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 2018

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 2018 (the "**Period**") together with the unaudited comparative figures for the six months ended 30 September 2017 (the "**Previous Period**").

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$79.3 million for the six months ended 30 September 2018, representing an increase of approximately 12.4% as compared with the same for the six months ended 30 September 2017.

- Gross profit margin increased from approximately 0.6% for the six months ended 30 September 2017 to approximately 9.4% for the six months ended 30 September 2018.

- Loss attributable to the owners of the Company increased from approximately HK$3.5 million for the six months ended 30 September 2017 to approximately HK$4.7 million for the six months ended 30 September 2018.

- Basic loss per Share increased from approximately HK0.15 cents for the six months ended 30 September 2017 to approximately HK0.17 cents for the six months ended 30 September 2018.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018.

- As at 30 September 2018, the Group's bank balances, cash and pledged bank deposits were approximately HK$202.8 million (31 March 2018: HK$124.3 million) and the Group had borrowings, obligation under finance leases and loan from a director in total of approximately HK$225.3 million (31 March 2018: HK$218.0 million).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	5	**79,325**	70,582
Cost of sales and services rendered		**(71,846)**	(70,191)
Gross profit		**7,479**	391
Other income, other gains and losses	5	**8,250**	17,011
Administrative expenses		**(16,188)**	(16,995)
Finance costs	6	**(3,975)**	(3,887)
Loss before taxation	7	**(4,434)**	(3,480)
Income tax expense	8	**(220)**	(2)
Loss and total comprehensive expense for the period		**(4,654)**	(3,482)
Attributable to:			
Owners of the Company		**(4,652)**	(3,481)
Non-controlling interests		**(2)**	(1)
		(4,654)	(3,482)
Loss per share (HK cents)			
Basic	10	**(0.17)**	(0.15)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**307,751**	285,977
Finance lease receivables	*15*	**10,341**	9,529
Loan receivables	*16*	**10,245**	–
Deferred tax assets	*23*	**4,847**	4,743
Pledged bank deposits	*17*	**4,639**	4,627
Deposit for acquisition of subsidiaries	*14*	**100,000**	100,000
Deposits for acquisition of property, plant and equipment	*14*	**1,002**	414
		438,825	405,290
Current assets			
Inventories	*12*	**12,015**	14,410
Trade receivables	*13*	**48,124**	81,595
Other receivables, deposits and prepayments	*14*	**6,777**	4,061
Finance lease receivables	*15*	**8,278**	6,959
Loan receivables	*16*	**95,797**	–
Amount due from a director	*20*	**–**	55
Tax recoverable		**955**	2,207
Bank balances and cash	*17*	**198,160**	119,709
		370,106	228,996
Current liabilities			
Trade payables	*18*	**5,414**	21,980
Accruals, deposits received and other payables	*19*	**10,691**	13,039
Amount due to a director	*20*	**15,357**	–
Amounts due to related companies	*20*	**305**	260
Loan from a director	*20*	**40,000**	–
Borrowings	*21*	**107,218**	113,266
Obligation under finance leases	*22*	**4,194**	4,340
Tax payable		**297**	–
		183,476	152,885
Net current assets		**186,630**	76,111
Total assets less current liabilities		**625,455**	481,401

	Notes	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Non-current liabilities			
Borrowings	*21*	**37,520**	52,005
Obligation under finance leases	*22*	**6,378**	8,341
Loan from a director	*20*	**30,000**	40,000
Deferred tax liabilities	*23*	**28,088**	28,063
		101,986	128,409
Net assets		**523,469**	352,992
EQUITY			
Share capital	*24*	**36,000**	24,000
Reserves		**487,219**	328,740
Equity attributable to owners of the Company		**523,219**	352,740
Non-controlling interests		**250**	252
Total equity		**523,469**	352,992

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company							
	Share capital *HK$'000* *(Note 24)*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Merger reserve** *HK$'000*	**Accumulated profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 31 March 2018 (Audited)	**24,000**	**169,724**	**6,291**	**1,000**	**151,725**	**352,740**	**252**	**352,992**
Initial application of HKFRS 9	**–**	**–**	**–**	**–**	**(3,970)**	**(3,970)**	**–**	**(3,970)**
At 1 April 2018 (Restated)	**24,000**	**169,724**	**6,291**	**1,000**	**147,755**	**348,770**	**252**	**349,022**
Issue of right shares *(Note 24(d))*	**12,000**	**167,101**	**–**	**–**	**–**	**179,101**	**–**	**179,101**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(4,652)**	**(4,652)**	**(2)**	**(4,654)**
At 30 September 2018 (Unaudited)	**36,000**	**336,825**	**6,291**	**1,000**	**143,103**	**523,219**	**250**	**523,469**
At 1 April 2017 (Audited)	10,000	62,354	6,291	1,000	164,253	243,898	250	244,148
Placing of shares *(Note 24(b))*	2,000	119,370	–	–	–	121,370	–	121,370
Bonus issue of shares *(Note 24(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**33,783**	45,806
Net cash used in investing activities	**(153,923)**	(31,958)
Net cash generated from financing activities	**198,591**	163,979
Net increase in cash and cash equivalents	**78,451**	177,827
Cash and cash equivalents at beginning of the period	**119,709**	71,279
Cash and cash equivalents at end of the period	**198,160**	249,106

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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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's immediate and ultimate holding company is Hao Tian Management (China) Limited and Asia Link Capital Investment Holdings Limited, which are incorporated in Hong Kong and the British Virgin Islands, respectively, and the ultimate controlling shareholder is Ms. Li Shao Yu.

The 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.

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

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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the HKICPA.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

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 annual financial statements for the year ended 31 March 2018.

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, spare parts and construction materials

— sale of crawler cranes, aerial platforms, foundation equipment and construction materials

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, spare parts and construction materials	Rental of construction machinery and provision of repair and maintenance service	Provision of transportation services	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2018 (Unaudited)					
Revenue (from external customers)					
Reportable segment revenue	**28,460**	**50,177**	**688**	**–**	**79,325**
Reportable segment profit/(loss)	**(2,750)**	**9,417**	**(594)**	**–**	**6,073**
Other reportable segment information:					
Finance lease income	**754**	**–**	**–**	**–**	**754**
Finance costs	**(36)**	**(2,185)**	**(14)**	**–**	**(2,235)**
Depreciation of property, plant and equipment	**–**	**(16,705)**	**(353)**	**–**	**(17,058)**
Reversal of allowance for bad and doubtful debts	**–**	**1,511**	**–**	**–**	**1,511**
Income tax (expense)/credit	**454**	**(1,450)**	**98**	**–**	**(898)**
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 income	225	–	–	–	225
Finance costs	(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)

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit	**6,073**	6,690
Imputed interest income	**–**	234
Interest income from bank deposits	**5**	–
Loan interest income	**2,129**	–
Impairment loss on loan receivables	**(957)**	–
Unallocated corporate expenses *(Note)*	**(9,944)**	(8,339)
Unallocated finance costs	**(1,740)**	(2,065)
Loss before taxation	**(4,434)**	(3,480)

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
External revenue:		
Hong Kong	**76,510**	65,513
Macau	**2,815**	5,069
	79,325	70,582

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

5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sale of machinery and spare parts	**19,863**	5,138
Sale of rental machinery	**8,597**	1,334
Rental income from leasing of machinery	**36,331**	38,754
Rental income from sub-leasing of machinery	**9,827**	17,083
Transportation service income	**688**	936
Other service income	**4,019**	7,337
Total	**79,325**	70,582
Other income, other gains and losses:		
Interest income from bank deposits	**16**	12
Finance lease income	**754**	225
Loan interest income	**2,129**	–
Imputed interest income	**–**	234
Gain on disposal and write-off of property, plant and equipment, net	**–**	216
Rental income from leasing a warehouse property and a motor vehicle	**180**	1,144
Refund of costs incurred for a litigation	**–**	2,358
Reversal of allowance for bad and doubtful debt and receipt of related interest	**1,511**	12,051
Compensation received from a customer	**5,229**	–
Net foreign exchange loss	**(838)**	–
Impairment loss on loan receivables	**(957)**	–
Sunday income	**226**	771
Total	**8,250**	17,011

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**3,167**	1,595
Finance lease interest	**158**	1,724
Director's loan interest	**650**	568
	3,975	3,887

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**–**	–
Cost of inventories recognised as expenses	**24,077**	5,340
Depreciation of property, plant and equipment	**18,758**	22,020
Employee costs (including Directors' remuneration)		
— Wages, salaries and other benefits	**26,883**	30,457
— Retirement benefits scheme contributions	**898**	948
Minimum lease payment in respect of		
— Land and buildings	**864**	437
— Machinery	**3,368**	11,374

8. INCOME TAX

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong	**291**	49
Macau	**8**	186
	299	235
Deferred tax credit *(Note 23)*	**(79)**	(233)
Income tax expense	**220**	2

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 owners of the Company is based on the following data:

	Six months ended 30 September 2018	2017
	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)	**(4,652)**	(3,481)
	'000	*'000*
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,793,443**	2,279,781

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	Leasehold improvements	Machinery	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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
Year ended 31 March 2018 (Audited)						
Opening net carrying amount	66,244	1,195	212,850	272	3,922	284,483
Additions	6,704	–	59,264	197	631	66,796
Disposals and write-off	–	–	–	–	(197)	(197)
Depreciation	(2,257)	(150)	(40,104)	(136)	(1,704)	(44,351)
Reclassification to inventories	–	–	(16,754)	–	–	(16,754)
Impairment loss on property, plant and equipment	–	–	(4,000)	–	–	(4,000)
Closing net carrying amount	70,691	1,045	211,256	333	2,652	285,977

	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 31 March 2018 and at 1 April 2018 (Audited)						
Cost	74,084	2,119	414,266	1,401	15,172	507,042
Accumulated depreciation	(3,393)	(1,074)	(203,010)	(1,068)	(12,520)	(221,065)
Net carrying amount	70,691	1,045	211,256	333	2,652	285,977
Six months ended 30 September 2018 (Unaudited)						
Opening net carrying amount	70,691	1,045	211,256	333	2,652	285,977
Additions	100	–	44,972	–	–	45,072
Depreciation	(1,230)	(75)	(16,660)	(73)	(720)	(18,758)
Reclassification to inventories	–	–	(4,540)	–	–	(4,540)
Closing net carrying amount	69,561	970	235,028	260	1,932	307,751
At 30 September 2018 (Unaudited)						
Cost	74,184	2,119	445,468	1,401	15,172	538,344
Accumulated depreciation	(4,623)	(1,149)	(210,440)	(1,141)	(13,240)	(230,593)
Net carrying amount	69,561	970	235,028	260	1,932	307,751

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$138,400,000 and HK$1,844,000 as at 30 September 2018 (HK$151,864,000 and HK$2,537,000 as at 31 March 2018) in respect of assets held under finance lease arrangement, respectively. The liabilities arising from these finance lease arrangements were either classified as borrowings or obligation under finance leases as at end of the reporting period. During the year ended 31 March 2018, HK$4,000,000 (30 September 2018: nil) impairment loss has been recognised for certain machinery.

The Group has pledged leasehold land and buildings with a carrying amount of HK$586,000 as at 30 September 2018 (HK$596,000 as at 31 March 2018) to secure bank borrowings of the Group.

12. INVENTORIES

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Machinery	**948**	559
Spare parts	**1,428**	1,333
Construction materials	**9,639**	12,518
	12,015	14,410

13. TRADE RECEIVABLES

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Trade receivables	**54,823**	86,756
Less: Allowance for bad and doubtful debts	**(6,699)**	(5,161)
	48,124	81,595

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 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
0–30 days	**19,070**	37,755
31–90 days	**9,131**	20,408
91–180 days	**7,306**	8,059
181–365 days	**10,851**	13,496
Over 365 days	**1,766**	1,877
	48,124	81,595

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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
At beginning of the period/year*	**9,131**	16,339
Impairment losses recognised	**–**	921
Amount written off as uncollectible	**(921)**	(3,214)
Recovery of bad debts	**(1,511)**	(8,885)
At end of the period/year	**6,699**	5,161

* The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, corporative information is not restated.

At 30 September 2018, the Group had determined approximately HK$6,699,000 (31 March 2018: HK$5,161,000) of trade receivables as individually impaired respectively. 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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Non-current:		
Deposits for acquisition of subsidiaries	**100,000**	100,000
Deposits for acquisition of property, plant and equipment	**1,002**	414
	101,002	100,414
Current:		
Other receivables	**1,668**	26
Deposits	**4,189**	2,749
Prepayments	**920**	1,286
	6,777	4,061

Note: On 28 March 2018, the Group entered into a sales and purchase agreement with Hao Tian Development Group Limited ("HTD"), the Company's intermediate holding company, to purchase the entire issued share capital of Hao Tian International Financial Holdings Limited with a cash consideration of HK$150,000,000 and issue of 125,000,000 shares of the Company's shares (the "Proposed Acquisition") as consideration shares (note 26).

The deposit placed by the Group with HTD as a refundable deposit for the Proposed Acquisition as at 30 September 2018 and 31 March 2018 was HK$100,000,000.

Up to the date of this announcement, the Proposed Acquisition has not yet completed.

15. FINANCE LEASE RECEIVABLES

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current finance lease receivables	**8,278**	6,959
Non-current finance lease receivables	**10,341**	9,529
	18,619	16,488

Leasing arrangements

Certain of the Group's machinery is leased out under finance leases. All leases are denominated in HK$. The term of finance leases entered into range from 2 years to 5 years (31 March 2018: 1 month to 5 years).

Amounts receivable under finance leases

	Minimum lease payments		**Present value of lease payments**	
	As at 30 September 2018	As at 31 March 2018	**As at 30 September 2018**	As at 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Not later than one year	**9,427**	8,042	**8,278**	6,959
Later than one year and not later than five years	**10,936**	10,226	**10,341**	9,529
	20,363	18,268	**18,619**	16,488
Less: unearned finance income	**(1,744)**	(1,780)	**N/A**	N/A
Present value of minimum lease payments receivable	**18,619**	16,488	**18,619**	16,488

The effective interest rates of the finance leases as at 30 September 2018 range from 4.55% to 10.20% per annum (31 March 2018: 4.55% to 10.20% 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. LOAN RECEIVABLES

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Current:		
Secured, fixed-rate loan receivables *(Note)*	**35,808**	–
Unsecured and guaranteed, fixed-rate loan receivables	**59,989**	–
	95,797	–
Non-current:		
Secured, fixed-rate loan receivables (Note)	**10,245**	–
Unsecured and guaranteed, fixed-rate loan receivables	–	–
	10,245	–
	106,042	–

Note: The loan receivables are secured by properties held by the borrowers.

17. 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 2018: 0.52% per annum).

Bank balances carry interest at prevailing market rates which range from 0.0002% to 0.0044% (31 March 2018: 0.0003% to 0.0046%) per annum.

18. 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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
0–30 days	**2,836**	17,183
31–60 days	**1,211**	2,691
61–180 days	**959**	1,963
181–365 days	**265**	–
Over 365 days	**143**	143
	5,414	21,980

19. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Accruals	**3,741**	4,908
Deposits received	**5,212**	7,043
Other payables (Note)	**1,738**	1,088
	10,691	13,039

Note: As at 30 September 2018, approximately HK$1,383,000 (31 March 2018: HK$734,000) represented interest payable to a director.

20. AMOUNTS DUE TO RELATED COMPANIES/AMOUNT DUE FROM/(TO) A DIRECTOR/LOAN FROM A DIRECTOR

Amount due from a director

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

Details of amount due from a director, which is non-trade nature, are as follows:

	Maximum amount outstanding during the period *HK$'000*	**As at 30 September 2018** *HK$'000* **(Unaudited)**	Maximum amount outstanding during the year *HK$'000*	As at 31 March 2018 *HK$'000* (Audited)
Tang Yiu Chi James	**55**	**–**	55	55

Amount due to a director and amounts due to related companies

The amounts are non-trade nature, interest-free, unsecured and are repayable on demand.

Loan from a director

The amount is unsecured, bearing an interest of 2% per annum and amounts of HK$40,000,000 and HK$30,000,000 will mature on 11 May 2019 and 14 May 2020 respectively without repayable on demand clause.

21. BORROWINGS

Bank borrowings

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Secured and guaranteed interest-bearing bank loans:		
Repayable on demand or within one year	**15,952**	14,094
Repayable after one year which contain a repayable on demand clause	**36,854**	42,497
Total bank borrowings	**52,806**	56,591
Analysis based on scheduled repayment terms set out in the loan agreements, into:		
On demand or within one year	**15,952**	14,094
More than one year, but not exceeding two years	**9,948**	10,718
More than two years, but not exceeding five years	**20,356**	28,009
More than five years	**6,550**	3,770
Total bank borrowings	**52,806**	56,591

Bank borrowings bear interest at floating interest rates. The effective interest rates of borrowings as at the end of the reporting period ranged from 2.79% to 4.63% per annum (31 March 2018: 3.50% to 4.88% 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 2018 and 31 March 2018;

(b) Pledge of bank deposits amounting to HK$4,639,000 and HK$4,627,000 (Note 17) held by the Group as at 30 September 2018 and 31 March 2018, respectively;

(c) At 30 September 2018 and 31 March 2018, the Company has issued guarantees to banks to secure banking facilities granted to certain subsidiaries.

Other borrowings

It is the Group's 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$4,373,000 (31 March 2018: HK$87,817,000). 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. Although 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 2018: 3 to 5 years) under sale and leaseback arrangement. Interest rates underlying all arrangements are either fixed ranging from 2.88% to 4.79% per annum (31 March 2018: 2.88% to 4.79% per annum) or variable ranging from 3.54% to 5.02% per annum (31 March 2018: 3.33% to 4.25% per annum) at the respective contract dates. None of the leases include contingent rentals.

	Present value of minimum lease payments	
	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Principal amount:		
Within one year	**54,412**	56,675
Within a period of more than one year but not more than two years	**26,080**	29,135
Within a period of more than two years but not more than five years	**11,440**	22,870
	91,932	108,680
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(54,412)**	(56,675)
Amount due for settlement after 12 months	**37,520**	52,005

Other borrowings are effectively secured by the underlying assets of HK$126,873,000 (31 March 2018: HK$139,710,000) as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

Included in the Group's borrowings are borrowings, with carrying amount of HK$73,363,000 (31 March 2018: HK$79,787,000) which contain a repayment on demand clause.

22. OBLIGATION UNDER FINANCE LEASES

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed for reporting purposes as:		
Current liabilities	**4,194**	4,340
Non-current liabilities	**6,378**	8,341
	10,572	12,681

It is the Group's policy to lease certain of its motor vehicles and machinery under finance leases. The lease terms range from 3 to 5 years (31 March 2018: 3 to 5 years). Interest rates underlying all obligations under finance leases are fixed ranging from 1.40% to 4.14% per annum (31 March 2018: 1.40% to 4.14% 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 2018	As at 31 March 2018	**As at 30 September 2018**	As at 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Obligation under finance leases payable:				
Within one year	**4,556**	4,776	**4,194**	4,340
Within a period of more than one year but not more than two years	**3,410**	3,846	**3,212**	3,589
Within a period of more than two year but not more than five years	**3,240**	4,906	**3,166**	4,752
	11,206	13,528	**10,572**	12,681
Less: future finance charges	**(634)**	(847)	**N/A**	N/A
Present value of lease obligations	**10,572**	12,681	**10,572**	12,681
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,194)**	(4,340)
Amount due for settlement after 12 months			**6,378**	8,341

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. 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	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017 (Audited)	(30,781)	6,364	(24,417)
Credit/(charge) to profit or loss	2,683	(1,586)	1,097
At 31 March 2018 and at 1 April 2018 (Audited)	(28,098)	4,778	(23,320)
Credit/(charge) to profit or loss	(4,045)	4,124	79
At 30 September 2018 (Unaudited)	**(32,143)**	**8,902**	**(23,241)**

At the end of the reporting period, the Group has unused tax losses of HK$53,952,000 (31 March 2018: HK$28,958,000) 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 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deferred tax assets	**4,847**	4,743
Deferred tax liabilities	**(28,088)**	(28,063)
	(23,241)	(23,320)

24. SHARE CAPITAL

	Number of Shares	Amount
		HK$'000
Authorised:		
Ordinary Shares of HK$0.01 each		
At 1 April 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 31 March 2018 (Audited) and 30 September 2018 (Unaudited)	20,000,000,000	200,000
Issued and fully paid:		
Ordinary Shares of HK$0.01 each		
At 1 April 2017 (Audited)	1,000,000,000	10,000
Issue of shares by placing *(Note (b))*	200,000,000	2,000
Issue of shares by bonus issue *(Note (c))*	1,200,000,000	12,000
At 31 March 2018 (Audited)	2,400,000,000	24,000
Issue of shares by right issue *(Noted (d))*	1,200,000,000	12,000
At 30 September 2018 (Unaudited)	3,600,000,000	36,000

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 HK$124,000,000 by way of placing to independent third party investors. HK$2,630,000 professional fee was incurred as direct attribute cost.

(c) On 4 July 2017, the Directors of the Company proposed a bonus issue on the basis of one bonus share for every one share held. The bonus issue was approved by the shareholders on 30 August 2017 and 1,200,000,000 bonus shares were issued on 11 September 2017.

(d) On 25 June 2018, the Company proposed a 1-for-2 rights issue. The rights issue was completed on 2 August 2018 and 1,200,000,000 shares were issued for a total cash consideration (before expenses) of HK$180,000,000. HK$899,000 professional fee was incurred as direct attribute cost.

25. 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 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Within one year	**48**	2,568
In the second to fifth year inclusive	**60**	1,134
	108	3,702

Operating lease payments represent rentals payable by the Group for warehouse property. Leases are negotiated for a period of three years (31 March 2018: two to three years) and rentals are fixed at the time of entering into the respective leases.

(b) Operating lease commitments — Group as lessor

The Group 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 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Not later than one year	**1,599**	1,912

26. CAPITAL COMMITMENTS

	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Capital expenditure in respect of addition of property, plant and equipment — Contracted for but not provided in the consolidated financial statements	**11,462**	–

As disclosed in note 14, the Group entered into a sales and purchase agreement for the Proposed Acquisition, HK$100,000,000 of the consideration was paid by the Group during the year ended 31 March 2018 and included as deposit for the Proposed Acquisition as at 31 March 2018 and 30 September 2018. The total consideration payable for the Proposed Acquisition was amended to HK$180,000,000, which will be wholly satisfied by cash. The remaining consideration, i.e. cash of HK$80,000,000 will be settled upon the completion of the Proposed Acquisition.

27. 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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit Principle Limited ("Profit Principle") *(Note)*		
Property rental expense	**(24)**	(24)
Tang Yiu Chi James		
Director's loan interest	**(650)**	(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.

28. CONTINGENT LIABILITIES

As at 30 September 2018, the Group provided performance guarantee amounting to approximately HK$11,200,000 (31 March 2018: corporate guarantees and performance guarantee amounting to approximately HK$333,000 and approximately HK$11,200,000 respectively) 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 2018 and 31 March 2018, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The economic environment worldwide and the local economy in Hong Kong are full of uncertainties and challenges. Apart from internal issues and external impacts, we are also facing elements that increasingly impacting our industry. Although various infrastructure projects were approved and commenced, new and subsequent funding have been approved in a much slower pace than those committed in previous years. Such delays in funding approvals caused projects to lag behind the original schedules so contractors tend to be more cautious when making investment decisions on construction machinery. 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 at Chek Lap Kok Airport, Tseung Kwan O–Lam Tin Tunnel, Central Kowloon Route 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, and provision of repair and maintenance services; (ii) trading of construction machinery, spare parts and construction materials; and (iii) provision of transportation services.

Rental of construction machinery and provision of repair and maintenance services

The Group offers crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment in its rental fleet. For crawler cranes, the mix in the rental fleet ranges from 2.9-tonne mini crawler cranes to 750-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 2018 *Number in fleet*	As at 31 March 2018 *Number in fleet*
Crawler cranes and other mobile cranes	**97**	92
Aerial platforms	**84**	84
Foundation equipment	**37**	43
	218	219

In order to maintain a modern fleet of construction machinery with a greater variety of models, the Group has been replacing, from time to time, portions of its fleet of construction machinery. The Board will continue to monitor the daily operations and review the expansion plan of the rental fleet and the capital requirements of the Group regularly. The Group may reschedule such expansion according to the operations and needs, the preference of the target customers and prevailing market conditions if necessary. The Group may also revise the timing and financing arrangements for the purchase of additional, and replacement of, existing construction machinery if, amongst others, the market condition changes.

Trading of construction machinery, spare parts and construction materials

The Group is also engaged in trading of new construction machinery, spare parts and construction materials 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 equipment. The Group 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.

Provision of 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 increased by approximately HK$8.7 million, or 12.4%, from approximately HK$70.6 million for the Previous Period to approximately HK$79.3 million for the Period. Such increase was mainly attributable to the increase in revenue generated from the trading of construction machinery, spare parts and construction materials.

Rental of construction machinery and provision of repair and maintenance services

The revenue from rental of construction machinery decreased by approximately HK$13.0 million, or 20.6%, from approximately HK$63.2 million for the Previous Period to approximately HK$50.2 million for the Period. Such decrease was mainly attributable to the delay in commencement of several public projects and public-related projects.

Trading of construction machinery, spare parts and construction materials

The revenue from trading of construction machinery, spare parts and construction materials increased by approximately HK$22.0 million, or 339.7%, from approximately HK$6.5 million for the Previous Period to approximately HK$28.5 million for the Period. Such increase was mainly attributable to the increased demand for replacement with brand new and environmentally friendly construction machinery.

Provision of transportation services

The revenue from provision of transportation services decreased by approximately HK$0.2 million, or 26.5%, from approximately HK$0.9 million for the Previous Period to approximately HK$0.7 million for the Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit increased by approximately HK$7.1 million, or 1,812.8%, from approximately HK$0.4 million for the Previous Period to approximately HK$7.5 million for the Period, while the gross profit margin increased from approximately 0.6% for the Previous Period to approximately 9.4% for the Period. The increase in gross profit and gross profit margin was mainly due to the improvement in gross profit margin in rental of construction machinery and provision of repair and maintenance services.

Rental of construction machinery and provision of repair and maintenance services

The gross profit of construction machinery rental services increased by approximately HK$3.6 million, or 102.2%, from approximately HK$3.5 million for the Previous Period to approximately HK$7.0 million for the Period. In addition, the gross profit margin of construction machinery rental services increased from approximately 5.5% for the Previous Period to approximately 14.0% for the Period.

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

Trading of construction machinery, spare parts and construction materials

For the trading of construction machinery, spare parts and construction materials, the Group recorded a gross profit of approximately HK$0.5 million for the Period, compared to a gross loss of approximately HK$3.4 million for the Previous Period. In addition, the gross profit margin for the trading of construction machinery, spare parts and construction materials improved from approximately -52.1% for the Previous Period to approximately 1.8% for the Period.

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

OTHER INCOME, OTHER GAINS AND LOSSES

The other income, other gains and losses decreased by approximately HK$8.8 million, or 51.5%, from approximately HK$17.0 million for the Previous Period to approximately HK$8.3 million for the Period. The one-off recovery of bad debts and receipt of related interest from a customer of approximately HK$12.1 million and refund on taxed cost from a litigation with the same customer of approximately HK$2.4 million in Previous Period were not recorded in the Period, leading to a decrease in other income, other gains and losses for the Period.

ADMINISTRATIVE EXPENSES

The administrative expenses slightly decreased by approximately HK$0.8 million, or 4.7%, from approximately HK$17.0 million for the Previous Period to approximately HK$16.2 million for the Period.

FINANCE COSTS

The finance cost slightly increased by approximately HK$0.1 million, or 2.3%, from approximately HK$3.9 million for the Previous Period to approximately HK$4.0 million for the Period.

NET LOSS

The Group's net loss for the Period was approximately HK$4.7 million (Previous Period: net loss of HK$3.5 million) and the net loss margin would be approximately 5.9% (Previous Period: 4.9%).

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 the rights issue of the ordinary shares in the Company (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 2018, the Group had bank balances and cash and pledged bank deposits of approximately HK$198.2 million (31 March 2018: approximately HK$119.7 million) and HK$4.6 million (31 March 2018: approximately HK$4.6 million) respectively.

As at 30 September 2018, the Group had total assets of approximately HK$808.9 million (31 March 2018: approximately HK$634.3 million), net current assets of approximately HK$186.6 million (31 March 2018: approximately HK$76.1 million) and net assets of approximately HK$523.5 million (31 March 2018: approximately HK$353.0 million).

As at 30 September 2018, the Group's current assets and current liabilities were approximately HK$370.1 million (31 March 2018: approximately HK$229.0 million) and HK$183.5 million (31 March 2018: approximately HK$152.9 million) respectively. The Group's current ratio increased to approximately 2.0 times as at 30 September 2018 (31 March 2018: approximately 1.5 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, obligation under finance leases, loan from a director, amount due to a director and amounts due to related companies) with total equity; it was approximately 46.0% as at 30 September 2018 (31 March 2018: approximately 61.8%). The decrease was mainly contributed by the increase in total equity due to issue of the Shares pursuant to the rights issue during the Period.

As at 30 September 2018, the borrowings, obligation under finance leases and loan from a director amounted to approximately HK$225.3 million (31 March 2018: approximately HK$218.0 million) of which approximately HK$151.4 million were repayable on demand or within one year; approximately HK$59.3 million were repayable in the second year; approximately HK$14.6 million were repayable in the third to fifth year from the end of the reporting period.

CHARGES ON GROUP ASSETS

As at 30 September 2018, the Group's borrowings and obligation under finance leases are secured by (1) leasehold land and building with net carrying amount of approximately HK$0.6 million (31 March 2018: approximately HK$0.6 million); (2) bank deposits of approximately HK$4.6 million (31 March 2018: approximately HK$4.6 million) and (3) machinery and motor vehicles with net carrying amount of approximately HK$140.2 million (31 March 2018: approximately HK$154.4 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period was approximately HK$45.1 million (Previous Period: approximately HK$34.2 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, obligation under finance leases and loan from a director which bear interests at fixed and floating interest rates. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are appropriately fixed when necessary.

CURRENCY RISK

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in 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 obligation under finance leases which are denominated in JPY, EURO and United States Dollars. The Group does not adopt any hedging strategy in the long run but the management continuously monitors the foreign exchange risk exposure and might enter into foreign exchange forward contracts on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

CREDIT RISK AND LIQUIDITY RISK

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

CAPITAL COMMITMENTS

The capital commitments consist primarily of acquisition of subsidiaries and purchase of construction machinery for rental purpose. As at 30 September 2018, the capital commitments contracted but not provided for amounted to approximately HK$91.5 million (31 March 2018: approximately HK$50 million cash and 125 million Shares be issued by the Company).

CONTINGENT LIABILITIES

As at 30 September 2018, the Group provided performance guarantee amounting to approximately HK$11.2 million (31 March 2018: corporate guarantees and performance guarantee amounting to approximately HK$0.3 million and approximately HK$11.2 million respectively) to the banks in respect of obligation 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 banks were 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 2018, 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.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 September 2018 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 2018, the Group had 123 staff (31 March 2018: 128). The total staff costs incurred by the Group for the Period were approximately HK$27.8 million (Previous Period: approximately HK$31.4 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'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 operation staff consists of experienced machinery operators and mechanics. While such employees are highly demanded in the market, the Group manages to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offers technical trainings to existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

INTERIM DIVIDEND

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

EQUITY FUND RAISING ACTIVITIES

The Group carried out a placing of its Shares during the year ended 31 March 2018 and a rights issue during the Period. The details of equity fund raising activities and the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
10 May 2017	Placing (the "Placing") of 200,000,000 new Shares with an aggregate nominal value of HK$2,000,000 by the Company to no less than six placees who were professional, institutional or other investors who and whose ultimate beneficial owners were independent of and not connected with the Company, the connected persons of the Company and their respective associates, at the placing price of HK$0.62 per placing Share (and net issue price being HK$0.605 per placing Share). The closing price of the Shares on 10 May 2017 was HK$0.66.	Approximately HK$121.4 million	The net proceeds was previously intended to be used in real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the People's Republic of China (the "PRC"), Singapore, Vietnam and the United Kingdom by the Company; and for the general working capital of the Company. In view of recent changes in business development strategies and investment opportunities, the Company changed the intended use of proceeds to satisfy part of the cash consideration payable to HTD for the proposed acquisition (the "HTIFH Acquisition") of Hao Tian International Financial Holdings Limited (a BVI business company incorporated under the laws of the British Virgin Islands ("BVI"))("Hao Tian International Financial Holdings" or "HTIFH") by Solution Pro Investments Limited (an indirect wholly-owned subsidiary of the Company)("Solution Pro").	Of the net proceeds of approximately HK$121.4 million, approximately HK$62.2 million has been utilised. Of this, approximately HK$12.2 million was utilised as intended for general working capital purposes and approximately HK$50.0 million was utilised towards paying a part of the HK$100 million deposit in respect of the HTIFH Acquisition. As of the date of this announcement, approximately HK$59.2 million of the proceeds has not yet been utilised.*
25 June 2018	On 25 June 2018, the Company proposed a 1-for-2 rights issue (the "Rights Issue") to raise proceeds of approximately HKD180 million. For details of the Rights Issue, please refer to the paragraphs headed "RIGHTS ISSUE" in this section.	Approximately HK$178 million	The net proceeds from the Rights Issue was intended to be used in the following manner: (i) approximately HK$142.4 million (representing 80% of the estimated net proceeds from the Rights Issue) will be applied for money lending business or relevant acquisition(s); (ii) approximately HK$17.8 million (representing 10% of the estimated net proceeds from the Rights Issue) will be applied for financial services and securities business; and (iii) the remaining proceeds (representing 10% of the estimated net proceeds from the Rights Issue) will be applied for general working capital.	Of the net proceeds of approximately HK$178 million, approximately HK$114.5 million has been utilised. Of this, approximately HK$2.5 million was utilised as intended for general working capital purposes and approximately HK$112.0 million was utilised for money lending business. As of the date of this announcement, approximately HK$63.5 million of the proceeds has not yet been utilised.

* The HTIFH Acquisition has not yet completed as of the date of this announcement, and the deposit shall be returned to the Group if the HTIFH Acquisition does not take place due to a reason which is not caused by any default on the part of the Group. The Directors resolved to revise the proposed use of the proceeds from the Placing to include funding part of the cash consideration for the HTIFH Acquisition as the Directors believe that the HTIFH Acquisition would allow the Group to develop a new line of business in the financial service sector and diversify the business of the Group. This would broaden the Group's range of business and sources of income and potentially increase the Group's revenue and enhance the Group's financial performance.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

Save as disclosed below, no material acquisition and disposal of subsidiaries or significant investments were conducted by the Group during the Period.

Acquisition of Hao Tian International Financial Holdings

On 28 March 2018, HTD as seller, Solution Pro as purchaser and the Company entered into a sale and purchase agreement pursuant to which Solution Pro conditionally agreed to buy and HTD conditionally agreed to sell the entire issued share capital of HTIFH. HTIFH holds several subsidiaries engaged in providing financial services including Securities and Futures Commission ("SFC") regulated activities, insurance agency service and money lending. The HTIFH Acquisition constitutes a major and connected transaction of the Company under the Listing Rules. Upon completion of the HTIFH Acquisition, HTIFH will be 100% owned by Solution Pro and become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of HTIFH and its subsidiaries will be consolidated into the consolidated financial statements of the Group.

On 25 June 2018, the parties entered into a supplemental agreement to amend certain payment terms of the HTIFH Acquisition. Originally, a portion of the HTIFH Acquisition consideration of HK$50 million shall be settled by issue of Shares to HTD. Pursuant to the supplemental agreement, if the Company would not be able to meet the public float requirement under Rule 8.08(1)(a) of the Listing Rules following issue of its Shares to HTD under the HTIFH Acquisition, the Company shall issue such a lower number of Shares to the extent required to meet the public float requirement and the shortfall shall be satisfied by way of cash.

On 24 July 2018, the parties entered into a second supplemental agreement, pursuant to which (i) the HTIFH Acquisition consideration shall be reduced from HK$200 million to HK$180 million and shall be wholly satisfied by cash; and (ii) the HTIFH Acquisition shall be subject to an additional condition precedent that the indebtedness between HTD and HTIFH shall be first offset against each other and the remaining indebtedness owed by HTIFH to HTD shall irrevocably be waived and discharged.

For details of the HTIFH Acquisition, please refer to the announcements of the Company dated 28 March 2018, 25 June 2018 and 24 July 2018 and the circular of the Company dated 10 August 2018, respectively.

As at the date of this announcement, the HTIFH Acquisition was yet to be completed.

Acquisition of machinery and HK$30 million financial assistance from Mr. Tang

On 14 May 2018, K B Machinery Co. Limited ("**KBM**"), an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**KWMT SPA**") with Kai Wing Machinery Trading Co. Ltd ("**KWMT**"), pursuant to which KWMT agreed to sell, and KBM agreed to purchase, a used 750-ton crawler crane (the "**Machinery**") made in 2013 with Germany being the country of origin at a total consideration of approximately HK$39.4 million (the "**KWMT Consideration**"). The KWMT Consideration would be funded (i) partly by the internal resources of the Group and (ii) partly by the advance from a loan agreement dated 14 May 2018 entered into between Mr. Tang Yiu Chi, James ("**Mr. Tang**") and KBM for a principal amount of not exceeding HK$30,000,000 (the "**KBM Loan Agreement**").

The Machinery is intended to be used in the Company's cooperation with a renowned construction machinery provider in the PRC in which a good monthly rental income is expected for a substantial period. With the surging demand for large-sized cranes, the acquisition of the Machinery will (i) build up the brand name and image of the Company and position the Company on a higher level of regard in the construction market; and (ii) open up more opportunities of cooperation in the upcoming projects in Asia. In addition, the Company expects that the acquisition of the Machinery will enable the Group to attract more customers, potentially leading to higher revenue and profit margins.

The KBM Loan Agreement constituted a financial assistance provided by Mr. Tang and was not secured by any assets of the Company. The interest rate was 2% per annum and the final repayment date shall be 24 months after the relevant drawdown date or such other date as mutually agreed by Mr. Tang and KBM. Mr. Tang is an executive Director and is thus a connected person of the Company under the Listing Rules. The KBM Loan Agreement constitutes a connected transaction fully exempted from announcement, reporting and independent shareholders' approval requirement pursuant to Rule 14A.90 of the Listing Rules.

For details of the acquisition of machinery and the KBM Loan Agreement, please refer to the announcement of the Company dated 14 May 2018.

RIGHTS ISSUE

On 25 June 2018, the Company proposed the Rights Issue to raise gross proceeds of approximately HKD180 million. Under the Rights Issue, a total of 1,200,000,000 new Shares of the Company (the "**Rights Share(s)**") will be issued and allotted. Hao Tian Management (China) Limited ("**HTM China**"), a wholly-owned subsidiary of the HTD and the controlling shareholder of the Company, entered into (1) an irrevocable undertaking to take up 750,000,000 Rights Shares, representing its provisional allotment under the Rights Issue; and (2) an underwriting agreement (the "**Underwriting Agreement**") to take up a maximum of additional 450,000,000 Rights Shares if any of the qualifying shareholders of the Company (other than HTM China) did not subscribe for the Rights Shares under the Rights Issue.

As the Rights Issue will not increase the issued share capital of the Company nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the shareholders of the Company under Rule 7.09(6) of the Listing Rules.

HTM China is the controlling shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Underwriting Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, the taking up of entitlement to the Rights Issue by HTM China as a qualifying shareholder and subscription for the Rights Shares in excess of its entitlement under the Rights Issue (if applicable) are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the underwriting of the Rights Issue by HTM China as the underwriter contemplated under the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules provided that there is an arrangement for the qualifying shareholders to apply for the excess Rights Shares in compliance with Rule 7.21(1) of the Listing Rules.

On 2 August 2018, the Rights Issue was completed and all conditions precedent to the Underwriting Agreement were fulfilled. The gross proceeds raised from the Rights Issue are approximately HK$180,000,000 before expenses. Immediately following the completion of the Rights Issue, the total number of the Company's Shares in issue is enlarged from 2,400,000,000 to 3,600,000,000 and HTM China's interests in the Company increased from 62.5% to 64.79% after taking up the Rights Shares under its provisional allotment in accordance with the irrevocable undertaking and the Underwriting Agreement.

For details, please refer to the announcements of the Company dated 25 June 2018, 5 July 2018, and 8 August 2018 and the prospectus for the Rights Issue dated 17 July 2018, respectively.

SIGNIFICANT LITIGATION

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. ("CKM"), one of the subsidiaries of the Group, for alleged breach of a rental contract (the "Legal Proceedings"). The customer claimed for overall damages of more than HK$100 million while the disputed sum claimed by CKM against the customer was approximately HK$17.5 million together with other unascertained damages. As set out in the Company's annual report dated 22 June 2018, the judgment in favour of CKM was handed down prior to the Period.

On 11 July 2017, the customer lodged another claim against CKM claiming for loss and damage of more than HK$27 million. As set out in the annual report dated 22 June 2018, this case was settled on 27 April 2018 with the customer discontinuing its claims against the Group.

For background details of the above proceedings, please refer to the Company's annual report dated 22 June 2018. There have been no additional developments on these proceedings since the date of the annual report and the Group considers these proceedings to be finally concluded.

Save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

PROSPECTS

The Group remains confident about its existing businesses in Hong Kong including rental of construction machinery, trading of construction machinery, spare parts and construction materials, and provision of machinery transportation services. In addition, the Group intends to explore prospective expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom.

On the other hand, the Group is striving to look for new businesses to diversify and strengthen its financial position.

The market capitalisation of the securities market in Hong Kong reached HK$34 trillion at the end of 2017, a record high and representing a year-on-year increase of 37%. The average daily turnover in 2017 was HK$88.2 billion and total funds raised in 2017 was HK$579.9 billion. With a view to developing financial services and securities businesses in Hong Kong, the Group announced the acquisition of HTIFH, which through its subsidiaries holds (i) SFC licences for conducting type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities, (ii) membership of the Hong Kong Confederation of Insurance Brokers (HKCIB) authorised to offer general insurance and long-term (including linked long-term) insurance, and (iii) a money lender licence. The HTIFH Acquisition has been passed at the extraordinary general meeting of the Company on 30 August 2018 pending approval from the SFC for Solution Pro to become a substantial shareholder of each of the SFC licencees. After completion of the HTIFH Acquisition, the Group will commit more resources to further developing these new business lines.

In addition, the Group entered into a memorandum of understanding for a potential acquisition of Allied Benefit Limited and Merry Max Limited to explore the co-working space management and operation business and exchange and clearing businesses in the PRC, at a proposed consideration of HK$204,000,000. Further information regarding the aforesaid memorandum of understanding was published in the announcement of the Company dated 14 March 2018.

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.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieving and maintaining high standards 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 Listing Rules on the Stock Exchange, except for the deviations from the CG Code as described below.

(i) The position of chairman has remained vacant since 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.

Reference is made to the corporate governance report contained in the annual report of the Company for the financial year ended 31 March 2018.

On 17 March 2017, Mr. Tang resigned as the chairman of the Board with immediate effect.

Since the resignation of Mr. Tang as chairman of the Board, the Company has not appointed a new chairman of the Board. Having considered the business operation of the Group at the material time, the Directors considered that the Board, which consists of experienced professionals (with the continued contribution of the previous chairman, Mr. Tang, who remains as an executive Director of the Company), can collectively achieve effective functioning of the Board.

(ii) The position of chief executive officer was vacant from 15 September 2018 to 26 September 2018

Reference is made to the announcements of the Company dated 14 September 2018 and 26 September 2018. Mr. Zhou Yong ("Mr. Zhou") resigned as the chief executive officer of the Company with effect from 15 September 2018. Since the resignation of Mr. Zhou, the Company did not have a chief executive officer until the appointment of Mr. Liu Xiaodong with effect from 26 September 2018. Since then, the position of the chief executive officer of the Company ceased to be vacant.

(iii) 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 considered 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 with 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 is committed to continuously improving 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 code provision C.3 of the CG Code. As at 30 September 2018 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.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 23 October 2015. As at 30 September 2018, no share option under the share option scheme had been granted.

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

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

COMPETING BUSINESS

During the Period, none of the Directors or HTM 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 Rule 8.10 of the Listing Rules.

APPRECIATION

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

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chimkeegroup.com.hk). The interim report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and the Company, respectively in due course.

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

Hong Kong, 28 November 2018

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.