profit.

The taxation for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) before taxation	**920**	(11,983)
Taxation at Hong Kong Profits Tax rate of 16.5%	**152**	(1,977)
Tax effect of expenses not deductible for tax purpose	**846**	2,125
Tax effect of income not taxable for tax purpose	**(249)**	(187)
Under (over) provision in prior years	**391**	(778)
Effect of different tax rate of subsidiary operating in other jurisdictions	**(37)**	12
Others	**(490)**	67
Income tax expense (credit)	**613**	(738)

8. PROFIT (LOSS) FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) for the year is arrived at after charging:		
Auditor's remuneration	**1,055**	750
Depreciation of property, plant and equipment	**40,987**	37,897
Cost of inventories recognised as expenses	**35,373**	124,824
Allowance for bad and doubtful debts	**346**	4,115
Minimum lease payment in respect of		
– Land and buildings	**2,985**	2,945
– Machinery	**17,341**	19,534
Staff costs:		
Directors and chief executive emoluments	**4,164**	1,602
Other staff costs		
– Salaries and other benefits	**57,757**	53,632
– Retirement benefits scheme contributions	**1,836**	1,679
	63,757	56,913

9. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividends	**–**	62,000

No final dividend was paid or proposed for ordinary Shareholders during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil). The interim dividends of HK$62,000,000 for the year ended 31 March 2016 represented those declared and paid by the Group's subsidiary, Chim Kee Company Limited to its shareholders prior to the completion of the Group Reorganisation. The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earning (loss) per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Earning (loss)		
Earning (loss) for the purpose of basic earning (loss) per share (profit (loss) for the year attributable to the owners of the Company)	**300**	(11,240)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	**1,000,000**	884,737

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 31 March 2016 has been adjusted for the effect of the Group Reorganisation for the Company's shares listed on the Stock Exchange on 10 December 2015, assuming that the Group Reorganisation had been effective on 1 April 2015.

No diluted earning (loss) per share were presented as there were no potential ordinary shares in issue for both years ended 31 March 2017 and 2016.

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**90,600**	71,904
Less: Allowance for bad and doubtful debts	**(16,339)**	(16,214)
	74,261	55,690

The Group allows an average credit period of 0 – 90 days to its trade customers. 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.

The following is an aged analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on invoice dates at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**40,354**	14,660
31 – 90 days	**21,286**	19,517
91 – 180 days	**5,728**	11,216
181 – 365 days	**3,541**	5,596
Over 365 days	**3,352**	4,701
	74,261	55,690

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 policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and ageing analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each customer.

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK$33,907,000 (2016: HK$41,028,000) which were past due for which the Group had not provided for allowance for bad and doubtful debts. Based on past experience, the directors of the Company are of the opinion that no further provision is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances. The average age of these receivables was 75 days (2016: 105 days).

Ageing of trade receivables which are past due but not impaired

	2017	2016
	HK$'000	*HK$'000*
Overdue:		
1 – 90 days	**21,877**	24,587
91 – 180 days	**7,262**	8,051
181 – 365 days	**1,438**	3,954
Over 365 days	**3,330**	4,436
	33,907	41,028

Movement in the allowance for bad and doubtful debts

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**16,214**	12,099
Impairment losses recognised	**346**	4,115
Amount written off as uncollectible	**(221)**	–
At end of the year	**16,339**	16,214

At 31 March 2017, the Group had determined approximately HK$16,339,000 (2016: HK$16,214,000) of trade receivables as individually impaired respectively. Based on this assessment, approximately HK$346,000 (2016: HK$4,115,000) of impairment loss was provided. The impaired trade receivables are due from customers that were in default and in dispute with the Group.

12. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 0 – 45 days.

An aged analysis of the Group's trade payables at the end of the reporting period presented based on the invoice dates is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**3,771**	2,958
31 – 60 days	**2,383**	2,013
61 – 180 days	**1,274**	822
181 – 365 days	**177**	–
Over 365 days	**445**	445
	8,050	6,238

13. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At date of incorporation	38,000,000	380
Increase in authorised share capital on 23 October 2015 *(Note (a))*	1,522,000,000	15,220
At 31 March 2016 and 2017	1,560,000,000	15,600
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At date of incorporation	1	–
Issue of shares upon the Group Reorganisation *(Note (b))*	37,999,999	380
Capitalisation Issue of shares *(Note (c))*	795,256,000	7,953
Issue of shares under public offer and placing *(Note (d))*	166,744,000	1,667
At 31 March 2016 and 2017	1,000,000,000	10,000

Notes:

(a) On 23 October 2015, the shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$15,600,000 by the creation of an additional 1,522,000,000 shares of the Company.

(b) Pursuant to written resolutions passed on 23 October 2015, the directors of the Company were authorised to capitalise a sum of approximately HK$380,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 37,999,999 ordinary shares of the Company to be allotted and issued to Tang J F T Company Limited.

(c) Pursuant to written resolutions passed on 23 October 2015, the directors of the Company were authorised to capitalise a sum of approximately HK$7,953,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 795,256,000 ordinary shares of the Company ("**Capitalisation Issue**").

(d) Under the public offer and placing took place during the year ended 31 March 2016, 166,744,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.48 per share for a total cash consideration (before share issuance expenses) of approximately HK$80,037,000.

14. COMPARATIVE FIGURES

The comparative figures of certain items stated in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position have been represented to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The Hong Kong economy remained challenging during the Year. Combining different factors including the filibustering in the Legislative Council, approval of new infrastructure projects in the territory has been much slower than expected. Contractors become more prudent with acquiring new construction machinery, and thus the Group's trading business during the Year has inevitably been affected. Nevertheless, the Board believes that the demand for construction machinery will grow in the coming years after the launching of major projects during the Year, such as the Three-runway system, Tseung Kwan O – Lam Tin Tunnel etc. Thus, the Group focuses on upgrading the rental fleet by bringing in brand new and environmentally friendly equipment, which ensure the continuous provision of high quality, reliable and safe equipment to the construction market.

BUSINESS REVIEW

The Group is principally engaged in the construction machinery business, serving primarily the construction sector in Hong Kong. The Group's principal activities include (i) rental of construction machinery, such as crawler cranes, aerial platforms and foundation equipment; (ii) trading of new or used construction machinery and parts; and (iii) provision of machinery transportation services.

Rental of construction machinery

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment as the rental fleet. For crawler cranes, the mix in the rental fleet ranges from 2.9-tonne mini crawler cranes to 450-tonne massive crawler cranes. The Group sources these construction machinery mainly through the manufacturers of construction machinery located in developed countries in Western Europe and Northern Asia as well as traders of used construction machinery around the world.

The Group has maintained over 200 units of construction machinery in the rental fleet during the Year. Details of the construction machinery carried by the Group available for the rental operations are summarised as follows:

	As at 31 March	
	2017	2016
	Number in fleet	*Number in fleet*
Crawler cranes and other mobile cranes	**82**	82
Aerial platforms	**83**	74
Foundation equipment	**47**	52
	212	208

In order to maintain a younger fleet of construction machinery with a greater variety of models, the Group has replaced and will replace, from time to time, portions of its fleet of construction machinery. The Directors 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 will consider to reschedule such expansion according to the operation and needs, the preference of the target customers and prevailing market conditions if necessary. The Group will also revise the timing and financing arrangements for the purchase of additional, and replacement of, existing construction machinery if, amongst others, the market condition has changed.

Trading of construction machinery and parts

The Group is also engaged in trading of new construction machinery and parts, as well as used construction machinery. To accommodate different customers' needs, the Group offers a wide range of construction machinery to customers including crawler cranes with lifting capacity of up to 450 tonnes, aerial platforms and foundation equipment. The Group has entered into several dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea. To satisfy customers' needs, the Group also sells spare parts to customers for maintenance purposes or upon request.

Transportation services

The transportation services include local container delivery, site construction delivery and heavy machinery transport. According to customers' requests, the Group arranges and provides these services with various transportation vehicles and equipment including 44-tonne heavy load trucks, 8-tonne to 25-tonne crane lorries, 20-feet to 40-feet trailers, and under 38-tonne trucks.

FINANCIAL REVIEW

The comparative figures of certain items stated in the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of financial position have been represented to conform to the current year's presentation.

REVENUE

The total revenue decreased by approximately HK$82.9 million, or 29.9%, from approximately HK$277.3 million for the Previous Year to approximately HK$194.4 million for the Year. Such decrease was mainly attributable to the decrease in revenue generated from the trading of construction machinery and parts.

Rental of construction machinery

The revenue from rental of construction machinery slightly increased by approximately HK$2.2 million, or 1.8%, from approximately HK$121.3 million for the Previous Year to approximately HK$123.5 million for the Year.

Trading of construction machinery and parts

The revenue from trading of construction machinery and parts decreased by approximately HK$84.0 million, or 54.7%, from approximately HK$153.7 million for the Previous Year to approximately HK$69.7 million for the Year. Such decrease was mainly attributable to the decrease in trading volume of construction machinery. Due to the delay in the commencement of several public projects and public-related projects, the demand for construction machinery in the industry reduced.

Transportation services

The revenue from transportation services decreased by approximately HK$1.1 million, or 47.5%, from approximately HK$2.3 million for the Previous Year to approximately HK$1.2 million for the Year. Such decrease was mainly attributable to the decrease in operation scale due to the retirement of certain transportation fleet.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit slightly increased by approximately HK$0.7 million, or 2.3%, from approximately HK$31.8 million for the Previous Year to approximately HK$32.5 million for the Year, whereas the gross profit margin increased from approximately 11.5% for the Previous Year to approximately 16.7% for the Year. The increase in gross profit margin was mainly due to the growth in gross profit margin contributed from the trading of construction machinery and parts.

Rental of construction machinery

The gross profit of construction machinery rental services decreased by approximately HK$4.8 million, or 39.8%, from approximately HK$12.0 million for the Previous Year to approximately HK$7.2 million for the Year. In addition, the gross profit margin of construction machinery rental services decreased from approximately 9.9% for the Previous Year to approximately 5.8% for the Year.

The decrease in gross profit margin of construction machinery rental services was mainly attributable to the increase in removal fees and truck costs during the Year.

Trading of construction machinery and parts

The gross profit of the trading of construction machinery and parts increased by approximately HK$5.7 million, or 29.1%, from approximately HK$19.7 million for the Previous Year to approximately HK$25.5 million for the Year. In addition, the gross profit margin of the trading of construction machinery and parts increased from approximately 12.8% for the Previous Year to approximately 36.5% for the Year.

The increase in gross profit margin for the trading of construction machinery and parts was mainly attributable to the increased proportion in trading of used machinery, which normally has a higher gross profit margin than the trading of new machinery.

OTHER INCOME AND GAINS

The other income and gains increased by approximately HK$6.2 million, or 1,581.3%, from approximately HK$0.4 million for the Previous Year to approximately HK$6.6 million for the Year. The increase in other income and gains were mainly attributable to the one-off refund on taxed cost from a litigation with a customer of approximately HK$2.5 million and the decrease in allowance for bad and doubtful debts from approximately HK$4.1 million for the Previous Year to approximately HK$0.3 million for the Year.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately HK$4.7 million, or 16.6%, from approximately HK$28.1 million for the Previous Year to approximately HK$32.8 million for the Year. The increase in administrative expenses was mainly attributable to the increase in staff costs of approximately HK$4.8 million for the Year.

FINANCE COSTS

The finance costs slightly decreased by approximately HK$0.1 million, or 2.4%, from approximately HK$5.5 million for the Previous Year to approximately HK$5.4 million for the Year.

NET PROFIT/(LOSS)

The Group's net profit for the Year was approximately HK$0.3 million (Previous Year: net loss of HK$11.2 million) and the net profit margin was approximately 0.2% (Previous Year: net loss margin of 4.1%).

Excluding the listing expenses, the Group's net loss for the Previous Year would have been approximately HK$0.7 million and the net loss margin for the Previous Year would have been approximately 0.3%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a strong and steady cash flow from operating activities. During the Year, the Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Group's principal banks in Hong Kong.

As at 31 March 2017, the Group had bank balances and cash and pledged bank deposits of approximately HK$71.3 million (2016: approximately HK$91.7 million) and approximately HK$4.6 million (2016: approximately HK$4.6 million) respectively.

As at 31 March 2017, the Group had total assets of approximately HK$462.0 million (2016: HK$390.8 million), net current assets of approximately HK$6.5 million (2016: approximately HK$60.9 million) and net assets of approximately HK$244.1 million (2016: approximately HK$243.8 million).

As at 31 March 2017, the Group's current assets and current liabilities were approximately HK$157.1 million (2016: approximately HK$164.6 million) and approximately HK$150.6 million (2016: approximately HK$103.7 million) respectively. The Group's current ratio decreased to approximately 1.0 times as at 31 March 2017 (2016: 1.6 times).

The management of the Company ("**Management**") believes that the Group's current bank balances and cash, together with the credit facilities available and the expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

Gearing ratio is calculated by dividing total debts (including borrowings, obligations under finance leases and amount due to a director) with total equity; it was approximately 65.3% as at 31 March 2017 (2016: 40.2%). The increase was mainly due to the increase in borrowings.

As at 31 March 2017, the borrowings and obligations under finance leases amounted to approximately HK$159.1 million (2016: approximately HK$97.4 million) which will be repayable within eight years from the end of the reporting period.

CHARGES ON THE GROUP ASSETS

As at 31 March 2017, the borrowings and obligations under finance leases are secured by (1) leasehold land and building with net carrying amount of approximately HK$0.6 million (2016: HK$0.6 million); (2) bank deposits of approximately HK$4.6 million (2016: approximately HK$4.6 million) and (3) machinery and motor vehicles with net carrying amount of approximately HK$85.1 million (2016: approximately HK$98.1 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year was approximately HK$128.0 million (2016: approximately HK$27.6 million), which was mainly used in the purchase of machinery for the rental business.

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 obligations under finance leases which bear interests at fixed and floating interest rates. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

CURRENCY RISK

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong Dollars, Japanese Yen ("**JPY**") and Euro Dollar ("**EURO**"). The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, bank balances and cash, trade payables, borrowings and finance lease payables which are denominated in JPY, EURO, Singapore Dollars and United Stated Dollar. The Group has not adopted 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.

CAPITAL COMMITMENTS

The capital commitments consist primarily the purchase of construction machinery for rental purpose. As at 31 March 2017, the capital commitments of property, plant and equipment contracted for but not provided amounted to approximately HK$22.3 million (2016: approximately HK$10.9 million).

CONTINGENT LIABILITIES

As at 31 March 2017, the Group provided corporate guarantees amounting to approximately HK$2.3 million (2016: HK$4.2 million) to the banks in respect of finance lease obligations of certain third party customers. Under the guarantees, the Group would be liable to pay the banks if the banks are unable to recover the amounts under these finance leases. As at 31 March 2017, no provision for the Group's obligation under the guarantee contracts has been made as the Directors considered that it was not probable that the repayment of the finance lease obligation would be in default.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had 130 staff (2016: 134). The total staff costs incurred by the Group for the Year were approximately HK$63.8 million (2016: approximately HK$56.9 million).

The Group generally recruits its employees from the open market or by referral and enters into service contracts with its employees. The Group offers attractive remuneration packages to the employees. In addition to salaries, the employees would be entitled to bonuses subject to Company 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 operations staff consists of experienced machinery operators and other 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 operations 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 product of the Group.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of final dividend to shareholders of the Company ("**Shareholders**") for the Year.

USE OF NET PROCEEDS FROM LISTING

The Company's shares (the "**Shares**") have been listed on the Main Board of the Stock Exchange since 10 December 2015. The receipt of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of comprehensive income and deducted from the share premium ("**Net Proceeds**") from the Company's listing were approximately HK$59.8 million. As at 31 March 2017, the Net Proceeds had been utilised as follows:

Use of net proceeds	**Net Proceeds from the Share offer**	**Actual utilisation up to 31 March 2017**	**Unutilised amounts as at 31 March 2017**
	HK$ million	*HK$ million*	*HK$ million*
Acquisition of machinery	39.0	39.0	–
Recruitment of operations staff	11.3	6.4	4.9
System development	3.5	–	3.5
Working capital	6.0	4.5	1.5
	59.8	49.9	9.9

The unutilised amounts of the Net Proceeds will be applied in such manner consistent with that mentioned in the Prospectus. The unutilised Net Proceeds had been deposited into licensed bank in Hong Kong.

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

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

MATERIAL ACQUISITION AND DISPOSAL

On 22 November 2016, Chim Kee Crane Company Limited, an indirect wholly owned subsidiary of the Company, acquired a piece of leasehold land situated in Tai Tong, Yuen Long for a total consideration of approximately HK66.2 million, of which approximately HK$51.7 million was the purchase price and approximately HK$14.5 million was the directly attributable costs, for the storage of construction machinery. Further information regarding the aforesaid acquisition was published in the announcement of the Company dated 22 November 2016.

Except for the above mentioned, no material acquisition and disposal of subsidiaries were conducted by the Group during the Year.

ACQUISITION OF SHARES BY HAO TIAN DEVELOPMENT GROUP LIMITED AND MANDATORY UNCONDITIONAL CASH OFFER

On 16 January 2017, Tang J F T Company Limited, the then immediate and ultimate holding company of the Company, Mr. Tang Yiu Chi James and Hao Tian China entered into a sale and purchase agreement in relation to the conditional sale and purchase of 750,000,000 shares, representing 75% of the issued share capital of the Company for an aggregate consideration of HK$592,500,000, equivalent to HK$0.79 per share, which was fully settled upon completion of the acquisition on 6 February 2017.

Following the completion of the said acquisition, Hao Tian China and parties acting in concert with it became interested in, and controlled the voting rights in respect of, 75% of the then existing issued share capital of the Company. In accordance with Rule 26.1 of The Code on Takeovers and Mergers and Share Buy-Backs ("**Takeovers Code**") published by the Securities and Futures Commission, Hao Tian China made a mandatory unconditional cash offer ("**Share Offer**") to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by Hao Tian China and/or parties acting in concert with it) in accordance with the terms set out in the composite offer document and the response document ("**Composite Document**") jointly despatched by Hao Tian Development Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 474), Hao Tian China and the Company on 20 February 2017 in accordance with the Takeovers Code.

As of the close of the Share Offer on 13 March 2017, Hao Tian China received valid acceptances in respect of the Share Offer for a total of 57,947,000 Shares, representing approximately 5.79% of the issued share capital of the Company as at the said date.

Further information regarding the Share Offer was published in the announcements of the Company dated 16 January 2017, 6 February 2017, 20 February 2017 and 13 March 2017, and the Composite Document.

SIGNIFICANT LITIGATION

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. (the "**Subsidary**"), one of the subsidiaries of the Group (the "**Legal Proceedings**") for alleged breach of a rental contract. The customer claimed for an overall damages of more than HK$100 million while the disputed sum claimed by the Subsidiary to the customer was approximately HK$17.5 million together with other unascertained damages. On 24 March 2016, the Court of First Instance handed down a judgment and ruled in favour of the Subsidiary and ordered the customer to pay the Subsidiary for unpaid rental plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal against the judgment of the Court of First Instance. The appeal was heard before the Court of Appeal on 14 and 15 June 2017 and the judgment will be handed down in due course.

After considering the evidence and the background facts in relation to the Legal Proceedings and the advice from the Group's legal advisers, the Directors are of the view that the customer's allegations and assertions are not cogent and convincing and therefore, the Group is likely to succeed in the appeal.

For details of the Legal Proceedings, please refer to the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

Placing

On 10 May 2017, the Company entered into a placing agreement (the "**Placing Agreement**") with Hao Tian International Securities Limited ("**Hao Tian Securities**") and Kingston Securities Limited ("**Kingston Securities**") (collectively the "**Placing Agents**"), pursuant to which the Placing Agents agreed, as agents of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 Shares ("**Placing Shares**") at the placing price of HK$0.62 per Placing Share ("**Placing**"). The Placing Shares would be allotted and issued pursuant to the general mandate granted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 August 2016 to allot, issue and deal with new Shares and was not subject to further approval by Shareholders. Completion of the Placing took place in accordance with the terms of the Placing Agreement on 26 May 2017 and HK$545,600 was paid by the Company to Hao Tian Securities, a connected person of the Company, on account of placing commission of the Placing. A total of 156,000,000 Placing Shares were successfully placed by Kingston Securities and 44,000,000 Placing Shares were successfully placed by Hao Tian Securities to not less than 6 placees at the placing price of HK$0.62 per Placing Share pursuant to the terms and conditions of the Placing Agreement. An aggregate of 200,000,000 new Shares were issued and allotted, representing 20% of the issued Shares of the Company immediately prior to completion of the Placing (namely 1,000,000,000 Shares) and approximately 16.67% of the issued shares of the Company as enlarged by the Placing (namely 1,200,000,000 Shares). Further information regarding the Placing was published in the announcements of the Company dated 10 May 2017 and 26 May 2017 respectively ("**Placing Announcements**").

PROSPECTS

Despite the challenges Hong Kong faced during the Year, the Group remained confident about the opportunities for growth in the long run given the rapid infrastructure development in Hong Kong. According to the Construction Expenditure Forecast prepared by the Construction Industry Council, the total construction expenditure in public and private section in Hong Kong is estimated to increase from HK$215.4 billion for the year ended 31 March 2015 to approximately HK$240 billion for the year ended 31 March 2020. In April 2016, the construction of the Three-runway system in Chek Lap Kok Airport was approved, the total estimated construction cost being approximately HK$141.5 billion.

The Group believes that it possesses the business strengths and competitive advantages that enable the Group to grow and enhance its profitability. Such strengths and competitive advantages include (1) well established reputation and long history of operation in the construction machinery rental service industry; (2) experienced and dedicated Management team; (3) possession of over 200 construction machines and equipment for rental; and (4) long term relationships with major customers.

As disclosed in the Placing Announcements, the Company intends to deploy the net proceeds from the Placing (after deduction of all relevant expenses) in exploring prospective real estate developments and investment properties and expansion opportunities in respect of the rental of construction machinery business in the People's Republic of China, Singapore, Vietnam and the United Kingdom.

In view of the above, there are positive prospects for the Group and it is expected that the business and revenue will continue to grow steadily in the foreseeable future.

ANNUAL GENERAL MEETING

The notice of the 2017 annual general meeting of the Company will be published on the Company's website and despatched to the Shareholders in the manner required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieving and maintaining the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental in enhancing 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 fully complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules, except for the deviations from the CG Code as described below.

(i) Resignation of Chairman and Chief Executive Officer with effect from 17 March 2017

Under code provision A.2.1, the roles of chairman and chief executive should be separated 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.

Before 17 March 2017, Mr. Tang Yiu Chi James ("**Mr. Tang**") was the Chairman of the Board and was responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Kwok Ho ("**Mr. Kwok**") was the Chief Executive Officer of the Company and was responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Mr. Tang and Mr. Kwok have resigned as the Chairman of the Board and the Chief Executive Officer of the Company with effect from 17 March 2017 respectively. Having considered the current business operation of the Group, the Directors consider that the Board as a whole can achieve effective functioning of the Board and the formulation of strategies and policies, while other members of the senior Management can oversee the day-to-day management of the Group.

On 17 May 2017, the Company has appointed Mr. Zhou Yong as the chief executive officer of the Company with effect from 3 July 2017. Thenceforth the responsibilities of the chairman and chief executive officer will become separate and not performed by the same individual.

(ii) Nomination Committee not chaired by an independent non-executive Director

The Nomination Committee is chaired by an executive Director instead of an independent non-executive Director because the Board believed that an executive Director involved in the daily operations of the Company may be in a better position to review the composition of the Board so as to complement the Group's corporate strategy.

(iii) Absence in annual general meeting of an independent non-executive Director

Under code provision A.6.7, the independent non-executive Directors should attend the general meetings. However, one of the then independent non-executive Directors, Ms. Pang Yuen Shan Christina had another engagement at the same time and was unable to attend the general meeting of the Company held on 30 August 2016.

Ms. Pang Yuen Shan Christina subsequently resigned as an independent non-executive Director on 31 August 2016, as disclosed in the Company's announcement dated 31 August 2016.

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**") as set out in Appendix 10 of the Listing Rules as the code of conduct of the Company regarding Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code during the Year.

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

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong, and Mr. Li Chi Keung Eliot. Mr. Lee Chi Hwa Joshua is the chairman of the Audit Committee.

The Audit Committee has reviewed with the Management and the Group's auditor, Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

CHANGE OF AUDITORS

BDO Limited ("**BDO**") resigned as the auditors of the Company with effect from 7 April 2017. Messrs. Deloitte Touche Tohmatsu were appointed as the new auditors of the Company with effect from 7 April 2017 following the resignation of BDO.

BDO confirmed that there were no circumstances connected with its resignation which needed to be brought to the attention of the Shareholders. Further information regarding the aforesaid change of auditors of the Company was published in the announcement of the Company dated 7 April 2017.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss and comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chimkeegroup.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 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 2017

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) and three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong and Mr. Li Chi Keung Eliot.