HAO TIAN INTERNATIONAL CONSTRUCTION INVESTMENT GROUP LIMITED
昊天國際建設投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1341)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Hao Tian International Construction Investment Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2017 (the "**Period**") together with the unaudited comparative figures for the corresponding period ended 30 September 2016 (the "**Previous Period**").

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$70.6 million for the six months ended 30 September 2017, representing a decrease of approximately 26.2% as compared with the same for the six months ended 30 September 2016.
- Gross profit margin decreased from approximately 10.4% for the six months ended 30 September 2016 to approximately 0.6% for the six months ended 30 September 2017.
- Loss attributable to the owners of the Company increased from approximately HK$0.5 million for the six months ended 30 September 2016 to approximately HK$3.5 million for the six months ended 30 September 2017.
- Basic loss per Share increased from approximately HK0.02 cents (Restated) for the six months ended 30 September 2016 to approximately HK0.15 cents for the six months ended 30 September 2017.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017.
- As at 30 September 2017, the Group's bank balances, cash and pledged bank deposits were approximately HK$253.7 million (31 March 2017: HK$75.8 million) and the Group had borrowings, obligations under finance leases and director's loan in total of approximately HK$205.8 million (31 March 2017: HK$159.1 million).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**70,582**	95,644
Cost of sales and services rendered		**(70,191)**	(85,737)
Gross profit		**391**	9,907
Other income and gains	*5*	**17,011**	4,847
Administrative expenses		**(16,995)**	(13,548)
Finance costs	*6*	**(3,887)**	(2,463)
Loss before income tax	*7*	**(3,480)**	(1,257)
Income tax (expense)/credit	*8*	**(2)**	757
Loss and total comprehensive expense for the period		**(3,482)**	(500)
Attributable to:			
Owners of the Company		**(3,481)**	(498)
Non-controlling interests		**(1)**	(2)
		(3,482)	(500)
			(Restated)
Loss per share *(HK cents)*			
Basic	*10*	**(0.15)**	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	As at 30 September 2017 HK$'000 (Unaudited)	As at 31 March 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**296,186**	284,483
Finance lease receivables	*15*	**4,678**	4,241
Deferred tax assets	*24*	**5,999**	6,364
Pledged bank deposits	*16*	**4,615**	4,603
Deposits for acquisition of property, plant and equipment		**2,020**	5,232
		313,498	304,923
Current assets			
Inventories	*12*	**1,603**	2,018
Trade receivables	*13*	**49,259**	74,261
Other receivables, deposits and prepayments	*14*	**5,665**	5,163
Finance lease receivables	*15*	**4,281**	3,112
Amount due from a related company	*19*	**2**	2
Amount due from a director	*19*	**41**	–
Tax recoverable		**1,279**	1,279
Bank balances and cash	*16*	**249,106**	71,279
		311,236	157,114

	Notes	As at 30 September 2017 HK$'000 (Unaudited)	As at 31 March 2017 HK$'000 (Audited)
Current liabilities			
Trade payables	*17*	**9,628**	8,050
Accruals, deposits received and other payables	*18*	**14,372**	16,986
Amount due to a director	*19*	**–**	310
Amount due to an immediate holding company	*20*	**5**	–
Amount due to an intermediate holding company	*20*	**238**	–
Borrowings	*21*	**108,543**	118,744
Obligations under finance leases	*22*	**3,959**	3,877
Tax payable		**2,871**	2,639
		139,616	150,606
Net current assets		**171,620**	6,508
Total assets less current liabilities		**485,118**	311,431
Non-current liabilities			
Borrowings	*21*	**46,357**	33,487
Obligations under finance leases	*22*	**6,936**	3,015
Director's loan	*23*	**40,000**	–
Deferred tax liabilities	*24*	**30,183**	30,781
		123,476	67,283
Net assets		**361,642**	244,148
EQUITY			
Share capital	*25*	**24,000**	10,000
Reserves		**337,393**	233,898
Equity attributable to owners of the Company		**361,393**	243,898
Non-controlling interests		**249**	250
Total equity		**361,642**	244,148

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Capital reserve**	**Merger reserve**	**Accumulated profits**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 25)							
At 1 April 2017 (Audited)	**10,000**	**62,354**	**6,291**	**1,000**	**164,253**	**243,898**	**250**	**244,148**
Placing of shares *(Note 25(b))*	**2,000**	**119,370**	**–**	**–**	**–**	**121,370**	**–**	**121,370**
Bonus issue of shares *(Note 25(c))*	**12,000**	**(12,394)**	**–**	**–**	**–**	**(394)**	**–**	**(394)**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(3,481)**	**(3,481)**	**(1)**	**(3,482)**
At 30 September 2017 (Unaudited)	**24,000**	**169,330**	**6,291**	**1,000**	**160,772**	**361,393**	**249**	**361,642**
At 1 April 2016 (Audited)	10,000	62,354	6,291	1,000	163,953	243,598	243	243,841
Loss and total comprehensive expense for the period	–	–	–	–	(498)	(498)	(2)	(500)
At 30 September 2016 (Unaudited)	10,000	62,354	6,291	1,000	163,455	243,100	241	243,341

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**45,806**	12,601
Net cash used in investing activities	**(31,958)**	(20,364)
Net cash generated from financing activities	**163,979**	13,629
Net increase in cash and cash equivalents	**177,827**	5,866
Cash and cash equivalents at beginning of the period	**71,279**	91,715
Cash and cash equivalents at end of the period	**249,106**	97,581

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (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 has been changed to Rooms 4917-4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

Pursuant to the special resolution of the Company 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, intermediate and ultimate holding company changed to Hao Tian Management (China) Limited, Hao Tian Management (HK) Limited and Asia Link Capital Investment Holdings Limited, which are incorporated in Hong Kong, Hong Kong and the British Virgin Islands, respectively, and the ultimate controlling shareholder is Ms. Li Shao Yu.

The condensed consolidated financial statements have not been audited.

The condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company. All values are rounded to the nearest thousands except when otherwise indicated.

2. BASIS OF PREPARATION AND SIGNIFICANT EVENTS

These condensed consolidated interim financial statements for the Period have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rule**") and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The condensed consolidated financial statements should be read in conjunction with the Group's annual financial statement as at 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRS**") issued by the HKICPA.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017. Details of any changes in accounting policies are set out below:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Amendments to HKAS 7, Disclosure Initiative

Amendments to HKAS 7 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. The amendments will result in additional disclosures to be provided in the Group's annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Amendments to HKFRS 12, Clarification of the scope of disclosure requirements in HKFRS 12

The amendments clarify that the disclosure requirements of HKFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2017 annual financial statements.

4. 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

– rental 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

	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$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
For the six months ended 30 September 2017 (Unaudited)					
Revenue (from external customers)					
Reportable segment revenue	**6,472**	**63,174**	**936**	**–**	**70,582**
Reportable segment profit/(loss)	**(3,736)**	**10,600**	**(174)**	**–**	**6,690**
Other reportable segment information:					
Finance lease interest income	**225**	**–**	**–**	**–**	**225**
Interest expenses	**(161)**	**(1,637)**	**(24)**	**–**	**(1,822)**
Depreciation of property, plant and equipment	**(1)**	**(19,941)**	**(362)**	**–**	**(20,304)**
Gain on disposal and write-off of property, plant and equipment, net	**–**	**–**	**216**	**–**	**216**
Income tax (expense)/credit	**616**	**(2,326)**	**29**	**–**	**(1,681)**
For the six months ended 30 September 2016 (Unaudited)					
Revenue (from external customers)					
Reportable segment revenue	34,324	60,424	896	–	95,644
Reportable segment profit/(loss)	7,927	(2,585)	(556)	–	4,786
Other reportable segment information:					
Finance lease interest income	310	–	–	–	310
Interest expenses	(170)	(1,310)	(35)	–	(1,515)
Depreciation of property, plant and equipment	(1)	(19,076)	(310)	–	(19,387)
Gain on disposal and write-off of property, plant and equipment, net	–	–	20	–	20
Income tax (expense)/credit	(1,274)	943	92	–	(239)

The revenue from external parties reported to the Group's senior management is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

Reconciliations of operating segment profit or loss are provided as follows:

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit	**6,690**	4,786
Imputed interest income	**234**	–
Interest income from bank deposits	**–**	28
Unallocated corporate expenses *(Note)*	**(8,339)**	(5,123)
Unallocated finance costs	**(2,065)**	(948)
Loss before income tax	**(3,480)**	(1,257)

Note: Unallocated corporate expenses mainly include salaries and professional fees for Hong Kong head office.

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.

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
External revenue:		
Hong Kong	**65,513**	87,861
Macau	**5,069**	7,783
	70,582	95,644

All of the Group's identifiable assets and liabilities were located in Hong Kong.

5. REVENUE AND OTHER INCOME AND GAINS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Trading of machinery and spare parts	**6,472**	34,324
Rental income from leasing of machinery	**38,754**	41,919
Rental income from sub-leasing of machinery	**17,083**	13,455
Transportation service income	**936**	896
Other service income	**7,337**	5,050
Total	**70,582**	95,644
Other income and gains:		
Interest income from bank deposits	**12**	115
Finance lease interest income	**225**	310
Imputed interest income	**234**	–
Gain on disposal and write-off of property, plant and equipment, net	**216**	20
Rental income from leasing a warehouse property and a motor vehicle	**1,144**	1,110
Refund on taxed cost from a litigation	**2,358**	2,524
Recovery of bad debts	**12,051**	–
Net exchange gains	**–**	267
Others	**771**	501
Total	**17,011**	4,847

6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**1,595**	1,058
Finance lease interest	**1,724**	1,405
Interest on director's loan	**568**	–
	3,887	2,463

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**–**	–
Cost of inventories recognised as expenses	**5,340**	20,903
Depreciation of property, plant and equipment included in:		
– Cost of sales and services rendered	**20,005**	19,013
– Administrative expenses	**2,015**	1,082
Employee costs (including Directors' remuneration)		
– Wages, salaries and other benefits	**30,457**	29,048
– Contribution to defined contribution pension plans	**948**	940
Minimum lease payments under operating leases		
– Land and buildings	**437**	1,676
– Machinery held for rental	**11,374**	9,583

8. INCOME TAX

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong	**49**	1,911
Macau	**186**	124
	235	2,035
Deferred tax *(Note 24)*	**(233)**	(2,792)
Income tax expense/(credit)	**2**	(757)

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

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

9. DIVIDENDS

No dividend has been paid by the Company during the Period, nor has been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per Share attributable to the ordinary equity holders of the Group is based on the following data:

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic loss per share (loss for the period attributable to the owners of the Company)	**(3,481)**	(498)
	'000	*'000*
		(Restated)
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic loss per Share *(Note)*	**2,279,781**	2,000,000

Note: On 11 September 2017, 1,200,000,000 Shares of HK$0.01 each were issued under bonus issue on the basis of one bonus share for every one existing share. In determining the weighted average number of ordinary shares in issue during the Period, the bonus shares issued have been regarded as if these shares were in issue sine 1 April 2017. Loss per share for the Previous Period were restated accordingly.

No diluted loss per share were presented as there were no potential ordinary shares in issue for both periods.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2016 (Audited)						
Cost	1,200	2,119	404,930	1,186	14,954	424,389
Accumulated depreciation	(563)	(657)	(196,453)	(806)	(11,501)	(209,980)
Net carrying amount	637	1,462	208,477	380	3,453	214,409
Year ended 31 March 2017 (Audited)						
Opening net carrying amount	637	1,462	208,477	380	3,453	214,409
Additions	66,180	–	59,343	18	2,424	127,965
Disposals and write-off	–	–	–	–	(5)	(5)
Depreciation	(573)	(267)	(38,071)	(126)	(1,950)	(40,987)
Reclassification to inventories	–	–	(16,899)	–	–	(16,899)
Closing net carrying amount	66,244	1,195	212,850	272	3,922	284,483
At 31 March 2017 and at 1 April 2017 (Audited)						
Cost	**67,380**	**2,119**	**411,799**	**1,204**	**16,613**	**499,115**
Accumulated depreciation	**(1,136)**	**(924)**	**(198,949)**	**(932)**	**(12,691)**	**(214,632)**
Net carrying amount	**66,244**	**1,195**	**212,850**	**272**	**3,922**	**284,483**
Six months ended 30 September 2017 (Unaudited)						
Opening net carrying amount	**66,244**	**1,195**	**212,850**	**272**	**3,922**	**284,483**
Additions	**–**	**–**	**33,720**	**179**	**302**	**34,201**
Disposals and write-off	**–**	**–**	**–**	**–**	**(198)**	**(198)**
Depreciation	**(1,113)**	**(75)**	**(19,893)**	**(57)**	**(882)**	**(22,020)**
Reclassification to inventories	**–**	**–**	**(280)**	**–**	**–**	**(280)**
Closing net carrying amount	**65,131**	**1,120**	**226,397**	**394**	**3,144**	**296,186**
At 30 September 2017 (Unaudited)						
Cost	**67,380**	**1,508**	**442,799**	**1,383**	**15,703**	**528,773**
Accumulated depreciation	**(2,249)**	**(388)**	**(216,402)**	**(989)**	**(12,559)**	**(232,587)**
Net carrying amount	**65,131**	**1,120**	**226,397**	**394**	**3,144**	**296,186**

Property, plant and equipment are depreciated on its cost less their residual values on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the lease terms
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Machinery	10 years
Furniture and equipment	4 years
Motor vehicles	4 years

The carrying value of machinery and motor vehicles includes amount of HK$121,467,000 and HK$3,003,000 as at 30 September 2017 (HK$81,499,000 and HK$3,562,000 as at 31 March 2017) in respect of assets held under finance lease arrangement, respectively. The liabilities arising from these finance lease arrangements were either classified as borrowings or obligations under finance leases as at end of the reporting period.

The Group has pledged leasehold land and buildings with a carrying amount of HK$606,000 as at 30 September 2017 (HK$616,000 as at 31 March 2017) to secure bank borrowings of the Group.

12. INVENTORIES

	As at 30 September 2017 ***HK$'000*** **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
Machinery	**559**	1,203
Spare parts	**1,044**	815
	1,603	2,018

13. TRADE RECEIVABLES

	As at 30 September 2017 *HK$'000* **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
Trade receivables, gross	**53,499**	90,600
Less: Provision for impairment	**(4,240)**	(16,339)
Trade receivables, net	**49,259**	74,261

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:

	As at 30 September 2017 *HK$'000* **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
0 – 30 days	**18,449**	40,354
31 – 90 days	**6,792**	21,286
91 – 180 days	**13,746**	5,728
181 – 365 days	**7,761**	3,541
Over 365 days	**2,511**	3,352
	49,259	74,261

At the end of each reporting period, the Group reviews receivables for evidence of impairment on both an individual and collective basis. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for impairment of trade receivables during each reporting period is as follows:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At beginning of the period/year	**16,339**	16,214
Impairment losses recognised	**–**	346
Amount written off as uncollectible	**(3,214)**	(221)
Recovery of bad debts	**(8,885)**	–
At end of the period/year	**4,240**	16,339

At 30 September 2017, the Group had determined approximately HK$4,240,000 (31 March 2017: HK$16,339,000) of trade receivables as individually impaired respectively. Based on this assessment, approximately HK$346,000 of impairment loss was provided for the year ended 31 March 2017. The impaired trade receivables are due from customers that were in default and in dispute with the Group.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2017 *HK$'000* (Unaudited)	As at 31 March 2017 *HK$'000* (Audited)
Other receivables	**149**	161
Deposits	**2,698**	2,698
Prepayments	**2,818**	2,304
	5,665	5,163

15. FINANCE LEASE RECEIVABLES

	As at 30 September 2017 *HK$'000* (Unaudited)	As at 31 March 2017 *HK$'000* (Audited)
Current finance lease receivables	**4,281**	3,112
Non-current finance lease receivables	**4,678**	4,241
	8,959	7,353

Leasing arrangements

Certain of the Group's machinery are leased out under finance leases. All leases are denominated in HK$. The term of finance leases entered into ranges from 2 years to 5 years (31 March 2017: 3.9 years to 5 years).

Amounts receivable under finance leases

	Minimum Lease payments		Present value of Lease payments	
	As at 30 September 2017	As at 31 March 2017	**As at 30 September 2017**	As at 31 March 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Not later than one year	**4,812**	3,468	**4,281**	3,112
Later than one year and not later than five years	**5,023**	4,518	**4,678**	4,241
	9,835	7,986	**8,959**	7,353
Less: unearned finance income	**(876)**	(633)	**N/A**	N/A
Present value of minimum lease payments receivable	**8,959**	7,353	**8,959**	7,353

The effective interest rates of the finance leases as at 30 September 2017 range from 4.55% to 10.20% per annum (31 March 2017: 4.55% to 7.47% per annum).

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the end of the reporting period.

16. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits were pledged to banks to secure bank borrowings granted to the Group as set out in note 21 and interest bearing at a prevailing market rate of 0.52% per annum (31 March 2017: 0.54%).

Bank balances carry interest at prevailing market rates which range from 0.0004% to 0.001% (31 March 2017: 0.0009% to 0.2206%) per annum.

17. 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:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**3,802**	3,771
31 – 60 days	**2,426**	2,383
61 – 180 days	**3,257**	1,274
181 – 365 days	**27**	177
Over 365 days	**116**	445
	9,628	8,050

18. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accruals	**4,787**	5,965
Deposits received	**5,175**	4,842
Other payables	**4,410**	6,179
	14,372	16,986

19. AMOUNT DUE FROM A RELATED COMPANY/AMOUNT DUE FROM/(TO) A DIRECTOR

Amount due from a related company and a director

The amount is interest-free, unsecured and is repayable on demand.

Details of amounts due from a related company and a director, which is non-trade nature, are as follows:

	Maximum amount outstanding during the period	**As at 30 September 2017**	Maximum amount outstanding during the year	As at 31 March 2017
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
		(Unaudited)		(Audited)
Link Bright Consultants Limited ("**Link Bright**") *(Note)*	**2**	**2**	7	2
Tang Yiu Chi James	**41**	**41**	–	–

Note: Mr. Tang Yiu Chi James, being the sole director and sole shareholder of Link Bright, is also a director of the Company.

Amount due to a director

The amount is non-trade nature, interest-free, unsecured and repayable on demand.

20. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY

The amount is non-trade nature, interest-free, unsecured and repayable on demand.

21. BORROWINGS

Bank borrowings

	As at 30 September 2017 HK$'000 (Unaudited)	As at 31 March 2017 HK$'000 (Audited)
Secured and guaranteed interest-bearing bank loans:		
Repayable on demand or within one year	**18,465**	37,074
Repayable after one year which contain a repayable on demand clause	**48,318**	54,010
Total bank borrowings	**66,783**	91,084
Analysis based on scheduled repayment terms set out in the loan agreements, into:		
On demand or within one year	**18,465**	37,074
More than one year, but not exceeding two years	**11,748**	11,509
More than two years, but not exceeding five years	**24,611**	27,910
More than five years	**11,959**	14,591
Total bank borrowings	**66,783**	91,084

Bank borrowings bear interest at floating interest rates. The effective interest rates of borrowings as at the end of the reporting period ranged from 3.5% to 5.0% per annum (31 March 2017: 3% to 5% per annum).

The bank loans and other banking facilities are secured and guaranteed by:

(a) Pledge of leasehold land and building *(Note 11)* held by the Group as at 30 September 2017 and 31 March 2017;

(b) Pledge of bank deposits amounting to HK$4,615,000 and HK$4,603,000 *(Note 16)* held by the Group as at 30 September 2017 and 31 March 2017, respectively;

(c) At 30 September 2017 and 31 March 2017, the Company has issued guarantees to banks to secure banking facilities granted to certain subsidiaries.

Included in the Group's borrowings are borrowings, with carrying amount of HK$68,274,000 (31 March 2017: HK$84,205,000) which contain a repayment on demand clause.

Other borrowings

It is the Group policy to lease certain of its motor vehicles and machinery under financing arrangement. The Group entered into financing arrangement with several financial institutions, pursuant to which the Group transferred the legal title of certain machinery of the Group to these financial institutions at net consideration of HK$34,027,000 (31 March 2017: HK$46,551,000). The Group is obligated to pay monthly instalments in accordance with the respective agreements. Upon the maturity of the lease, the Group is entitled to purchase back the machinery at cash considerations in accordance with the respective agreements which are expected to be lower than the market values of the respective machinery. Despite the arrangement involves a legal form of a lease, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

The lease terms ranged from 3 to 5 years (31 March 2017: 3 to 5 years) under sale and leaseback arrangement. Interest rates underlying all arrangements are either fixed ranging from 7.14% to 11.97% per annum (31 March 2017: 7.50% to 11.97% per annum) or variable ranging from 6.69% to 9.65% per annum (31 March 2017: 6.69% to 9.65% per annum) at the respective contract dates. None of the leases include contingent rentals.

	Present value of Minimum lease payments	
	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Principal amount:		
Within one year	**41,760**	27,660
Within a period of more than one year But not more than two years	**21,317**	15,731
Within a period of more than two years But not more than five years	**25,040**	17,756
	88,117	61,147
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(41,760)**	(27,660)
Amount due for settlement after 12 months	**46,357**	33,487

Other borrowings are effectively secured by the underlying assets of HK$102,359,000 (31 March 2017: HK$74,391,000) as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

22. OBLIGATIONS UNDER FINANCE LEASES

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed for reporting purposes as:		
Current liabilities	**3,959**	3,877
Non-current liabilities	**6,936**	3,015
	10,895	6,892

It is the Group's policy to lease certain of its motor vehicles and machinery under finance leases. The lease terms range from 1 to 5 years (31 March 2017: 1 to 5 years). Interest rates underlying all obligations under finance leases are fixed ranging from 1.41% to 9.69% per annum (31 March 2017: 2.17% to 11.27% per annum) at the respective contract dates. None of the leases include contingent rentals.

	Minimum Lease payments		Present value of Lease payments	
	As at 30 September 2017	As at 31 March 2017	**As at 30 September 2017**	As at 31 March 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Obligations under finance leases payable:				
Within one year	**4,307**	4,225	**3,959**	3,877
Within a period of more than one year but not more than two years	**3,096**	1,648	**2,886**	1,571
Within a period of more than two year but not more than five years	**4,213**	1,483	**4,050**	1,444
	11,616	7,356	**10,895**	6,892
Less: future finance charges	**(721)**	(464)	**N/A**	N/A
Present value of lease obligations	**10,895**	6,892	**10,895**	6,892
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,959)**	(3,877)
Amount due for settlement after 12 months			**6,936**	3,015

Finance lease payables are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

23. DIRECTOR'S LOAN

During the Period, the Group entered into loan agreement with Tang Yiu Chi James, a director of the Company of HK$40,000,000 as working capital. The loan is unsecured, repayable after 24 months and with fixed interest rate of 2% per annum.

24. DEFERRED TAX

The following are the major deferred tax (liabilities) assets recognised by the Group and the movement thereon, during the Period.

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 April 2016 (Audited)	(30,392)	2,028	(28,365)
Credited to profit or loss	(389)	4,336	3,948
At 31 March 2017 and at 1 April 2017 (Audited)	(30,781)	6,364	(24,417)
Credited to profit or loss	210	23	233
At 30 September 2017 (Unaudited)	(30,571)	6,387	(24,184)

At the end of the reporting period, the Group has unused tax losses of HK$38,710,000 (31 March 2017: HK$38,570,000) available for offset against future profits. A deferred tax assets has been recognised in respect of such losses. The management of the Group assessed the future cash flows of the subsidiaries of the Group with reference to the machinery hire agreements and in the opinion of the directors of the Company, taxable profit will be probably available against which the unused tax losses can be utilised in the foreseeable future.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 September 2017 ***HK$'000*** **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
Deferred tax assets	**5,999**	6,364
Deferred tax liabilities	**(30,183)**	(30,781)
	(24,184)	(24,417)

25. SHARE CAPITAL

	Number of Shares	Amount
		HK$'000
Authorised:		
Ordinary Shares of HK$0.01 each		
At 1 April 2016 and 31 March 2017 (Audited)	1,560,000,000	15,600
Increase in authorised share capital on 30 August 2017 *(Note (a))*	18,440,000,000	184,400
At 30 September 2017 (Unaudited)	20,000,000,000	200,000
Issued and fully paid:		
Ordinary Shares of HK$0.01 each		
At 1 April 2016 and 31 March 2017 (Audited)	1,000,000,000	10,000
Placing of shares *(Note (b))*	200,000,000	2,000
Bonus issue of shares *(Note (c))*	1,200,000,000	12,000
At 30 September 2017 (Unaudited)	2,400,000,000	24,000

Notes:

(a) On 30 August 2017, the shareholders resolved to increase the authorised share capital of the Company from HK$15,600,000 to HK$200,000,000 by the creation of an additional 18,440,000,000 shares of the Company.

(b) On 26 May 2017, 200,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.62 per share for a total cash consideration (before share issuance expenses) of approximately HK$124,000,000.

(c) On 11 September 2017, 1,200,000,000 bonus shares of HK$0.01 each were issued and the number of shares in issue has increased to 2,400,000,000 shares.

26. OPERATING LEASE ARRANGEMENT

(a) The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**292**	2,121
In the second to fifth year inclusive	**–**	–
	292	2,121

Operating lease payments represent rentals payable by the Group for warehouse property and certain of its machinery. Leases are negotiated for a period of one to two years (31 March 2017: one to two years) and rentals are fixed at the time of entering into the respective leases.

(b) Operating lease commitments – Group as lessor

The Group sub-leased vacant space of its leased warehouse and leased and sub-leased its owned and leased machinery under operating lease agreements. Leases are negotiated on a monthly basis.

The minimum rent receivables under non-cancellable operating leases are as follows:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not later than one year	**3,000**	3,023

27. CAPITAL COMMITMENTS

	As at 30 September 2017 *HK$'000* (Unaudited)	As at 31 March 2017 *HK$'000* (Audited)
Capital expenditure in respect of addition of property, plant and equipment		
– Contracted for but not provided in the consolidated financial statements	**23,654**	22,282

28. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, during the Period the Group had the following material transactions with related parties.

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit Principle Limited ("**Profit Principle**") *(Note)*		
Property rental expenses	**(24)**	(24)
Tang Yiu Chi James		
Interest on director's loan	**(568)**	–
Imputed interest income from director's loan	**234**	–

Note: Mr. Tang Yiu Chi James, being a director and a shareholder of Profit Principle, is also a director of the Company.

29. CONTINGENT LIABILITIES

As at 30 September 2017, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$1,298,000 (31 March 2017: HK$2,262,000) and HK$11,200,000 (31 March 2017: HK$11,200,000) to banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the bank is unable to recover the amounts under these finance leases from these customers or the Group failed to perform the relevant obligations to these customers. As at 30 September 2017 and 31 March 2017, no provision for the Group's obligations under the guarantee contracts has been made as the directors of the Company considered that it was not probable that the repayment of the finance lease obligations would be in default and it was not probable that a claim will be made against the Group.

On 11 July 2017, a customer lodged a prosecution to a subsidiary of the Company to claim for a loss and damage of more than HK$27 million. After considering the evidence and the background facts in relation to this prosecution and the advice from the legal adviser in relation to this prosecution, the Directors are of the view it is a weak claim with remote prospect of success against the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The Hong Kong economy remained challenging during the Period. Combining different factors including the filibustering in the Legislative Council, approval of new infrastructure projects in the territory has been granted much slowly than expected. Contractors became more prudent with new construction machinery acquisition, and thus the Group's trading business during the Period has been inevitably affected. Nevertheless, the Board believes that the demand for construction machinery will grow in the coming years after the launch of major projects 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 equipments, which ensure the continuous provision of high quality, reliable and safe equipments 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 spare 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 Period. Details of the construction machinery carried by the Group available for the rental operations are summarised as follows:

	As at 30 September 2017 ***Number in fleet***	As at 31 March 2017 *Number in fleet*
Crawler cranes and other mobile cranes	**91**	82
Aerial platforms	**88**	83
Foundation equipment	**45**	47
	224	212

In order to maintain a modern 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 might 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 spare parts, as well as used construction machinery. To accommodate the needs of different customers, the Group offers a wide range of construction machinery including crawler cranes with lifting capacity of up to 450 tonnes, aerial platforms and foundation equipments. 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 service

The transportation services include local container delivery, construction site 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

REVENUE

The total revenue decreased by approximately HK$25.1 million, or 26.2%, from approximately HK$95.6 million for the Previous Period to approximately HK$70.6 million for the Period. 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 construction machinery rental segment slightly increased by approximately HK$2.8 million, or 4.6%, from approximately HK$60.4 million for the Previous Period to approximately HK$63.2 million for the Period.

Trading of construction machinery and parts

The revenue from trading of construction machinery and parts decreased by approximately HK$27.9 million, or 81.1%, from approximately HK$34.3 million for the Previous Period to approximately HK$6.5 million for the Period. Such decrease was mainly attributable to the decrease in trading volume of construction machinery due to the delay in commencement of several public projects and public-related projects which reduced the demand of construction machinery in the industry.

Transportation services

The revenue from transportation services slightly increased by approximately HK$40,000, or 4.5%, from approximately HK$896,000 for the Previous Period to approximately HK$936,000 for the Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit decreased by approximately HK$9.5 million, or 96.1%, from approximately HK$9.9 million for the Previous Period to approximately HK$391,000 for the Period, while the gross profit margin decreased from approximately 10.4% for the Previous Period to approximately 0.6% for the Period. The decrease in gross profit and gross profit margin was mainly due to the decline in gross profit and gross profit margin contributed from the trading of construction machinery and parts.

Rental of construction machinery

The gross profit of construction machinery rental services increased by approximately HK$2.7 million, or 312.5%, from approximately HK$0.8 million for the Previous Period to approximately HK$3.5 million for the Period. In addition, the gross profit margin of construction machinery rental services increased from approximately 1.4% for the Previous Period to approximately 5.5% for the Period.

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

Trading of construction machinery and parts

For the trading of construction machinery and parts, the Group recorded a gross loss of approximately HK$3.4 million for the Period, compared to a gross profit of approximately HK$8.9 million for the Previous Period. In addition, the gross profit margin for trading of construction machinery and parts decreased from approximately 26.0% for the Previous Period to approximately -52.1% for the Period.

The decrease in gross profit margin for trading of construction machinery and parts was mainly attributable to the combined effect of (i) decrease in revenue from trading of construction machinery and parts; and (ii) staff costs remained at similar level as the Previous Period in order to maintain the workforce for operation.

OTHER INCOME AND GAINS

The other income and gains increased by approximately HK$12.2 million, or 251.0%, from approximately HK$4.8 million for the Previous Period to approximately HK$17.0 million for the Period. The increase in other income and gains was mainly attributable to the one-off recovery of bad debts from a customer of approximately HK$12.0 million and refund on taxed cost from a litigation with that customer of approximately HK$2.4 million. For details of the litigation, please refer to the paragraph headed "Corporate Governance and Other Information" in this announcement.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately HK$3.4 million, or 25.4%, from approximately HK$13.5 million for the Previous Period to approximately HK$17.0 million for the Period. The increase in administrative expenses was mainly attributable to (1) the increase in depreciation of approximately HK$0.9 million since the addition of a leasehold land in November 2016 and (2) the increase in directors' fees and salaries of administrative staffs of approximately HK$1.3 million.

FINANCE COSTS

The finance cost increased by approximately HK$1.4 million, or 57.8%, from approximately HK$2.5 million for the Previous Period to approximately HK$3.9 million for the Period. The increase in finance costs was mainly attributable to the increase in borrowings and director's loan.

NET LOSS

The Group's net loss for the Period was approximately HK$3.5 million (Previous Period: net loss of HK$0.5 million) and the net loss margin would be approximately 4.9% (Previous Period: 0.5%).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a strong and steady cash inflow from operating activities. During the Period, the Group's primary sources of funding included proceeds from placing of the Company's shares (the "**Shares**"), cash generated from operating activities and the credit facilities provided by the Group's principal banks in Hong Kong.

As at 30 September 2017, the Group had bank balances and cash and pledged bank deposits of approximately HK$249.1 million (31 March 2017: HK$71.3 million) and HK$4.6 million (31 March 2017: HK$4.6 million) respectively.

As at 30 September 2017, the Group had total assets of approximately HK$624.7 million (31 March 2017: HK$462.0 million), net current assets of approximately HK$171.6 million (31 March 2017: HK$6.5 million) and net assets of approximately HK$361.6 million (31 March 2017: HK$244.1 million).

The Group continued to maintain a healthy liquidity position. As at 30 September 2017, the Group's current assets and current liabilities were approximately HK$311.2 million (31 March 2017: HK$157.1 million) and HK$139.6 million (31 March 2017: HK$150.6 million) respectively. The Group's current ratio increased to approximately 2.2 times as at 30 September 2017 (31 March 2017: 1.0 times).

The 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, director's loan, amount due to a director, amount due to an immediate holding company and amount due to an intermediate holding company) with total equity; it was approximately 57.0% as at 30 September 2017 (31 March 2017: 65.3%). The decrease was mainly contributed by the increase in total equity due to the placing of Shares during the Period.

As at 30 September 2017, the borrowings, obligations under finance leases and director's loan amounted to approximately HK$205.8 million (31 March 2017: HK$159.1 million) which will be repayable within eight years from the end of the reporting period.

CHARGES ON THE GROUP ASSETS

As at 30 September 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 (31 March 2017: HK$0.6 million); (2) bank deposits of approximately HK$4.6 million (31 March 2017: HK$4.6 million) and (3) machinery and motor vehicles with net carrying amount of approximately HK$124.5 million (31 March 2017: HK$85.1 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period was approximately HK$34.2 million (Previous Period: HK$21.2 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, obligations under finance leases and director's loan 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 obligations under finance leases 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 contract on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

CREDIT RISK AND LIQUIDITY RISK

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

CAPITAL COMMITMENTS

The capital commitments consist primarily of purchase of construction machinery for rental purpose. As at 30 September 2017, the capital commitments of property, plant and equipment contracted for but not provided amounted to approximately HK$23.7 million (31 March 2017: HK$22.3 million).

CONTINGENT LIABILITIES

As at 30 September 2017, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$1.3 million (31 March 2017: HK$2.3 million) and HK$11.2 million (31 March 2017: HK$11.2 million) to the banks in respect of obligations under finance leases and the Group's obligation under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the bank is unable to recover the amounts under these finance leases from these customers or the Group failed to perform the relevant obligations to these customers. As at 30 September 2017, no provision for the Group's obligations under the guarantee contracts has been made as the Directors considered that it was not probable that the repayment of the finance lease obligations would be in default and it was not probable that a claim will be made against the Group.

On 11 July 2017, a customer lodged a prosecution to a subsidiary of the Company to claim for a loss and damage of more than HK$27 million. After considering the evidence and the background facts in relation to this prosecution and the advice from the legal adviser in relation to this prosecution, the Directors are of the view it is a weak claim with remote prospect of success against the Group.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 September 2017 which would materially affect the Group's operating and financial performance as of the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group had 132 staff (31 March 2017: 130). The total staff costs incurred by the Group for the Period were approximately HK$31.4 million (Previous Period: HK$30.0 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 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 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 operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to shareholders of the Company (the "**Shareholders**") for the Period.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

No material acquisition and disposal of subsidiaries were conducted by the Group during the Period. As at 30 September 2017, the Group did not hold any significant investments.

PLACING OF SHARES

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 (the "**Placing Shares**") at the placing price of HK$0.62 per Placing Share (the "**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 (the "**Placing Announcements**").

BONUS ISSUE OF SHARES

On 4 July 2017, the Company proposed a bonus issue of shares to the qualifying shareholders on the basis of one (1) bonus share for every one (1) existing Share held by the qualifying shareholders (the "**Bonus Issue**"). The Bonus Issue was completed on 11 September 2017. After the completion of the Bonus Issue, there were (and have remained up to the date of this announcement) a total number of 2,400,000,000 shares of the Company in issue (as enlarged by the issue and allotment of 1,200,000,000 bonus shares). Further information regarding the Bonus Issue was published in the announcements of the Company dated 4 July 2017 and 14 September 2017 respectively and the circular of the Company dated 26 July 2017.

SIGNIFICANT LITIGATION

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. (the "**Subsidiary**"), one of the subsidiaries of the Group for alleged breach of a rental contract (the "**Legal Proceedings**"). 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 unpaid rental plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal (the "**Appeal**") against the judgment of the Court of First Instance.

On 11 July 2017, the decisions of the Legal Proceedings and the Appeal were concluded by the Court of Appeal. The decisions were in favour of the Subsidiary and the Court of Appeal ordered the customer to settle the unpaid hire of HK$8.9 million plus interest and part of the costs of the Legal Proceedings and the Appeal. Up to the date of this announcement, the Subsidiary has received in an aggregated amount of HK$14.4 million representing the unpaid hire plus interest of HK$12.0 million and part of the costs of the Legal Proceedings and the Appeal of HK$2.4 million.

On 11 July 2017, the customer lodged another prosecution against the Subsidiary claiming for loss and damage of more than HK$27 million. After considering the evidence and the background facts in relation to this prosecution and the advice from the legal adviser in relation to this prosecution, the Directors are of the view it is a weak claim with remote prospect of success against the Subsidiary.

For details of the Legal Proceedings, please refer to the prospectus issued by the Company dated 30 November 2015 (the "**Prospectus**").

PROSPECTS

Despite the challenges Hong Kong faced during the Period, 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 sector 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 ending 31 March 2020. In April 2016, the construction of the three-runway system in Chek Lap Kok Airport was approved and the total estimated construction cost is approximately HK$141.5 billion.

The Group believes that it possesses the business strengths and competitive advantages that enable the Group to grow continuously and enhance the 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 experience steady growth in the foreseeable future.

CORPORATE GOVERNANCE PRACTICES

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

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 Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), 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 respectively with effect from 17 March 2017 respectively. Having considered the business operation of the Group, the Directors considered that the Board as a whole can achieve effective functioning and formulation of strategies and policies, while other members of the Management can oversee the day-to-day management of the Group for the time being.

Subsequently, the Company appointed Mr. Zhou Yong as the chief executive officer of the Company with effect from 15 August 2017. Thenceforth the responsibilities of the chairman and chief executive officer became 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 believes 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.

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 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 and its code of conduct during the Period.

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 established the Audit Committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the CG Code. As at 30 September 2017 and up to the date of this announcement, the Audit Committee comprises three independent non-executive Directors, 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 primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. Meetings shall be held at least twice a year.

The unaudited interim results and financial report of the Group for the Period have been reviewed by the Audit Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the Shares, the underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Name of shareholder	**Capacity/ Nature of interest**	**Number of Shares held** *(Note 1)*	**Percentage of shareholding**
Hao Tian Management (China) Limited ("**Hao Tian China**") *(Note 2)*	Beneficial owner	1,500,000,000	62.5%
Win Team Investments Limited *(Note 3)*	Interests of controlled corporation	1,500,000,000	62.5%
Hao Tian Development Group Limited ("**Hao Tian**") *(Note 4)*	Interests of controlled corporation	1,500,000,000	62.5%
Asia Link Capital Investment Holdings ("**Asia Link**") *(Note 4)*	Interests of controlled corporation	1,500,000,000	62.5%
Li Shao Yu *(Note 5)*	Interests of controlled corporation	1,500,000,000	62.5%

Notes:

1. All interests stated are long positions.

2. Hao Tian China is directly wholly owned by Win Team Investments Limited.

3. Win Team Investments Limited is directly wholly owned by Hao Tian.

4. Asia Link beneficially owns 61.67% of the entire issued share capital of Hao Tian. Therefore, Asia Link is deemed, or taken to be, interested in all the Shares held by Hao Tian for the purpose of the SFO.

5. Asia Link is directly wholly-owned by Li Shao Yu.

Save as disclosed above, as at 30 September 2017, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 23 October 2015. As at 30 September 2017, no share option under the share option scheme had been granted.

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING BUSINESS

During the Period, none of the Directors or Hao Tian China and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under 8.10 of the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.chimkeegroup.com.hk). The interim report for the Period containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and dispatched to the Shareholders in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

On behalf of the Board
Hao Tian International Construction Investment Group Limited
Fok Chi Tak
Executive Director

Hong Kong, 28 November 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.