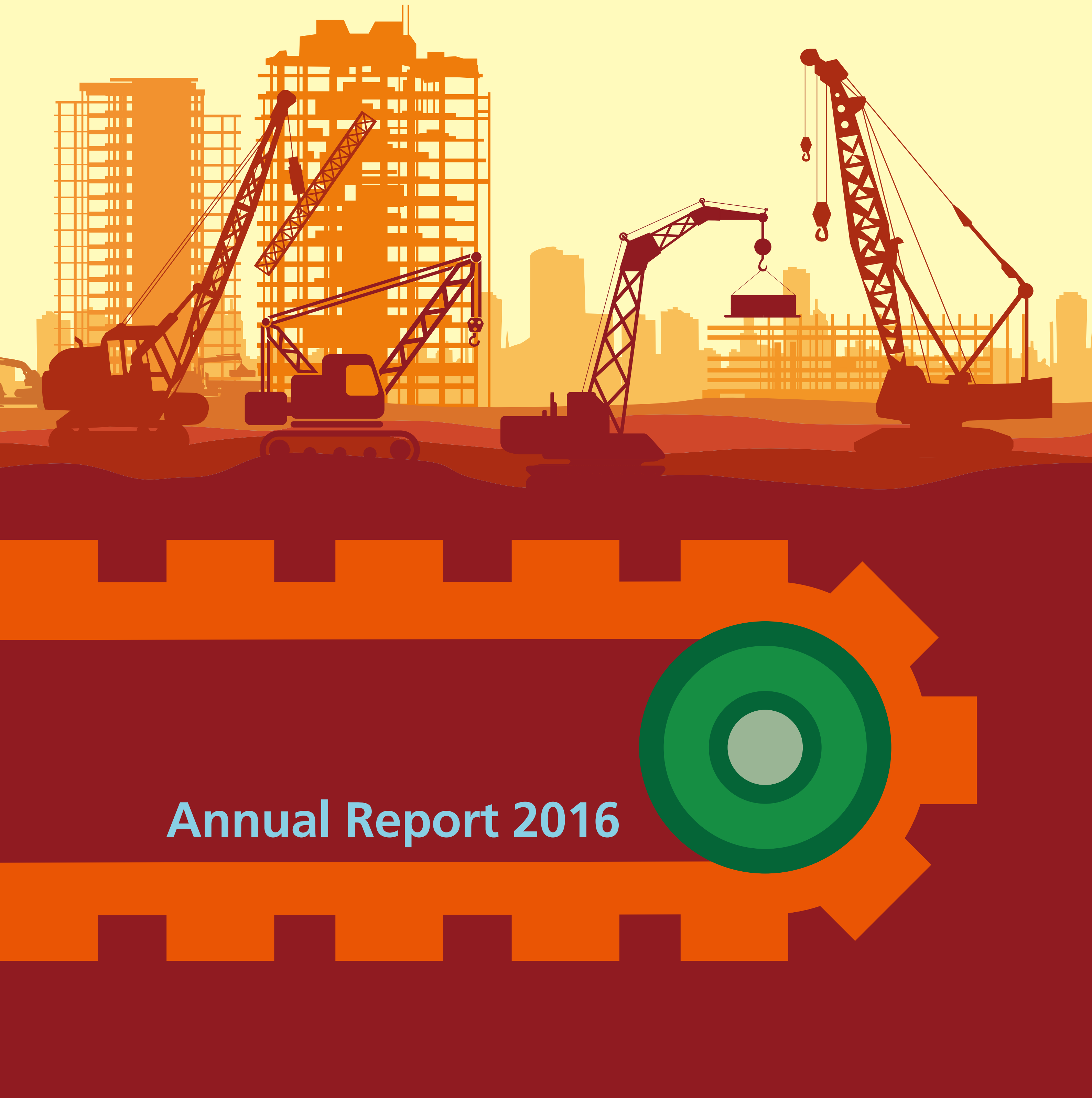
Clear Lift Holdings Limited
焯陞企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1341



Annual Report 2016

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Yiu Chi James *(Chairman)*
Mr. Kwok Ho *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Kwong Ping Man
Mr. Chu Wai Wa Fangus
Ms. Pang Yuen Shan Christina

AUDIT COMMITTEE

Mr. Kwong Ping Man *(Chairman)*
Mr. Chu Wai Wa Fangus
Ms. Pang Yuen Shan Christina

REMUNERATION COMMITTEE

Mr. Chu Wai Wa Fangus *(Chairman)*
Mr. Tang Yiu Chi James
Mr. Kwong Ping Man
Ms. Pang Yuen Shan Christina

NOMINATION COMMITTEE

Mr. Tang Yiu Chi James *(Chairman)*
Mr. Kwong Ping Man
Mr. Chu Wai Wa Fangus
Ms. Pang Yuen Shan Christina

COMPANY SECRETARY

Mr. Ng Ki Man (appointed on 18 April 2016)
Mr. Chan Man Kay (resigned on 18 April 2016)

AUDITOR

BDO Limited

COMPLIANCE ADVISER

RHB Capital Hong Kong Limited
(appointment up to 30 June 2016)
Frontpage Capital Limited
(appointment effective on 1 July 2016)

LEGAL ADVISERS

As to Hong Kong laws:
CFN Lawyers in association with Broad and Bright

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho
Mr. Ng Ki Man

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank, Ltd.

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1/F Block Front, 438 Nathan Road
Yau Ma Tei, Kowloon
Hong Kong

STOCK CODE

1341

WEBSITE

www.chimkeegroup.com.hk

Chairman's Statement

I am pleased to announce the annual results of Clear Lift Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2016 (the "**Year**") on behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company.

Our Group has reached a significant milestone in our more than 50 year history this year as we have successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 December 2015 (the "**Listing Date**"). This is a recognition to our reputation and quality services being established in the past decades. I would like to thank all the stakeholders, including customers, suppliers, financial service providers, professional parties, shareholders, last but not least, our employees, who enabled us to reach this significant milestone.

The economic environments around the world are experiencing challenges. Economic growths in various countries are slowing down, if not stagnant. A number of business sectors are facing pressures that are pressing margins for those companies in the sectors. Consumers are spending less. All these factors and changes are affecting everyone in the economy, no matter being a business or being an individual.

Being one of the most international cities in the world, Hong Kong is certainly no exception when facing all these challenges. As published in the mass media, retail and tourism sectors are experiencing operating pressures. Those relatively lucky ones are scaling down their operations while those less fortunate ones have to shut down their businesses. Hong Kong also has its unique challenges. There is basically no manufacturing sector in the city and we are very much relying on traditionally focused sectors such as finance and trading. We are also seeing a phenomenon in the construction sector that despite a lot of public projects have been announced and started, there are significant lags in approving the on-going funding for these projects.

Our total revenue decreased by approximately HK$91.6 million, or 24.8%, from approximately HK$368.9 million for the year ended 31 March 2015 (the "**Previous Year**") to approximately HK$277.3 million for the Year. The decrease was mainly attributable to the decrease in revenue generated from rental of construction machinery. Including the listing expenses for IPO on the Stock Exchange, our Group's net loss for the Year was approximately HK$11.2 million. The loss was mainly due to the decrease in our revenue and increase of listing expenses and professional fees.

Excluding the listing expenses, our Group's net loss for the Year would be HK$0.7 million (2015: net profit before listing expense of HK$32.7 million) and the net loss margin would be approximately 0.3% (2015: net profit margin before listing expense of 8.9%).

We have maintained our workforce and continue to invest in our human resources during the Year. We continue to upgrade our rental fleet by introducing more environmental friendly and more efficient machines into the fleet. We continue to serve our customers with high quality standards.

Being a company that has been operating for more than 50 years, we will continue to focus on our business strategies and to operate our business in this changing environment. There are always ups and downs in economic environment. And I am very confident that we will manage the slow time and be prepared for the next boom, as we have always been in the past 50 years.

Tang Yiu Chi James
Chairman

29 June 2016

Management Discussion and Analysis

MARKET REVIEW

Our Group is principally engaged in the construction machinery business, serving primarily the construction sector in Hong Kong. We offer a comprehensive range of services including: (i) rental of construction machinery, such as crawler cranes, aerial platforms and foundation equipment; (ii) trading of new or used construction machinery and parts; and (iii) transportation services.

The construction industry in Hong Kong has grown significantly in past few years due to the substantial increase in demand for construction works performed by contractors at construction sites in Hong Kong. The total gross output value of construction works, the total investment value in construction projects and the public expenditure on infrastructure in Hong Kong all recorded a significant growth in past few years. The government of Hong Kong has increased its infrastructure investment in order to achieve the objective of promoting economic growth through infrastructural development in Hong Kong, including Ten Major Infrastructure Projects and Operation Building Bright and Revitalising Historic Building. Further development of the Hong Kong International Airport, including the construction of the third runway has also been approved.

However, the delay in the approval for funding applications for some development plans and public works, such as the North East New Territories New Development Areas Project, affected the expenditure on government projects to be granted during the Year, as well as the commencement of the relevant projects operated by the construction work companies. Any delay in government funding approval process may adversely affect the expenditure on government projects which may affect the construction companies. It thus created pressure on the construction industry as well as the construction machinery rental and trading industry.

From the perspective of lessee, one of the major benefits of construction machinery rental is effective risk control. Arrangements can be adjusted to the user's unique market conditions, cash flow expectations, equipment needs, and tax situation. Such rental also allows the lessee to defer the risk of losses caused by obsolescence inherent in the purchase of heavy equipment. Furthermore, it frees up the lessee's capital for investment in other ventures that would normally be consumed by the hefty down payment and debt burden usually required by purchase agreements. On the other hand, the recent growth of trading of construction machinery and parts had also been promising because of the launch of the series of infrastructure projects outlined by the Hong Kong government which continued to fuel the market demand. As a result of the promising future and sufficiently high capital, more contractors were willing to buy construction machinery as an investment.

BUSINESS REVIEW

Regarding to our rental of construction machinery, we principally offer crawler cranes of different sizes, other mobile cranes, aerial platforms and foundation equipment as our rental fleet. For crawler cranes, the mix in our rental fleet ranges from 2.9-tonne mini crawler cranes to 450-tonne massive crawler cranes. We also carry a range of different types of construction machinery including other mobile cranes, aerial platforms and foundation equipment. We source these construction machinery mainly through the manufacturers of construction machinery located in developed countries in Western Europe and in Northern Asia as well as traders of used construction machinery around the world.

We are also engaged in trading of new construction machinery and parts, and used construction machinery. To accommodate different customers' needs, we offer a wide range of construction machinery to customers for sale including crawler cranes with lifting capacity of up to 450 tonnes, aerial platforms and foundation equipment. We have entered into dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea. Customers who need to purchase construction machinery from those brands may place order to us. To satisfy customers' need, we also sell spare parts to our customers for their maintenance purpose or upon request.

In addition to rental and trading of construction machinery, we offer transportation services to our customers. Our transportation services include local container delivery, site construction delivery and heavy machinery transport. According to customers' requests, we arrange and provide these services with our range of transportation vehicles and equipment including 44-tonne heavy load trucks, 8-tonne to 25-tonne crane lorries, 20-feet to 40-feet trailers, and below 38-tonne trucks.

During the Year, the breakdown of revenue of our overall business operations by business segments is shown as follow:

	For the year ended	
	31 March 2016	31 March 2015
	HK$'000	HK$'000
Rental of construction machinery	**121,299**	174,749
Trading of construction machinery and parts	**153,668**	191,425
Transportation services	**2,308**	2,768
	277,275	368,942

We have generated revenue of approximately HK$121.3 million from rental of construction machinery for the Year, which was a decrease of HK$53.5 million, or 30.6% as compared with the Previous Year. Such decrease was mainly due to the decrease in number of crawler cranes rented due to the delay in commencement of several public projects and public-related projects (the "**Delayed Projects**").

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. (the "**Subsidiary**"), one of the subsidiary of the Group (the "**Legal Proceeding**") for alleged breach of rental contract. On 24 March 2016, the Court of First Instance found for the Subsidiary and the customer was ordered to compensate the Subsidiary for unpaid hire. On 26 April 2016, the customer lodged an appeal to the Court of Appeal. At the date of this report, the final outcomes of the appeal are not yet concluded. The Group has sought legal advice on the merits of the claim.

Based on the aforesaid legal advice, after considering the evidence and the background facts in relation to the Legal Proceeding, this customer's allegations and assertions are not cogent and convincing and therefore, the Group will be likely to succeed in the Legal Proceeding. Accordingly, no provision for claim in respect of such litigation was made by the Group. For details of the Legal Proceeding, please refer to the prospectus of the Company dated 30 November 2015 (the "**Prospectus**").

Further announcement(s) will be made by the Company if there is any significant updates to the Legal Proceeding as and when appropriate.

RENTAL FLEET

We have maintained over 200 construction machines in our rental fleet during the Year. The construction machinery we carry as part of our rental fleet includes crawler cranes and other mobile cranes, aerial platforms and foundation equipment. Details of construction machinery carried by us available for our rental operations are summarised as follows:

	As at	
	31 March 2016 Number in fleet	31 March 2015 Number in fleet
Crawler cranes and other mobile cranes	**82**	80
Aerial platforms	**74**	78
Foundation equipment	**52**	77
	208	235

In order to maintain younger fleet of construction machinery with wider variety of models, our Group has replaced and will replace, from time to time, our construction machinery. Our Directors will continue to monitor and review our operation and needs, our expansion plan of our rental fleet and the capital requirements of our Group regularly. We will consider to reschedule such expansion according to our operation and needs, the preference of our target customers and market conditions if necessary. We will also revise the timing and financing arrangement for the purchase of additional and replacement of existing construction machinery if, amongst others, the market condition has been changed.

RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in the operations of our Group which are summarised as below:

- The demand for our construction machinery would be adversely affected by the delay in commencement of previous public and public-related projects which is led by: (i) toppling of funding proposals for public works due to lawmakers' filibustering and protests by affected residents; (ii) technical and legal challenges; and (iii) cooperation problems amongst different government authorities;
- Our Group's business performance is dependent on the general market condition and the level of public expenditure on general infrastructure in Hong Kong;
- Our engagements with our customers are project based. There is no guarantee that our existing customers will engage us again in future construction projects among our competitors;
- If we fail to retain our senior management team or fail to maintain a skilled labour force, our operations and future profits may be adversely affected;
- We engage third parties to carry out some of the tasks in our operations cycle such as maintenance, delivery for construction machinery to customers' construction sites and assembly/disassembly of our construction machinery at customers' construction sites. The sub-standard or delayed performance of these third parties may adversely affect our Group's reputation; and
- Our trading operations are dependent on the quality and supply of the major suppliers of our Group.

FINANCIAL REVIEW

REVENUE

Our total revenue decreased by approximately HK$91.6 million, or 24.8%, from approximately HK$368.9 million for the Previous Year to approximately HK$277.3 million for the Year. Such decrease was mainly attributable to the decrease in revenue generated from rental of construction machinery.

Rental of construction machinery

Our revenue from construction machinery rental segment decreased by approximately HK$53.5 million, or 30.6%, from approximately HK$174.8 million for the Previous Year to approximately HK$121.3 million for the Year. Such decrease was mainly attributable to the delay in the commencement of new projects as a result of delay in funding approval by the Hong Kong Government for certain development plans.

Trading of construction machinery and parts

Our revenue from trading of construction machinery and parts decreased by approximately HK$37.7 million, or 19.7%, from approximately HK$191.4 million for the Previous Year to approximately HK$153.7 million for the Year. 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

Our revenue from transportation services decreased by approximately HK$0.5 million, or 16.6%, from approximately HK$2.8 million for the Previous Year to approximately HK$2.3 million for the Year. Such decrease was mainly attributable to the decrease in operation scale due to the retirement of certain transportation fleet which is eligible for ex-gratia payment under the Hong Kong government policy of phasing out pre-Euro IV diesel commercial vehicles.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased by approximately HK$30.7 million, or 49.2%, from approximately HK$62.5 million for the Previous Year to approximately HK$31.8 million for the Year, while our gross profit margin decreased from approximately 16.9% for the Previous Year to approximately 11.5% for the Year. The decrease in gross profit and gross profit margin was due to the decline in gross profit contributed from rental of construction machinery.

Rental of construction machinery

Our gross profit of construction machinery rental services decreased by approximately HK$20.3 million, or 62.9%, from approximately HK$32.3 million for the Previous Year to approximately HK$12.0 million for the Year. In addition, our gross profit margin of construction machinery rental services decreased from approximately 18.5% for the Previous Year to approximately 9.9% for the Year.

The decrease in gross profit margin of construction machinery rental services was mainly attributable to the combined effect of (i) the decrease in revenue from rental of construction machinery from rental fleet and (ii) costs such as depreciation, repair and maintenance, and insurance for the Year remained at similar level as the Previous Year in order to maintain the construction machinery fleet size.

Trading of construction machinery and parts

Our gross profit of trading of construction machinery and parts segment decreased by approximately HK$10.1 million, or 33.8%, from approximately HK$29.8 million for the Previous Year to approximately HK$19.7 million for the Year. In addition, our gross profit margin for trading of construction machinery and parts decreased from approximately 15.6% for the Previous Year to approximately 12.8% for the Year.

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

Transportation services

Our gross profit of transportation services segment decreased by approximately HK$0.3 million, or 91.6%, from approximately HK$0.4 million for the Previous Year to approximately HK$31,000 for the Year. In addition, our gross profit margin of transportation services segment decreased from approximately 13.4% for the Previous Year to approximately 1.4% for the Year.

The decrease in gross profit margin of transportation services segment was mainly attributable to the combined effect of (i) the decrease in revenue from transportation services; and (ii) costs such as staff costs, license fee and insurance for the Year remained at similar level as the Previous Year in order to maintain the transportation fleet size for operation.

OTHER INCOME AND GAINS

Our other income and gains decreased by approximately HK$1.7 million, or 27.8%, from approximately HK$6.2 million for the Previous Year to approximately HK$4.5 million for the Year. The decrease in other income and gains was mainly attributable to the one-off gain on disposal of investment property of approximately HK$2.0 million for the Previous Year.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by approximately HK$10.5 million, or 48.4%, from approximately HK$21.7 million for the Previous Year to approximately HK$32.2 million for the Year. The increase in administrative expenses was mainly attributable to (i) the impairment of trade receivables of approximately HK$4.1 million, (ii) the legal fee incurred from the Legal Proceeding and (iii) the increase in professional fees since the Company listed on the Listing Date.

FINANCE COSTS

Our finance cost decreased by approximately HK$1.3 million, or 19.8%, from approximately HK$6.8 million for the Previous Year to approximately HK$5.5 million for the Year. The decrease in finance costs was mainly attributable to the decrease in bank borrowings and finance lease payables.

NET (LOSS)/PROFIT

Our Group's net loss for the Year was approximately HK$11.2 million. The loss was mainly due to the decrease in our revenue and increase of listing expenses and professional fees. Excluding the listing expenses, our Group's net loss for the Year would be approximately HK$0.7 million (2015: net profit of HK$32.7 million) and the net loss margin would be approximately 0.3% (2015: net profit margin of 8.9%).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2016, our Group had cash and cash equivalents and pledged bank deposits of approximately HK$91.7 million (2015: HK$53.2 million) and HK$4.6 million (2015: HK$4.6 million) respectively. The increase in cash and cash equivalents was mainly due to the issue of new shares upon listing of the Company's shares on the Stock Exchange on the Listing Date.

As at 31 March 2016, our Group had total assets of approximately HK$390.8 million (2015: HK$464.1 million), net current assets of approximately HK$65.4 million (2015: HK$56.9 million) and equity of approximately HK$243.8 million (2015: HK$238.4 million).

Our Group continued to maintain a healthy liquidity position. As at 31 March 2016, our Group's current assets and current liabilities were approximately HK$169.2 million (2015: HK$220.3 million) and HK$103.7 million (2015: HK$163.4 million) respectively. Our Group's current ratio increased to approximately 1.6 times as at 31 March 2016 (2015: 1.3 times).

Management believes that our Group's current cash and cash equivalents, together with available credit facilities and 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 bank borrowings, finance lease payables, amounts due to related companies and amount due to a Director) with total equity and was approximately 40.2% (2015: 67.3%). The decrease was mainly due to the decrease in bank borrowings and finance lease payables.

As at 31 March 2016, our bank borrowings and finance lease payables amounted to approximately HK$97.4 million (2015: HK$156.4 million) which will be repayable within five years from the end of the reporting period.

CHARGES ON GROUP ASSETS

As at 31 March 2016, our bank borrowings and finance lease payables were secured by (1) leasehold land and building with net carrying amount of approximately HK$0.6 million (2015: HK$0.7 million); (2) bank deposits of approximately HK$4.6 million (2015: HK$4.6 million); and (3) machinery and motor vehicles with net carrying amount of approximately HK$160.3 million (2015: HK$181.4 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year was approximately HK$27.6 million (2015: HK$49.1 million), which was mainly used in purchase of machinery for our rental business.

INTEREST RATE RISK

Our Group's pledged bank deposits and finance lease receivables bear fixed interest rates. Our Group's cash at bank balances bear floating interest rates. Our Group also has bank borrowings and finance lease payables 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. Our 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

Our Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK$, Japanese Yen ("**JPY**") and Euro Dollar ("**EURO**"). Our Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, cash and cash equivalents, trade payables, deposits received and finance lease payables which are denominated in JPY, EURO and United States Dollar ("**US$**"). Our Group has not adopted any hedging strategy in the long run but management continuously monitors the foreign exchange risk exposure and might enter into foreign exchange forward contract on a case-by-case basis. Our Group has not used any hedging contracts to engage in speculative activities.

CREDIT RISK AND LIQUIDITY RISK

Our Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. Our 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 our Group's liquidity position to ensure that the liquidity structure of our Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for rental purpose. As at 31 March 2016, our capital commitments of property, plant and equipment contracted for but not provided amounted to approximately HK$10.9 million (2015: HK$0.1 million).

CONTINGENT LIABILITIES

As at 31 March 2016, our Group provided corporate guarantees amounting to approximately HK$4.2 million (2015: HK$6.1 million) to the banks in respect of finance lease obligations of certain third party customers. Under the guarantees, our Group would be liable to pay the banks if the banks are unable to recover the amounts under these finance leases. As at 31 March 2016, no provision for our Group's obligation under the guarantee contracts has been made as the Directors considered that it was not probable that the repayment of the finance lease obligation would be in default.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, our Group had 134 staff (2015: 130). The total staff costs incurred by our Group for the Year were approximately HK$56.9 million (2015: HK$56.8 million).

We generally recruit our employees from the open market or by referral and enter into employment contracts with our employees. We offer attractive remuneration packages to our employees. In addition to salaries, our employees would be entitled to bonuses subject to company and employees' performance. We provide 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 our eligible employees in Hong Kong.

Our operations staff consists of experienced machinery operators and other mechanics. While such employees are highly demanded in the market, we manage 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, we also offer technical trainings to our existing employees on the operation of more advanced construction machinery. Selected operation staff are chosen to attend external trainings which are conducted by the manufacturers to acquire up-to-date technical skills and knowledge on the products we rent and sell out to our customers.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of final dividend to shareholders of the Company for the Year.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Save for the business plan as disclosed in the Prospectus, there is no other plan for material investments or capital assets as at 31 March 2016.

USE OF NET PROCEEDS FROM LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since the Listing Date. The receipt of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of comprehensive income and deducted from the share premium ("**net proceeds**") from the Company's listing were approximately HK$59.8 million. As at 31 March 2016, the net proceeds had been utilised as follows:

Use of net proceeds	Net proceeds from the share offer	Actual utilisation up to 31 March 2016	Unutilised amounts as at 31 March 2016
	HK$ million	HK$ million	HK$ million
Acquisition of machinery	39.0	13.9	25.1
Recruitment of operations staff	11.3	0.9	10.4
System development	3.5	–	3.5
Working capital	6.0	1.5	4.5
	59.8	16.3	43.5

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

PROSPECTS

Our Group remains cautious of the macroeconomic dynamics in Hong Kong. Our Group believes growth opportunities exist in the long run due to the rapid infrastructure development in Hong Kong.

The public expenditure on infrastructure in Hong Kong is expected to increase steadily, with a growth rate of approximately 8% each year. The growth is mainly due to the on-going Shatin to Central Link and South Island Line projects and "Ten Major Infrastructure Projects" that start in the coming years or enter the next stages, which will therefore continue to create a great demand for construction machinery in Hong Kong.

All of the Delayed Projects were public or public related projects of our Group that cover major infrastructure and public facilities in Hong Kong and it is very unlikely that those projects would be terminated or delayed infinitely. Our Directors consider that, given the active and positive approach taken by the government and the actual fundings approved for public works projects in the legislative session, more rental income will be recognised for the years ending 31 March 2017 and 2018.

We believe that we possess business strengths and competitive advantages that set us apart from our rivals and enable us to continue to grow and enhance our profitability. Such strengths and competitive advantages include (1) well established reputation and long operation history 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.

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

EXECUTIVE DIRECTORS

Mr. TANG Yiu Chi James (鄧耀智), aged 48, is our Chairman and executive Director. Mr. Tang is responsible for the overall strategic management and development of our Group's business operations, marketing, business development, finance and administration. Mr. Tang was appointed as the director of Chim Kee Company Limited, a wholly owned subsidiary of the Company, in June 1989 and he took over the leadership of our Group in May 1994. Mr. Tang has over 25 years of experience in the rental and trading of construction machinery. Mr. Tang obtained a Bachelor of Science degree in aerospace engineering from the Syracuse University and has been serving our Group since his graduation.

Mr. KWOK Ho (郭皓), aged 47, is our Chief Executive Officer and executive Director. Mr. Kwok is responsible for overseeing our Group's operation, business development, finance and administration. Mr. Kwok was appointed as our Director on 11 December 2014. Mr. Kwok has over 20 years of experience in marketing and he joined our Group in August 2014. Mr. Kwok holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong and a Master of Business Administration degree and a Master of Business Informatics from Erasmus Graduate School of Business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWONG Ping Man (鄺炳文), aged 51, is our independent non-executive Director. He was appointed to our Board on 23 October 2015. Mr. Kwong is the managing director of O'Park Corporate Services Limited, a company primarily engaged in corporate consulting service such as providing accounting and company secretary services, since May 2007. Mr. Kwong has over 18 years of experience in accounting, finance and administration. Mr. Kwong previously worked as accountant, company secretary and chief financial officer at several private and listed companies.

Mr. Kwong graduated from Curtin University of Technology in Australia with a Bachelor of Commerce in Accounting in August 1996. He obtained a Postgraduate Diploma in Corporate Administration and a Master of Professional Accounting degree from the Hong Kong Polytechnic University in November 1998 and November 2003, respectively. He is also a certified practicing accountant of the Australian Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.

Mr. Kwong had been the independent non-executive Director of China Candy Holdings Limited (Stock Code: 8182) from November 2015 to February 2016 and Yat Sing Holdings Limited (Stock Code: 3708) from December 2014 to March 2016. Mr. Kwong is currently the independent non-executive Directors of Elegance Optical International Holdings Limited (Stock Code: 907), Tang Palace (China) Holdings Limited (Stock Code: 1181), and Century Sunshine Group Holdings Limited (Stock Code: 509).

Mr. CHU Wai Wa Fangus (朱偉華), aged 49, is our independent non-executive Director. He was appointed to our Board on 23 October 2015. Mr. Chu has worked in American Express International Inc from July 1991 to August 1997. Mr. Chu joined Excellent Management Limited in August 1997, a regional technology company specialising in software application development, project management and business process re-engineering and is the director and the chief financial controller of the company, responsible for its management and financial matters.

Mr. Chu obtained a bachelor's degree with first class honors in accountancy from The City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in December 1994, and received a master of science degree in global business from The Chinese University of Hong Kong in October 2005. He is admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in February 1994 and a member of the Chartered Association Certified Accountants in October 1993.

Mr. Chu had been an independent non-executive Director of Century Sunshine Group Holdings Limited (Stock Code: 509) from July 2008 to 1 July 2010. Mr. Chu is currently an independent non-executive Director of China Candy Holdings Limited (Stock Code: 8182).

Ms. PANG Yuen Shan Christina (彭婉珊), aged 43, is our independent non-executive Director. She was appointed to our Board on 23 October 2015. Ms. Pang obtained a Bachelor of Laws with Honors (LLB) from City University of Hong Kong in 1995, a Master of Laws in International & Commercial Law (LLM) from University of Sheffield, UK in 1996 and a Postgraduate Certificate in Laws (PCLL) from City University of Hong Kong in 1997 and is a member of The Law Society of Hong Kong. Ms. Pang has been a practising solicitor in Hong Kong since 1999 and is currently a solicitor of a law firm in Hong Kong.

Ms. Pang was the independent non-executive Director of Dejin Resources Group Limited (Stock Code: 1163) from May 2011 to December 2014. She was also the independent non-executive Director of Talent Property Group Limited (Stock Code: 760) from January 2012 to December 2015. Ms. Pang is currently an independent non-executive Director of Speedy Global Holdings Limited (Stock Code: 540).

SENIOR MANAGEMENT

Mr. KWOK Shu Yan (郭樹仁), aged 47, was appointed as the marketing director of our Group in April 2016. He is primarily responsible for leading the marketing team to handle marketing activities and promote brand awareness. He joined the Group in 2002.

Mr. LAM Shu Kee (林樹基), aged 62, was appointed as the marketing manager of our Group in December 2005. He is primarily responsible for leading the marketing team to handle marketing activities and promote brand awareness. He joined the Group in 2005.

Ms. YUEN Lai Ming (袁麗明), aged 43, was appointed as the administrative manager of our Group in October 2014. She is primarily responsible for managing the office administration. She joined the Group in 1999.

Mr. LAW Ka Ho (羅嘉豪), aged 33, was appointed as the financial controller of our Group in December 2014. He is primarily responsible for overseeing and enhancing the accounting function of our Group's accounts and finance department.

COMPANY SECRETARY

Mr. NG Ki Man (吳祺敏), aged 30, was appointed as the company secretary of our Group on 18 April 2016. Mr. Ng holds a Bachelor of Business Administration (Hons) degree in Information Systems from the City University of Hong Kong. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Ng has more than 8 years of experience in auditing and accounting.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing the shareholder value and safeguarding interest 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 stakeholders.

The Company has adopted 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. The Company has fully complied with the CG Code from the Listing Date to 31 March 2016.

The key corporate governance practices of the Group are summarised as follows:

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 from the Listing Date to 31 March 2016.

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

BOARD OF DIRECTORS

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company's overall operation.

The Board currently comprises two executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

Executive Directors

Mr. Tang Yiu Chi James *(Chairman)*
Mr. Kwok Ho

Independent Non-executive Directors

Mr. Kwong Ping Man
Mr. Chu Wai Wa Fangus
Ms. Pang Yuen Shan Christina

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules. From the Listing Date to 31 March 2016, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgement. The Company has also complied with rule 3.10(2) of the Listing Rules which stipulates that one of the independent non-executive Directors must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Code, the independent non-executive Directors are expressly identified as such in all corporate communications that disclose the names of the Directors.

Each of the executive Directors, namely, Mr. Tang Yiu Chi James and Mr. Kwok Ho, has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

Each of the independent non-executive Directors namely, Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Ms. Pang Yuen Shan Christina, has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

In compliance with paragraph A.4.2 of the Code Provisions, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the forthcoming annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Group considers all independent non-executive Directors to be independent under the Listing Rules.

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report, there is no financial, business, family or other material/relevant relationship among the members of the Board, in particular, between the Chairman of the Board and the chief executive of the Company.

BOARD AND GENERAL MEETINGS

The Board meets regularly and, in addition to regular meetings, it meets as and when warranted by particular circumstances. From the Listing Date to the date of this report, the Directors' attendance of the Board meetings is set out as follows:

	Attendance/Number of meetings from the date of Listing to the date of this report
Executive Directors	
Mr. Tang Yiu Chi James *(Chairman)*	3/3
Mr. Kwok Ho	3/3
Independent Non-executive Directors	
Mr. Kwong Ping Man	3/3
Mr. Chu Wai Wa Fangus	3/3
Ms. Pang Yuen Shan Christina	3/3

The forthcoming annual general meeting to be held on 30 August 2016 will be the first general meeting of the Company from the Listing Date.

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible to the shareholders for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and supervising and managing management's performance.

Regarding the Group's corporate governance, from the date of Listing to 31 March 2016, the Board has in accordance with the terms of reference performed the following duties:

- determined and reviewed the policies and practices on corporate governance of the Group and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct applicable to Directors and employees; and
- reviewed the Company's compliance with the Code and disclosure in this Corporate Governance report.

The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group by the management.

All Board members have separate and independent access to the Company's management to fulfill their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. The Company provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the company secretary and open for inspection by the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

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, the two positions are assumed by different individuals. Mr. Tang Yiu Chi James, the Chairman of the Board, is responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Kwok Ho, the Chief Executive Officer of the Company, with the assistance of other members of the Board and senior management, is 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. The Chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on issues of the Company's strategies, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

The Board also considers that the independent non-executive Directors can provide independent advice on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

All independent non-executive Directors are appointed for a term of three years commencing from the Listing Date. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company. All independent non-executive Directors have confirmed their independence to the Company in accordance with rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and officers that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors confirmed that they had complied with code provision A.6.5 of the Code during the period from the Listing Date to 31 March 2016, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the Year conducted by the Legal Adviser as to Hong Kong Laws and relevant training material has been distributed to all the Directors. All Directors had attended the in-house training. The training covered topics including the Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc.

BOARD COMMITTEES

The Board has established (i) Audit Committee, (ii) Remuneration Committee, and (iii) Nomination Committee with defined terms of reference. The terms of reference of each of the board committees, which explain their respective roles and the authority delegated to them by the Board, are available on the websites of the Company and the Stock Exchange. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance under appropriate circumstances, at the Company's expenses.

AUDIT COMMITTEE

Our Company has established the Audit Committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, namely Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Ms. Pang Yuen Shan Christina. Mr. Kwong Ping Man is the chairman of the Audit Committee.

From the Listing Date to the date of this report, the Audit Committee mainly has (i) reviewed the reports from the Auditor, accounting principles and practices adopted by the Group, management representation letters, and management's response in relation to the annual results for the year ended 31 March 2016; (ii) reviewed the financial reports for the year ended 31 March 2016 and recommended the same to the Board for approval.

As the Company was newly listed on 10 December 2015, the Audit Committee has held two meeting as at the date of this report. The attendance record of each member of the Audit Committee is set out below:

	Attendance/Number of meetings from the date of Listing to the date of this report
Mr. Kwong Ping Man *(Chairman)*	2/2
Mr. Chu Wai Wa Fangus	2/2
Ms. Pang Yuen Shan Christina	2/2

There had been no disagreement between the Board and the Audit Committee from the Listing Date to 31 March 2016.

REMUNERATION COMMITTEE

Our Company has established the Remuneration Committee on 23 October 2015 with written terms of reference in compliance with paragraph B.1 of the Code. The Remuneration Committee comprises four members, namely Mr. Tang Yiu Chi James, Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Ms. Pang Yuen Shan Christina. Mr. Chu Wai Wa Fangus is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management. No individual Director was allowed to involve in deciding his own remuneration.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group. In addition, the directors' remuneration is reviewed by the Remuneration Committee of the Company annually. Details of the directors' remuneration are set out in note 11 of the consolidated financial statements.

REMUNERATION OF THE SENIOR MANAGEMENT

During the Year, the remuneration of senior management is listed as below by band:

	No. of person
HK$1,000,000 and below	6

Further details of the remuneration of the Directors and the 5 highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in note 11 to the consolidated financial statements.

As the Company was newly listed on 10 December 2015, the Remuneration Committee has held one meeting as at the date of this report and all the members have attended to review the Group's remuneration policy and approved the terms of executive Directors' service contracts. The committee members' attendance of the Remuneration Committee is set out as follows:

	Attendance/Number of meetings from the date of Listing to the date of this report
Mr. Chu Wai Wa Fangus *(Chairman)*	1/1
Mr. Tang Yiu Chi James	1/1
Mr. Kwong Ping Man	1/1
Ms. Pang Yuen Shan Christina	1/1

Under the terms of reference, members of the Remuneration Committee had performed the following duties:

- assessed the performance of executive Directors and consulted the Chairman of the Board and the chief executive about their remuneration proposals for other executive Directors;
- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- made recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- made recommendations to the Board on the remuneration of non-executive Directors;
- considered salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and
- ensured that no Director or any of his/her associates is involved in deciding his/her own remuneration.

NOMINATION COMMITTEE

Our Company has established the Nomination Committee on 23 October 2015 with written terms of reference in compliance with paragraph A.5 of the Code. The Nomination Committee comprises four members, namely Mr. Tang Yiu Chi James, Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Ms. Pang Yuen Shan Christina. Mr. Tang Yiu Chi James is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

As the Company was newly listed on 10 December 2015, the Nomination Committee has held one meeting as at the date of this report and all the members have attended to review the structure, size, composition and diversity of the Board. The committee members' attendance of the Nomination Committee is set out as follows:

	Attendance/Number of meetings from the date of Listing to the date of this report
Mr. Tang Yiu Chi James *(Chairman)*	1/1
Mr. Kwong Ping Man	1/1
Mr. Chu Wai Wa Fangus	1/1
Ms. Pang Yuen Shan Christina	1/1

BOARD DIVERSITY POLICY

The Company have adopted a board diversity policy since the Listing Date. A summary of such board diversity policy, the measureable objectives set for implementing such board diversity policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the corporate governance report annually in accordance with the Listing Rules.

Monitoring

The Nomination Committee is responsible for monitoring achievement of the measureable objectives as set out in the board diversity policy.

Diversity of the Board

The existing Board members are well experienced in the construction industry, investment and finance businesses. Some of them are professionals in project management, finance, accounting and legal with extensive experience.

In view of the present size and complexities of the Group's operations and the nature of the risks and challenges it faces, the Nomination Committee considers the Company has struck a right balance of skills, experience, knowledge and diversity among the present Board members.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group in accordance with statutory requirements and accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements for the Group are published in a timely manner. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquires, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The accounting systems and internal control of the Group are designed to prevent any misappropriation of the Group's assets, any unauthorised transactions as well as to ensure the accuracy of the accounting records and the true and fairness of the financial statements.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and half-yearly reports, other inside information announcements and other financial disclosures required under Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report contained in this annual report.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged BDO Limited as its external auditor for the Year. The Audit Committee has been notified of the nature and the service charges of non-audit services for the agreed upon procedures in connection with preliminary results announcement for the Year and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. Details of the fees paid/payable to BDO Limited and BDO Tax Limited during the Year are as follows:

	HK$
Audit services	750,000
Non-audit services	1,620,200
	2,370,200

The amount of fee incurred for the non-audit services mainly included HK$1,452,200 of the service fee paid to BDO Limited as the reporting accountant of the Company in relation to the Listing.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management system, which is designed to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud. The Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

The Group is committed to maintaining and upholding good corporate governance practice and internal control system. The Group has engaged external consultants, CT Partners Consultants Limited, to review the effectiveness of the Group's internal control system and the results were summarised and reported to the Audit Committee and the Board. In respect of the reporting period, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect shareholders were identified.

COMPANY SECRETARY

The company secretary of the Company is Mr. Ng Ki Man whose biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Mr. Ng has been informed of the requirement of the Rule 3.29 of the Listing Rules, and he confirmed that he had attained no less than 15 hours of relevant professional training during the Year.

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by post to the principal place of business set out in the section headed "Corporate Information", by fax at 2668-4886 or by email at info@chimkee.com. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

PROCEDURES FOR CONVENING GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 64 of the Articles of Association, the Board may whenever it thinks fit to convene extraordinary general meetings.

Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary by mail at 1/F Block Front, 438 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at any general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for convening general meetings by shareholders".

COMMUNICATION WITH SHAREHOLDERS

The Directors recognise the importance of long-term support from the shareholders of the Company. The Company attaches great priority to establish effective communication with its shareholders and investors. In an effort to enhance such communications, the Company provides information relating to the Company and its business in its annual report and also disseminates such information electronically through its website at http://www.chimkeegroup.com.hk.

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. All Directors, senior management and external auditors make an effort to attend the annual general meeting of the Company to address shareholders' queries. All the shareholders of the Company are given a minimum of 20 clear business days' notice of the date and venue of the annual general meeting of the Company. The Company supports the CG Code's principle to encourage shareholders' participation.

The Board will review regularly the Group's operation and corporate governance of the Company in order to ensure compliance of the Articles of Association of the Company, the laws of the Cayman Islands and regulations and to protect the interest of its shareholders.

The Board presents to the shareholders this report together with the audited financial statements of the Company and the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and details of the principal activities of its subsidiaries are set out in note 31 to the consolidated financial statements. There was no significant change in the Group's principal activities during the Year.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 24 September 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") pursuant to which the Company became the holding company of the Group on 20 October 2015. For details of the Reorganisation, please refer to the paragraph headed "History, Development and Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since 10 December 2015.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 37. No dividend was paid or proposed by the Company during the Year, nor has any dividend been proposed by the Directors since the end of the year.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and voting at the annual general meeting, the register of members of the Company will be closed from Friday, 26 August 2016 to Tuesday, 30 August 2016, both days inclusive, during which period no transfer of Shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 25 August 2016.

BUSINESS REVIEW

The review of the business of the Group during the Year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 36 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 March 2016 and up to the date of this annual report. In addition, discussions on the Group's relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on the Group are as follows:

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group's success depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

Our major customers include construction work companies engaged in either public or private construction projects in Hong Kong which require particular types of construction machinery at different stages of their projects. We have established long-term business relationship with some of our customers for over 10 years. Our sales and marketing team maintains contacts with these customers regularly to understand their needs and to provide relevant information to support their projects.

Suppliers

Our major suppliers include manufacturers and service providers of construction machinery, oil companies, and other third party service companies for maintenance, transportation and assembly/disassembly services engaged by us. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services. We will select suppliers from our pre-approved lists of suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We believe that our business also depends on our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. To meet our customers' requirements on safety, quality and environmental aspects, we have established safety, quality and environmental management systems. Through the systematic and effective control of our operations, compliance with safety, quality and environmental requirements can be further assured.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Directors confirmed that during the Year and up to the date of this annual report, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Hong Kong.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the Year are set out in note 14 to the consolidated financial statements.

SHARES ISSUED IN THE YEAR

Details of movements during the Year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company had reserves amounted to approximately HK$47,648,000 available for distribution as calculated based on Company's share premium, capital reserve and accumulated losses under applicable provisions of the Companies Law in the Cayman Islands.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 98. This summary does not form part of the audited financial statements.

DIRECTORS

The directors of the Company during the Year and up to the date of this report were:

Executive Directors

Mr. Tang Yiu Chi James *(Chairman)*	(Appointed on 24 September 2014)
Mr. Kwok Ho *(Chief Executive Officer)*	(Appointed on 11 December 2014)

Independent non-executive directors

Mr. Kwong Ping Man	(Appointed on 23 October 2015)
Mr. Chu Wai Wa Fangus	(Appointed on 23 October 2015)
Ms. Pang Yuen Shan Christina	(Appointed on 23 October 2015)

Information regarding directors' emoluments are set out in note 11 to the consolidated financial statements.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Tang Yiu Chi James, Mr. Kwok Ho, Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Ms. Pang Yuen Shan Christina will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 30 August 2016. All directors, except Ms. Pang Yuen Shan Christina, being eligible and will offer themselves for re-election. Ms. Pang Yuen Shan Christina will not offer herself for re-election in order to devote more her time on other business commitments.

The Company has received from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the Year.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed during the Year.

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

As at 31 March 2016, the interests or short positions of each of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have 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 is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code to be notified to the Company and the Stock Exchange are set out as follows:

Long Positions in the Shares

Name of director	Capacity/Nature of interest	Number of shares held	Percentage of shareholding
Mr. Tang Yiu Chi James *(Note 1)*	Person having a security interest in shares	750,000	0.075%

Note:

1. Mr. Tang Yiu Chi James beneficially owns 0.1% of the issued share capital of Tang J F T Company Limited ("Tang J F T").

Save as disclosed above, as at 31 March 2016, 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 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 31 March 2016, 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
Tang J F T *(Note 2)*	Beneficial owner	750,000,000	75%
Mr. Tang Kan *(Note 2)*	Interest in a controlled Corporation	750,000,000	75%
Ms. Leung Lay Wen Lana *(Note 3)*	Interest of spouse	750,000,000	75%

Notes:

1. All interests stated are long positions.

2. Mr. Tang Kan beneficially owns 90.04% of the entire issued share capital of Tang J F T. Therefore, Mr. Tang Kan is deemed, or taken to be, interested in all the Shares held by Tang J F T for the purpose of the SFO. Ms. Leung Lay Wen Lana, the spouse of Mr. Tang Kan, is interested in 0.2% of the share capital of Tang J F T.

3. Ms. Leung Lay Wen Lana is the spouse of Mr. Tang Kan. Accordingly, Ms. Leung Lay Wen Lana is deemed, or taken to be, interested in all the Shares in which Mr. Tang Kan is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2016, 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 for the purpose of providing incentives or rewards to eligible persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for the Shares. Eligible persons of the Share Option Scheme, amongst others, include any executives, any employee (including proposed, full-time or part-time employee), a director or proposed director (including an independent non-executive director), a direct or indirect shareholder of any member of the Company and its subsidiaries and an associate of any of the aforementioned persons.

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date. The Company may seek approval of its Shareholders in general meeting for refreshing such 10% limit.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Any grant of options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who or whose associates is the grantee of an options). Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5.0 million, such further grant of the options shall be subject to prior approval of the Shareholders with such person and his associates abstaining from voting in favour of general meeting.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. Options granted shall be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceeding a period of 10 years from the date on which the share options are accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

The subscription price is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 23 October 2015. No share options were granted, forfeited or expired during the Year. As at the date of this annual report. the total number of Shares available for issue under the Share Option Scheme was 100,000,000 Shares, representing 10% of the issued shares of the Company.

CONNECTED TRANSACTIONS

The Group has entered into one transaction with the connected persons of the Company. Details of such transaction is set out in the section headed 'Connected Transactions' in the Prospectus. Such transactions constituted the continuing connected transaction under Chapter 14A of the Listing Rules upon Listing.

Exempt Continuing Connected Transactions

On 1 January 2015, a subsidiary of the Company entered into a lease agreement with Profit Principle Limited ("**Profit Principle**"), pursuant to which Profit Principle as landlord agreed to lease a property located at 1/F, Block Front, 438 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong with a gross area of approximately 100 sq.ft. to our Company as tenant at a monthly rental of HK$4,000 for a period of three years commencing from 1 January 2015. The Premises is occupied by our Group as office for daily administrative purposes.

Mr. Tang Kan is a Controlling Shareholder of the Company. Profit Principle is a company that Mr. Tang Kan's spouse, Ms. Leung Lay Wen Lana, owns more than 30% of the issued share capital, it is regarded as an associate of Mr. Tang Kan. As such, Profit Principle is our connected person and the lease agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The lease agreement entered between the Company and Profit Principle was on normal commercial terms where each of the relevant percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules is less than 5% and total fees payable under lease agreement is less than HK$3,000,000. Pursuant to Chapter 14A of the Listing Rules, the lease agreement is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year set out in note 33 to the consolidated financial statements included transactions that constitute connected/continuing connected transactions for which the disclosure requirements under the Listing Rules have been complied with.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those disclosed in the paragraphs headed "Connected Transactions" and in note 33 to the consolidated financial statements, no other transactions, arrangements or contracts of significance, to which the Company's holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTRACTS OF SIGNIFICANCE BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE SUBSIDIARIES

For particulars of the contracts of significance between the Group and the Controlling Shareholders or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the Controlling Shareholders or their respective subsidiaries, please see "Connected Transactions" and note 33 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

COMPETING BUSINESS

During the Year, none of the directors or the Controlling Shareholders 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.

Non-Competition Undertaking

In order to avoid any possible future competition between our Group and our Controlling Shareholder, Tang J F T, Mr. Tang Kan and Mr. James Tang (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the Deed of Non-competition with our Company (for itself and for the benefit of each other member of our Group) on 23 October 2015. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our Controlling Shareholders – Deed of Non-Competition" in the Prospectus.

During the Year, the Company has received an annual written confirmation from each controlling shareholder of the Company in respect of him/it and his/its associates in compliance with the Deed of Non-Competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-Competition.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' liability insurance coverage for the directors of the Company since the Listing Date.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details are set out under heading "Share Option Scheme" in this annual report.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 4 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles or the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MARKET CAPITALISATION

As at 31 March 2016, the market capitalisation of the listed shares of the Company was approximately HK$1.0 billion based on the total number of 1,000,000,000 issued shares of the Company and the closing price of HK$0.99 per share.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this annual report, the Company has maintained sufficient public float throughout the period from the Listing Date to 31 March 2016 as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's turnover and purchases attributable to major customers and suppliers during the year ended 31 March 2016 and 2015 are as follows:

	For the year ended	
	31 March 2016	31 March 2015
	%	%
Percentage of turnover		
From the largest customer	**12.6%**	6.8%
From the five largest customers in aggregate	**39.6%**	24.9%
Percentage of purchase		
From the largest supplier	**68.7%**	57.2%
From the five largest suppliers in aggregate	**81.5%**	87.4%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the five largest customers nor suppliers during the Year.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules from the Listing Date to 31 March 2016.

Details of corporate governance report are set out on pages 15 to 24 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Change of Company Secretary and an Authorised Representative

Mr. Chan Man Kay resigned from his role as the company secretary and an authorised representative of the Company with effect from 18 April 2016. Mr. Ng Ki Man was appointed as the company secretary and an authorised representative of the Company with effect from 18 April 2016.

Change of Compliance Adviser

The Company and RHB Capital Hong Kong Limited ("**RHB Capital**") have mutually agreed to terminate the compliance adviser agreement dated 8 June 2015 entered into between the Company and RHB Capital, with effect from 30 June 2016 (the "**Termination**") due to commercial reasons. Subsequent to the Termination, Frontpage Capital Limited will be appointed as the new compliance adviser to the Company as required pursuant to Rule 3A.27 of the Listing Rules with effect from 1 July 2016. For further details, please refer to the announcement of the Company dated 29 June 2016.

There are no significant events subsequent to 31 March 2016 which would materially affect our Group's operating and financial performance as of the date of this report.

AUDITOR

The consolidated financial statements have been audited by BDO Limited, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting.

On behalf of the Board

Tang Yiu Chi James
Clear Lift Holdings Limited
Chairman

Hong Kong, 29 June 2016

BDO

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TO THE SHAREHOLDERS OF CLEAR LIFT HOLDINGS LIMITED
焯陞企業控股有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Clear Lift Holdings Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") set out on pages 37 to 97, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Li Yin Fan
Practising Certificate Number P03113
Hong Kong, 29 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	7	**277,275**	368,942
Cost of sales and services rendered		**(245,518)**	(306,422)
Gross profit		**31,757**	62,520
Other income and gains	7	**4,505**	6,239
Loss on foreign currency forward contracts		**–**	(527)
Listing expenses		**(10,539)**	(8,352)
Administrative expenses		**(32,220)**	(21,707)
Finance costs	8	**(5,486)**	(6,837)
(Loss)/profit before income tax	9	**(11,983)**	31,336
Income tax	10	**738**	(6,972)
(Loss)/profit and total comprehensive income for the year		**(11,245)**	24,364
Attributable to:			
Owners of the Company		**(11,240)**	24,324
Non-controlling interests		**(5)**	40
		(11,245)	24,364
(Loss)/earnings per share – basic and diluted (HK cents per share)	13	**(1.3)**	2.9

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	14	**214,409**	234,384
Finance lease receivables	19	**5,191**	9,420
Deferred tax assets	27	**2,032**	–
		221,632	243,804
Current assets			
Inventories	16	**1,415**	887
Trade receivables	17	**55,690**	71,783
Prepayments, deposits and other receivables	18	**6,634**	12,926
Finance lease receivables	19	**4,228**	4,010
Amounts due from related companies	23	**3**	10,502
Amount due from a shareholder of the holding company	23	**–**	57,980
Amount due from a director	24	**–**	1,125
Pledged bank deposits	20	**4,578**	4,550
Cash and cash equivalents	20	**91,715**	53,152
Current tax recoverable		**4,890**	3,411
		169,153	220,326
Current liabilities			
Trade payables	21	**6,238**	18,765
Accruals, deposits received and other payables	22	**12,263**	15,099
Amounts due to related companies	23	**–**	3,965
Amount due to a director	24	**565**	–
Borrowings, secured	25	**46,426**	81,884
Finance lease payables	26	**38,165**	42,989
Current tax liabilities		**59**	739
		103,716	163,441
Net current assets		**65,437**	56,885
Total assets less current liabilities		**287,069**	300,689
Non-current liabilities			
Finance lease payables	26	**12,831**	31,554
Deferred tax liabilities	27	**30,397**	30,694
		43,228	62,248
Net assets		**243,841**	238,441

	Notes	**2016** **HK$'000**	2015 HK$'000
EQUITY			
Share capital	28	**10,000**	1,000
Reserves		**233,598**	237,193
Equity attributable to owners of the Company		**243,598**	238,193
Non-controlling interests		**243**	248
Total equity		**243,841**	238,441

On behalf of the Board

Tang Yiu Chi James	**Kwok Ho**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Equity attributable to owners of the Company							
	Share capital HK$'000 (Note 28)	Share premium HK$'000 (Note 30(a))	Capital reserve HK$'000 (Note 30(c))	Merger reserve HK$'000 (Note 30(b))	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2014	1,000				212,869	213,869	208	214,077
Profit and total comprehensive income for the year	–	–	–	–	24,324	24,324	40	24,364
As at 31 March 2015	**1,000**	**–**	**–**	**–**	**237,193**	**238,193**	**248**	**238,441**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(11,240)**	**(11,240)**	**(5)**	**(11,245)**
Dividends (Note 12)	**–**	**–**	**–**	**–**	**(62,000)**	**(62,000)**	**–**	**(62,000)**
Arising from group reorganisation (Note 28(b))	**(1,000)**	**–**	**–**	**1,000**	**–**	**–**	**–**	**–**
Issue of shares upon group reorganisation (Note 28(c))	**380**	**(380)**	**–**	**–**	**–**	**–**	**–**	**–**
Capitalisation issue of shares (Note 28(d))	**7,953**	**(7,953)**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares under public offer and placing (Note 28(e))	**1,667**	**78,370**	**–**	**–**	**–**	**80,037**	**–**	**80,037**
Share issuance expenses	**–**	**(7,683)**	**–**	**–**	**–**	**(7,683)**	**–**	**(7,683)**
Deemed capital contribution (Note 30(c))	**–**	**–**	**6,291**	**–**	**–**	**6,291**	**–**	**6,291**
At 31 March 2016	**10,000**	**62,354**	**6,291**	**1,000**	**163,953**	**243,598**	**243**	**243,841**

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
Cash flows from operating activities		
(Loss)/profit before income tax	**(11,983)**	31,336
Adjustments for:		
Interest income from bank deposits	**(35)**	(3)
Finance lease interest income	**(596)**	(628)
Interest expenses	**5,486**	6,837
Gain on disposal and write-off of property, plant and equipment, net	**(427)**	(111)
Gain on disposal of an investment property	**–**	(1,999)
Depreciation of property, plant and equipment	**37,897**	36,762
Impairment of trade receivables	**4,115**	–
Depreciation of an investment property	**–**	8
Operating profit before working capital changes	**34,457**	72,202
Decrease in inventories	**9,149**	30,625
Decrease/(increase) in trade receivables	**11,978**	(5,153)
Decrease/(increase) in prepayments, deposits and other receivables	**6,292**	(1,198)
Decrease in amounts due from related companies	**10,499**	22,760
(Decrease)/increase in trade payables	**(12,527)**	7,804
(Decrease)/increase in accruals, deposits received and other payables	**(2,836)**	2,354
(Decrease)/increase in amounts due to related companies	**(3,965)**	3,304
Cash generated from operations	**53,047**	132,698
Income tax paid	**(3,750)**	(7,307)
Net cash generated from operating activities	**49,297**	125,391

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(27,064)**	(40,989)
Proceeds from disposal of property, plant and equipment	**445**	302
Decrease in down-payment for acquisition of property, plant and equipment	**–**	1,509
Increase in pledged bank deposits	**(28)**	(4,550)
Increase in amount due from a shareholder of the holding company	**–**	(41,780)
(Increase)/decrease in amount due from a director	**(2,330)**	11,596
Decrease/(increase) in finance lease receivables	**4,011**	(13,430)
Finance lease interest income received	**596**	628
Bank interest received	**35**	3
Net cash used in investing activities	**(24,335)**	(86,711)
Cash flows from financing activities		
Interest paid	**(5,486)**	(6,837)
Proceeds from new borrowings	**128,575**	122,086
Proceeds from new finance lease payables	**10,523**	17,536
Repayments of borrowings	**(164,033)**	(107,243)
Repayments of finance lease payables	**(34,623)**	(39,427)
Proceeds from issue of ordinary shares	**80,037**	–
Share issuance expenses	**(7,683)**	–
Reimbursement of listing expenses by the holding company	**6,291**	–
Net cash generated from/(used in) financing activities	**13,601**	(13,885)
Net increase in cash and cash equivalents	**38,563**	24,795
Cash and cash equivalents at beginning of the year	**53,152**	28,357
Cash and cash equivalents at end of the year	**91,715**	53,152

1. GENERAL

Clear Lift Holdings Limited (the "Company") was incorporated in the Cayman Islands on 24 September 2014, 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") on 10 December 2015 (the "Listing Date"). The address of the 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 is 1/F., Block Front, 438 Nathan Road, Yau Ma Tei, Kowloon.

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 (the "Listing Business").

In the opinion of the Directors, the holding company and ultimate holding company of the Company is Tang J F T Company Limited, a company incorporated in the British Virgin Islands.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRSC) – Int 4 Determining whether an Arrangement contains a lease, HK(SIC) – Int 15 Operating Lease – Incentives and HK(SIC) – Int 27 Evaluating Substance of Transactions involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with assets (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. leases of 12 months or less, including the effect of any extension options) and (b) leases of low-value assets (for example, a lease of a personal computer). HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The disclosure requirements set out in the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") regarding annual financial statements have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements.

3. GROUP REORGANISATION AND BASIS OF PRESENTATION AND PREPARATION

(a) Group reorganisation

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

(b) Basis of presentation

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

Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2016 and 2015 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the common control, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2015 has been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date. The assets and liabilities of the Group were consolidated using their carrying values. All significant intra-group transactions and balances have been eliminated on consolidation.

(c) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

(d) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

3. GROUP REORGANISATION AND BASIS OF PRESENTATION AND PREPARATION (Continued)

(e) Functional and presentation currency

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

4. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Other than the common control for which merger accounting method is used, acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold land and building	Over the lease terms
Leasehold improvements	Shorter of lease terms and 10 years
Machinery	10 years
Furniture and equipment	4 years
Motor vehicles	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant leases.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

The Group, in the course of its ordinary activities, routinely sells its machinery that it has held for rental to others, transfers such assets to inventories at their carrying amount when they cease to be rented and become held for sale.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Financial instruments

(i) Financial assets

The Group's financial assets are mainly classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Impairment loss on financial assets

The Group assesses at the end of each year whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor or the group of debtors;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor or the group of debtors will enter bankruptcy or other financial reorganisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade payables, accruals and other payables, amounts due to director and related companies, borrowings and finance lease payables. They are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amoritsation process.

Trade payables, accruals and other payables, amounts due to directors and related companies

They are recognised initially at their fair value, net of directly attributable transaction costs incurred and subsequently measured at amortised cost, using the effective interest method.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(v) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

(vi) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(vii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 “Revenue”.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(viii) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(ix) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(f) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Leasing (Continued)

The Group as lessor (Continued)

Rental income is recognised in accordance with Note 4(n)(b). Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

(h) Provision and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of assets (other than inventories and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Employee benefits

(i) Defined contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of year. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(k) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(m) Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior year, that are unpaid at the end of year. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of year between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of year.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of the Group's assets yielding interest, dividend and rentals, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(a) Revenue from sale of machinery and spare parts is recognised when the significant risks and rewards of ownership have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon dispatch of goods and customer has accepted the goods.

(b) Rental income under operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset.

(c) Provision of transportation services includes those related to local container delivery, site construction delivery and transport of heavy machinery by trucks, lorries and trailers. Transportation service income is recognised when the services are rendered.

(d) Other service income is recognised when the services are rendered.

(e) Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Revenue attributable to finance leases is recognised over the lease term on a systematic and rational basis so as to produce a constant rate of return on the net investment in the finance lease.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

No asymmetrical allocations have been applied to reportable segments.

(q) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Critical judgements in applying accounting policies (Continued)

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases and, in respect of finance leases, determining the appropriate discount rate implicit in the lease to discount minimum lease payments. Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Group. Management assesses the classification of a lease at the inception of the lease by taking into account the fair value of the leased asset, the economic life of the leased asset, the period of the lease and the probability of exercising purchase options, if any, attached to the lease. For those leases that would not transfer ownership of the assets to the Group at the end of the lease term, and that it is not reasonably certain that the purchase options, if any, attached to the arrangements would be exercised, they are being treated as operating leases. In respect of leases classified as finance leases, it has not been possible to reliably estimate lessors' residual values and management has been required to independently estimate an appropriate discount rate. The accounting policy for leases is set out in Note 4(g).

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvement in production, or from a change in the market demand for the products or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in similar way. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Recognition of deferred tax assets primarily involves management judgement and estimations regarding the taxable profits of the entities in which the losses arose. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Estimates and assumptions (Continued)

Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Impairment loss for trade and other receivables

The Group estimates impairment losses of trade and other receivables resulting from the inability of the customers and other debtors to make the required payments in accordance with accounting policy stated in Note 4(e)(ii). The Group bases the estimates on the ageing of the receivable balances, debtors' creditworthiness and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

Impairment loss for non-financial assets

The Group assesses at the end of each reporting period whether non-financial assets suffered any impairment in accordance with accounting policy stated in Note 4(i). The non-financial assets are reviewed for the impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The determination of recoverable amount requires an estimation of future cash flows and the selection of appropriate discount rates. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

Provision for litigation

During the year and up to the date of this report, a subsidiary of the Group has been facing litigation with a customer in respect of breach of contract. The final outcomes of the litigation is not yet concluded as at the date of issuance of the consolidated financial statements. In the opinion of the directors, the result of the litigation are favourable to the subsidiary of the Group and therefore, no provision for claims in respect of the litigation was made by the Group.

However, if the final outcomes of the litigation is not favourable to the subsidiary of the Group, the claim will be recognised in the profit or loss and will have an impact on the financial performance of the Group.

6. SEGMENT INFORMATION

The Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, has identified the following reportable operating segments:

— Trading of construction machinery and spare parts
— Rental of construction machinery
— Provision of transportation services

Each of these operating segments is managed separately as each of them requires different business strategies.

The segment information provided to the executive directors for the reportable segments during the year is as follows:

Segment revenue and results

	Trading of construction machinery and spare parts HK$'000	Rental of construction machinery HK$'000	Provision of transportation services HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Year ended 31 March 2016					
Revenue (from external customers)					
Reportable segment revenue	153,668	121,299	2,308	–	277,275
Reportable segment profit/(loss)	14,472	(5,630)	(8)	–	8,834
Other reportable segment information:					
Finance lease interest income	596	–	–	–	596
Interest expenses	(337)	(2,456)	(85)	–	(2,878)
Impairment of trade receivables	–	(4,115)	–	–	(4,115)
Depreciation of property, plant and equipment	(2)	(35,861)	(476)	–	(36,339)
Gain on disposal and write-off of property, plant and equipment, net	–	–	427	–	427
Income tax	(2,549)	1,585	7	–	(957)
Year ended 31 March 2015					
Revenue (from external customers)					
Reportable segment revenue	191,425	174,749	2,768	–	368,942
Reportable segment profit	26,755	18,595	112	–	45,462
Other reportable segment information:					
Finance lease interest income	628	–	–	–	628
Interest expenses	(450)	(3,736)	(21)	–	(4,207)
Depreciation of property, plant and equipment	(2)	(35,159)	(221)	–	(35,382)
(Loss)/gain on disposal and write-off of property, plant and equipment, net	–	(62)	173	–	111
Income tax	(4,290)	(3,640)	5	–	(7,925)

6. SEGMENT INFORMATION (Continued)

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

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

	2016	2015
	HK$'000	HK$'000
Reportable segment profit	**8,834**	45,462
Interest income from bank deposits	**35**	3
Gain on disposal of an investment property	**–**	1,999
Listing expenses	**(10,539)**	(8,352)
Unallocated corporate expenses (Note)	**(7,705)**	(5,146)
Unallocated finance costs	**(2,608)**	(2,630)
(Loss)/profit before income tax	**(11,983)**	31,336

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

Since all of the Group's revenue was generated in Hong Kong and all of the Group's identifiable assets and liabilities were located in Hong Kong, no geographical information is presented.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the year, revenue derived from this customer is as follows:

	2016	2015
	HK$'000	HK$'000
Customer A	**34,797**	–*

* less than 10% of the Group's revenue

Segment assets and liabilities

Information reported to directors of the Company for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. REVENUE AND OTHER INCOME AND GAINS

The Group's principal activities are trading of construction machinery and spare parts, rental of construction machinery and provision of transportation services.

Revenue from the Group's principal activities during the year is as follows:

	2016	2015
	HK$'000	HK$'000
Sale of machinery and spare parts	**144,370**	176,958
Sale of rental machinery	**9,298**	14,467
Rental income from leasing of machinery	**87,442**	111,406
Rental income from sub-leasing of machinery	**29,121**	57,432
Transportation service income	**2,308**	2,768
Other service income	**4,736**	5,911
Total	**277,275**	368,942
Other income and gains:		
Interest income from bank deposits	**35**	3
Finance lease interest income	**596**	628
Gain on disposal and write-off of property, plant and equipment, net	**427**	111
Gain on disposal of an investment property	**–**	1,999
Rental income from leasing a warehouse property and a motor vehicle	**1,628**	1,122
Government allowance for retirement of motor vehicles	**669**	1,181
Net exchange gains	**553**	667
Others	**597**	528
Total	**4,505**	6,239

8. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on bank loans	**2,810**	2,902
Finance lease interest	**2,676**	3,928
Interest on bank overdrafts	**–**	7
	5,486	6,837

The above analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause in accordance with the agreed scheduled repayments dates set out in the loan agreements. The interest on bank borrowings which includes a repayment on demand clause amounted to approximately HK$2,423,000 and HK$2,451,000 for the years ended 31 March 2016 and 2015 respectively.

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	2016	2015
	HK$'000	HK$'000
Auditor's remuneration	**750**	235
Listing expenses	**10,539**	8,352
Cost of inventories recognised as an expense	**124,824**	161,361
Impairment of trade receivables	**4,115**	–
Depreciation of property, plant and equipment included in:		
– Cost of sales and services rendered	**35,713**	35,114
– Administrative expenses	**2,184**	1,648
Depreciation of an investment property	**–**	8
Employee costs (including directors' remuneration (Note 11(a))		
– Wages, salaries and other benefits	**55,205**	55,021
– Contribution to defined contribution pension plans	**1,708**	1,730
Net rental income from leasing of machinery	**(11,439)**	(29,281)
Net rental loss/(income) from sub-leasing of machinery	**128**	(813)
Minimum lease payments under operating leases		
– Land and buildings	**2,945**	3,691
– Machinery held for rental	**19,534**	38,233

10. INCOME TAX

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax in the consolidated statement of comprehensive income during the year represents:

	2016	2015
	HK$'000	HK$'000
Current income tax		
Charge for the year	**(2,369)**	(4,930)
Over/(under)-provision in respect of prior years	**778**	(100)
	(1,591)	(5,030)
Deferred tax (Note 27)	**2,329**	(1,942)
Income tax	**738**	(6,972)

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands.

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits during the reporting period.

10. INCOME TAX (Continued)

A reconciliation of the income tax applicable to (loss)/profit before income tax at the statutory tax rate to the income tax at the effective tax rate for the year is as follows:

	2016 HK$'000	2015 HK$'000
(Loss)/profit before income tax	(11,983)	31,336
Tax calculated at the statutory rate of 16.5% (2015: 16.5%)	(1,977)	5,170
Effect of different tax rates of subsidiary operating in other jurisdiction	12	–
Tax effect of non-deductible expenses	2,125	1,407
Tax effect of non-taxable income	(187)	(811)
(Over)/under-provision in respect of prior years	(778)	100
Others	67	1,106
Income tax	(738)	6,972

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The remuneration of the directors for the year is set out below:

	Fees HK$'000	Salaries, allowance and benefits HK$'000	Contribution to defined contribution pension plans HK$'000	Total HK$'000
Year ended 31 March 2016				
Executive directors				
Mr. Tang Yiu Chi James	63	672	11	746
Mr. Kwok Ho	37	624	18	679
	100	1,296	29	1,425
Independent non-executive directors				
Mr. Kwong Ping Man	59	–	–	59
Mr. Chu Wai Wa Fangus	59	–	–	59
Ms. Pang Yuen Shan Christina	59	–	–	59
	177	–	–	177
	277	1,296	29	1,602

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

	Fees HK$'000	Salaries, allowance and benefits HK$'000	Contribution to defined contribution pension plans HK$'000	Total HK$'000
Year ended 31 March 2015				
Executive directors				
Mr. Tang Yiu Chi James	–	163	8	171
Mr. Kwok Ho	–	280	12	292
	–	443	20	463
Independent non-executive directors				
Mr. Kwong Ping Man	–	–	–	–
Mr. Chu Wai Wa Fangus	–	–	–	–
Ms. Pang Yuen Shan Christina	–	–	–	–
	–	–	–	–
	–	443	20	463

(b) Five highest-paid individuals

Of the five individuals with the highest emoluments in the Group, two (2015: Nil) were directors of the Company whose emoluments are included in the disclosures in Note 11(a) above. The emoluments of the remaining three (2015: five) individuals were as follows:

The analysis of the emoluments of the five highest-paid individuals for the year is set out below:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and benefit in kind	**2,258**	3,652
Contribution to defined contribution pension plans	**37**	87
	2,295	3,739

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest-paid individuals (Continued)

Their remuneration fell within the following bands:

	2016	2015
Nil to HK$1,000,000	**3**	5

During the year, no director or any of the highest-paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

	2016 **HK$'000**	2015 HK$'000
Interim dividends	**62,000**	15,000

No dividend has been paid by the Company during the year, nor has been proposed since the end of the reporting period (2015: Nil). The interim dividends for the current and prior years represented those declared and paid by Chim Kee Machinery Co., Limited and Chim Kee Company Limited to their shareholders prior to the completion of the Group Reorganisation.

13. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Group is based on the following data:

	2016 **HK$'000**	2015 HK$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(11,240)**	24,324
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (Note)	**884,737**	833,256

Note: The weighted average of 833,256,000 ordinary shares derived for the calculation of basic earnings per share for the year ended 31 March 2015 represents the number of ordinary shares of the Company in issue immediately after the Group Reorganisation, assuming that 833,256,000 ordinary shares were in issue pursuant to the Group Reorganisation throughout the year ended 31 March 2015.

The weighted average of 884,737,000 ordinary shares derived for calculation of basic loss per share for the year ended 31 March 2016, includes the weighted average of 166,744,000 ordinary shares issued upon the placing, in addition to the aforementioned 833,256,000 ordinary shares.

There were no potential ordinary shares in issue for the years ended 31 March 2016 and 2015. Accordingly, the diluted (loss)/earnings per share presented is the same as basic (loss)/earnings per share.

14. 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 at 1 April 2014						
Cost	1,200	–	389,487	767	15,734	407,188
Accumulated depreciation	(522)	–	(144,622)	(661)	(11,976)	(157,781)
Net carrying amount	678	–	244,865	106	3,758	249,407
Year ended 31 March 2015						
Opening net carrying amount	678	–	244,865	106	3,758	249,407
Additions	–	1,958	44,029	336	2,740	49,063
Disposals and write-off	–	–	(62)	–	(129)	(191)
Depreciation	(20)	(149)	(34,926)	(54)	(1,613)	(36,762)
Reclassification to inventories	–	–	(27,133)	–	–	(27,133)
Closing net carrying amount	658	1,809	226,773	388	4,756	234,384
At 31 March 2015 and at 1 April 2015						
Cost	1,200	1,958	395,658	1,075	16,406	416,297
Accumulated depreciation	(542)	(149)	(168,885)	(687)	(11,650)	(181,913)
Net carrying amount	658	1,809	226,773	388	4,756	234,384
Year ended 31 March 2016						
Opening net carrying amount	658	1,809	226,773	388	4,756	234,384
Additions	–	161	26,792	111	553	27,617
Disposals and write-off	–	–	–	–	(18)	(18)
Depreciation	(21)	(508)	(35,411)	(119)	(1,838)	(37,897)
Reclassification to inventories	–	–	(9,677)	–	–	(9,677)
Closing net carrying amount	637	1,462	208,477	380	3,453	214,409
At 31 March 2016						
Cost	1,200	2,119	404,930	1,186	16,940	426,375
Accumulated depreciation	(563)	(657)	(196,453)	(806)	(13,487)	(211,966)
Net carrying amount	637	1,462	208,477	380	3,453	214,409

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The net carrying amount of property, plant and equipment includes the following assets held under finance leases (Note 26):

	2016	2015
	HK$'000	HK$'000
Machinery	**156,928**	176,881
Motor vehicles	**3,392**	4,522
	160,320	181,403

At 31 March 2015 and 2016, the leasehold land and building was pledged for the Group's bank borrowings (Note 25).

15. INVESTMENT PROPERTY

	2015
	HK$'000
At 1 April 2014	713
Depreciation	(8)
Disposal	(705)
At 31 March 2015 and 2016	–
As at 31 March 2015 and 2016	
Cost	–
Accumulated depreciation	–
Net carrying amount	–

The investment property was situated in Hong Kong and held under a lease of over 50 years. No rental income was generated from the investment property during the year.

Direct operating expenses arising from investment property amounted to approximately HK$3,000 for the Previous Year.

On 11 December 2014, the Group disposed of its investment property to Profit Principle Limited, a related company, for a cash consideration of HK$2,800,000. This disposal resulted in a gain of approximately HK$1,999,000 (Note 7).

16. INVENTORIES

	2016	2015
	HK$'000	HK$'000
Machinery	**773**	180
Spare parts	**642**	707
	1,415	887

17. TRADE RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Trade receivables, gross	**71,904**	83,882
Less: Provision for impairment	**(16,214)**	(12,099)
Trade receivables, net	**55,690**	71,783

The credit period ranges from approximately 0 to 90 days.

(a) Ageing analysis

An ageing analysis of the Group's trade receivables as at the end of each reporting period, net of impairment, and based on invoice date, is as follows:

	2016	2015
	HK$'000	HK$'000
Within 1 month	**14,660**	24,966
More than 1 month but not more than 3 months	**19,517**	29,589
More than 3 months but not more than 6 months	**11,216**	3,090
More than 6 months but not more than a year	**5,596**	11,255
More than a year	**4,701**	2,883
	55,690	71,783

17. TRADE RECEIVABLES (Continued)

(b) Impairment of trade receivables

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:

	2016	2015
	HK$'000	HK$'000
At beginning of the year	**12,099**	12,099
Impairment losses recognised	**4,115**	–
At end of the year	**16,214**	12,099

At 31 March 2016 and 2015, the Group had determined approximately HK$16,214,000 and approximately HK$12,099,000 of trade receivables as individually impaired respectively. Based on this assessment, approximately HK$4,115,000 of impairment loss was provided for the year ended 31 March 2016 (2015: Nil). The impaired trade receivables are due from customers that were in default and in dispute with the Group.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

An ageing analysis of the Group's trade receivables as at the end of each reporting period that are not impaired is as follows:

	2016	2015
	HK$'000	HK$'000
Neither past due nor impaired	**14,662**	27,417
Not more than 3 months past due	**24,587**	27,711
3 to 6 months past due	**8,051**	4,250
More than 6 months but less than 12 months past due	**3,954**	9,748
Over a year due	**4,436**	2,657
	55,690	71,783

17. TRADE RECEIVABLES (Continued)

(b) Impairment of trade receivables (Continued)

Trade receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 **HK$'000**	2015 HK$'000
Prepayments	**2,046**	3,858
Deposits	**3,686**	7,986
Other receivables	**902**	1,082
	6,634	12,926

The balances of other receivables are unsecured, interest-free and with no fixed repayment terms. The Group's other receivables were neither past due nor impaired as at 31 March 2016 and 2015.

19. FINANCE LEASE RECEIVABLES

Certain machineries have been leased out through finance leases entered into by the Group. These leases have a lease period of 3.5 years to 5 years from the dates of inception.

	2016 **HK$'000**	2015 HK$'000
Total minimum lease payments receivable:		
Not later than one year	**4,607**	4,607
Later than one year and not later than five years	**5,400**	10,007
	10,007	14,614
Unearned finance income	**(588)**	(1,184)
Present value of finance lease receivables	**9,419**	13,430
Present value of minimum lease payments receivable:		
Not later than one year	**4,228**	4,010
Later than one year and not later than five years	**5,191**	9,420
	9,419	13,430
Less: Portion classified as current assets	**(4,228)**	(4,010)
Non-current portion	**5,191**	9,420

Finance lease receivables bear interest at fixed interest rates. The effective interest rates of finance lease receivables are set out in Note 36(c).

20. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	2016 **HK$'000**	2015 HK$'000
Cash and bank balances	**41,680**	53,152
Short-term time deposits	**54,613**	4,550
Less: Pledged bank deposits	**(4,578)**	(4,550)
Cash and cash equivalents	**91,715**	53,152

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day to three months and earn interest at the respective short-term deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 March 2016 and 2015, the short-term time deposits of HK$4,578,000 and HK$4,550,000 were pledged for the Group's bank borrowings respectively (Note 25).

21. TRADE PAYABLES

	2016 **HK$'000**	2015 HK$'000
Trade payables	**6,238**	18,765

The credit period ranges from approximately 0 to 45 days.

An ageing analysis of the Group's trade payables at the end of the reporting period, based on invoice date, is as follows:

	2016 **HK$'000**	2015 HK$'000
Within 1 month	**2,958**	10,769
More than 1 month but not more than 2 months	**2,013**	3,443
More than 2 months but not more than 6 months	**822**	944
More than 6 months but not more than a year	**–**	997
Over a year	**445**	2,612
	6,238	18,765

22. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2016	2015
	HK$'000	HK$'000
Accruals	**5,373**	4,781
Deposits received	**6,311**	9,560
Other payables	**579**	758
	12,263	15,099

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

Details of amounts due from related parties are as follows:

	Maximum amount outstanding during the year	**As at 31 March 2016**	Maximum amount outstanding during the year	As at 31 March 2015
	HK$'000	**HK$'000**	HK$'000	HK$'000
Related companies				
CHIM K SOCIEDADE UNIPESSOAL, LDA. (Note (a))	**4,052**	**–**	12,235	4,052
Chim Kee Crane Company Limited (Note (b))	**–**	**–#**	5	5
Chim Kee Group Limited (Note (c))	**1**	**–#**	5	–
L B Machinery Co., Limited (Note (d))	**–**	**–**	4,081	–*
Link Bright Consultants Limited (Note (e))	**3**	**3**	9,862	3
Profit Principle Limited (Note (f))	**–**	**–**	2,940	–
Robinson – Chim Kee Joint Venture Limited (Note (g))	**–**	**–**	6,462	6,442
	1,117	**3**	35,590	10,502
Shareholder of the holding company				
Mr. Tang Kan	**–**	**–**	57,980	57,980

* No longer a related party since 3 October 2014

\# During the year, the Group acquired these two companies on 6 January 2016 from Mr. Tang Yiu Chi James, a director of the Company and a shareholder of the holding company, and become a subsidiary of the Company thereafter

23. AMOUNT DUE FROM/(TO) RELATED PARTIES (Continued)

The amounts due from related parties are interest-free, unsecured and with no fixed repayment terms as at 2016 and 2015.

Breakdowns of amounts due to related parties are disclosed as follows:

Related Companies

	2016 **HK$'000**	2015 HK$'000
Chim Kee Group Limited (Note (c))	–#	3,953
Profit Principle Limited (Note (f))	–	12
	–	3,965

During the year, the Group acquired this company on 6 January 2016 from Mr. Tang Yiu Chi James, a director of the Company and a shareholder of the holding company, and become a subsidiary of the Company thereafter

Notes:

(a) Mr. Tang Yiu Chi James, being the sole director and sole shareholder of CHIM K SOCIEDADE UNIPESSOAL, LDA., is also a director of the Company and a shareholder of the holding company.

(b) Mr. Tang Yiu Chi James, being the sole director and sole shareholder of Chim Kee Crane Company Limited, is also a director of the Company and a shareholder of the holding company. The Company acquired 100% interest of Chim Kee Crane Company Limited on 6 January 2016 at a total consideration of HK$100.

(c) Mr. Tang Yiu Chi James, being the sole director and sole shareholder of Chim Kee Group Limited, is also a director of the Company and a shareholder of the holding company. The Company acquired 100% interest of Chim Kee Group Limited on 6 January 2016 at a total consideration of HK$100.

(d) Mr. Tang Yiu Chi James, being a director and a shareholder of L B Machinery Co., Limited, is also a director of the Company and a shareholder of the holding company. He has disposed of his interests of L B Machinery Co., Limited and resigned as its director since 3 October 2014.

(e) Mr. Tang Yiu Chi James, being the sole director and sole shareholder of Link Bright Consultants Limited, is also a director of the Company and a shareholder of the holding company.

(f) Mr. Tang Yiu Chi James, being a director and a shareholder of Profit Principle Limited, is also a director of the Company and a shareholder of the holding company.

(g) Mr. Tang Yiu Chi James, being a director and a shareholder of Robinson – Chim Kee Joint Venture Limited, is also a director of the Company and a shareholder of the holding company.

24. AMOUNT DUE FROM/(TO) A DIRECTOR

Details of amount due (to)/from a director are as follows:

	Maximum amount outstanding during the year HK$'000	**As at 31 March 2016 HK$'000**	Maximum amount outstanding during the year HK$'000	As at 31 March 2015 HK$'000
Mr. Tang Yiu Chi James	**7,243**	**(565)**	12,721	1,125

The above balance with a director is unsecured, interest-free and repayable on demand.

25. BORROWINGS, SECURED

	2016 HK$'000	2015 HK$'000
Current:		
Secured interest-bearing bank loans:		
Repayable on demand or within one year	**17,784**	39,226
Repayable after one year which contain a repayable on demand clause	**28,642**	42,658
Total borrowings	**46,426**	81,884

Analysis based on scheduled repayment terms set out in the loan agreements, into:	**2016 HK$'000**	2015 HK$'000
On demand or within one year	**17,784**	39,226
More than one year, but not exceeding two years	**8,716**	14,018
More than two years, but not exceeding five years	**11,789**	15,615
More than five years	**8,137**	13,025
Total borrowings	**46,426**	81,884

Borrowings bear interest at floating interest rates. The effective interest rates of borrowings as at the end of each of the reporting period are set out in Note 36(c).

The unutilised banking facilities as at 31 March 2016 amounted to approximately HK$71,032,000.

25. BORROWINGS, SECURED (Continued)

The bank loans, finance lease payables and other banking facilities are secured by:

(a) Pledge of leasehold land and building (Note 14) held by the Group as at 31 March 2016 and 2015;

(b) Pledge of bank deposits amounting to HK$4,578,000 and HK$4,550,000 (Note 20) held by the Group as at 31 March 2016 and 2015, respectively;

(c) Pledge of bank deposits amounting to HK$2,000,000 held by Mr. Tang Yiu Chi James and a shareholder of the Company's holding company, Mr. Tang Kan, as at 31 March 2015. The deposits were released during the year ended 31 March 2016;

(d) Pledge of leasehold land and buildings held by Mr. Tang Kan as at 31 March 2015. The leasehold land and buildings were released during the year ended 31 March 2016;

(e) Guarantees to the extent of approximately HK$6,000,000 as at 31 March 2015, under The SME Loan Guarantee Scheme, The SME Financing Guarantee Scheme and The Special Loan Guarantee Scheme operated by the Hong Kong Government. All guarantees were released during the year ended 31 March 2016;

(f) Personal guarantees executed by Mr. Tang Yiu Chi James, Mr. Tang Kan, a director of a subsidiary, Mr. Tang Yiu Chung Andrew and a shareholder of the Company's holding company, Mr. Tang Yiu Wai Stephen as at 31 March 2015. All guarantees were released during the year ended 31 March 2016; and

(g) At 31 March 2016 and 2015, the Company has issued guarantees to banks to secure banking facilities granted to certain subsidiaries.

26. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles and machinery for business use. Such assets are classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. The lease terms range from 2 to 5 years. None of the leases include contingent rentals.

	2016	2015
	HK$'000	HK$'000
Total minimum lease payments:		
Not later than one year	**40,237**	46,005
Later than one year and not later than two years	**7,916**	20,081
Later than two years and not later than five years	**5,419**	12,918
	53,572	79,004
Future finance charges on finance leases	**(2,576)**	(4,461)
Present value of finance lease liabilities	**50,996**	74,543
Present value of minimum lease payments:		
Not later than one year	**38,165**	42,989
Later than one year and not later than two years	**7,530**	19,121
Later than two years and not later than five years	**5,301**	12,433
	50,996	74,543
Less: Portion classified as current liabilities	**(38,165)**	(42,989)
Non-current portion	**12,831**	31,554

Finance lease payables bore interest at either fixed or variable interest rates. The effective interest rates of the Group's finance lease payables as at the end of the reporting period were set out in Note 36(c).

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.

27. DEFERRED TAX

The details of the deferred tax assets and liabilities recognised and movements during the year are as follows:

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2014	(28,859)	107	(28,752)
(Charged)/credited to profit or loss	(1,952)	10	(1,942)
At 31 March 2015 and at 1 April 2015	**(30,811)**	**117**	**(30,694)**
Credited to profit or loss	**419**	**1,911**	**2,329**
At 31 March 2016	**(30,392)**	**2,028**	**(28,365)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax relate to income tax levied by same taxation authority on the same taxable entity. The following amounts, determined after appropriate offsetting, are shown in the Group's consolidated statements of financial position.

	2016 HK$'000	2015 HK$'000
Deferred tax assets	**2,032**	–
Deferred tax liabilities	**(30,397)**	(30,694)
	(28,365)	(30,694)

28. SHARE CAPITAL

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

Notes:

(a) The Company was incorporated in the Cayman Islands on 24 September 2014 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one ordinary share of HK$0.01 was issued to Tang J F T Company Limited at nil consideration. On 23 October 2015, the shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$15,600,000 by the creation of an additional 1,522,000,000 Shares.

(b) The share capital of the Group as at 31 March 2015 represented the aggregate amount of the share capital of the subsidiaries and was transferred to merger reserve upon the Group Reorganisation.

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

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

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

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary		**1**	1
Current assets			
Prepayments		**264**	2,427
Amounts due from subsidiaries		**28,120**	–
Cash and cash equivalents		**40,237**	–
		68,621	2,427
Total assets		**68,622**	2,428
Current liabilities			
Accruals		**382**	284
Amount due to a subsidiary		**–**	110
Amount due to a related party		**–**	6,957
Amount due to a director		**10,592**	3,631
		10,974	10,982
Net current assets/(liabilities)		**57,647**	(8,555)
NET ASSETS/(LIABILITIES)		**57,648**	(8,554)
EQUITY			
Share capital	28	**10,000**	–
Reserves	30	**47,648**	(8,554)
Total equity		**57,648**	(8,554)

On behalf of the directors

Tang Yiu Chi James
Director

Kwok Ho
Director

30. RESERVES OF THE COMPANY

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements. Movements in the Company's reserves during the current and prior years are as follows:

	Share premium (a) HK$'000	Capital reserve (c) HK$'000	Accumulated losses (d) HK$'000	Total HK$'000
At 1 April 2014				
Loss for the year	–	–	(8,554)	(8,554)
At 31 March 2015 and 1 April 2015	–	–	(8,554)	(8,554)
Issue of shares upon the Group Reorganisation (Note 28(c))	(380)	–	–	(380)
Capitalisation issue of shares (Note 28(d))	(7,953)	–	–	(7,953)
Issue of shares under the public offer and placing (Note 28(e))	78,370	–	–	78,370
Share issuance expenses	(7,683)	–	–	(7,683)
Deemed capital contribution	–	6,291	–	6,291
Loss for the year	–	–	(12,443)	(12,443)
At 31 March 2016	62,354	6,291	(20,997)	47,648

The nature and purpose of reserves within equity are as follows:

(a) Share premium

Under the Companies Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as the fall due in the ordinary course of business.

(b) Merger reserve

The merger reserve of the Group represents the difference between the total equity of those subsidiaries and the aggregated share capital of the relevant subsidiaries pursuant to the Group Reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new shares from the Company.

(c) Capital reserve

The capital reserve represents the deemed capital contribution from the Company's holding company, Tang J F T Company Limited in relation to listing expenses reimbursed to the Company during the year ended 31 March 2016.

(d) Accumulated losses

The amount represents cumulative net profits and losses recognised in profit or loss.

31. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 March 2016 are as follows:

Name	Country and date of incorporation/ establishment and form of business structure	Nominal value of issued share capital	Attributable equity interest direct	Attributable equity interest indirect	Principal activities and place of operations
Crawler Krane Business Limited	British Virgin Islands, 30 September 2014, limited liability company	USD100	100%	–	Investment holding, Hong Kong
Chim Kee Company Limited	Hong Kong, 23 February 1962, limited liability company	HK$1,000,000	–	99.9%	Construction machinery rental and trading, Hong Kong
Chim Kee Machinery Co., Limited	Hong Kong, 2 June 2004, limited liability company	HK$1	–	99.9%	Construction machinery rental and trading, Hong Kong
Chim Kee Transportation Company Limited	Hong Kong, 20 November 1979, limited liability company	HK$1,200,000	–	99.9%	Provision of machinery transportation services, Hong Kong
K B Machinery Co., Limited	Hong Kong, 26 November 2010, limited liability company	HK$1	–	100%	Construction machinery trading, Hong Kong
Chim Kee Equipment Limited	Hong Kong, 25 November 2014, limited liability company	HK$1	–	100%	Construction machinery rental, Hong Kong
HIGHTION, SOCIEDADE UNIPESSOAL LIMITADA	Macau, 19 September 2014, sole shareholder limited liability company	MOP25,000	–	100%	Construction machinery rental, Macau

31. PARTICULARS OF SUBSIDIARIES (Continued)

Name	Country and date of incorporation/ establishment and form of business structure	Nominal value of issued share capital	Attributable equity interest direct	Attributable equity interest indirect	Principal activities and place of operations
Chim Kee Group Limited	Hong Kong, 22 October 2012, limited liability company	HK$100	–	100%	Dormant
Chim Kee Crane Company Limited	Hong Kong, 22 October 2012, limited liability company	HK$100	–	100%	Dormant
K B Crane Limited	Hong Kong, 10 January 2014, limited liability company	HK$1,000	–	100%	Construction machinery trading, Hong Kong

32. COMMITMENTS

(a) Operating lease commitments – Group as lessee

The Group leased its warehouse property, and certain of its machinery under operating lease arrangements which were negotiated for terms ranging from 1 to 2 years.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	2016 **HK$'000**	2015 HK$'000
Not later than one year	**3,085**	315
Later than one year and not later than five years	**36**	84
	3,121	399

32. COMMITMENTS (Continued)

(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 machineries under operating lease agreements.

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

	2016	2015
	HK$'000	HK$'000
Not later than one year	**5,121**	2,794
	5,121	2,794

(c) Capital commitments

	2016	2015
	HK$'000	HK$'000
Property, plant and equipment		
– contracted for but not provided	**10,921**	66

33. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2016	2015
	HK$'000	HK$'000
CHIM K SOCIEDADE UNIPESSOAL, LDA.		
Machinery sub-lease income (Note (a))	**–**	8,050

Mr. Tang Yiu Chi James, being the sole director and sole shareholder of CHIM K SOCIEDADE UNIPESSOAL, LDA., is also a director of the Company and a shareholder of the holding company.

	2016	2015
	HK$'000	HK$'000
King Era Industrial Limited		
Repair and maintenance expense (Note (a))	**–**	218

33. RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

Mr. Tang Yiu Chi James, being a director and a shareholder of King Era Industrial Limited, is also a director of the Company and a shareholder of the holding company. He has disposed the interests of King Era Industrial Limited and resigned as its director since 3 October 2014.

	2016 HK$'000	2015 HK$'000
L B Machinery Co., Limited		
Machinery sub-lease income (Note (a))	–	2,561
Machinery sub-lease expenses (Note (a))	–	3,129
Purchases of machinery (Note (a))	–	5,016

Mr. Tang Yiu Chi James, being a director and a shareholder of L B Machinery Co., Limited, is also a director of the Company and a shareholder of the holding company. He has disposed the interests of L B Machinery Co., Limited and resigned as its director since 3 October 2014.

	2016 HK$'000	2015 HK$'000
Link Bright Consultants Limited		
Machinery sub-lease expenses (Note (a))	–	3,619
Rent and rates paid (Notes (a) and (b))	–	1,009
Consultancy fee expenses (Notes (a) and (b))	–	776
Purchases of property, plant and equipment (Note (a))	–	15,991
Purchases of machinery (Note (a))	–	480

Mr. Tang Yiu Chi James, being the sole director and sole shareholder of Link Bright Consultants Limited, is also a director of the Company and a shareholder of the holding company.

	2016 HK$'000	2015 HK$'000
Minji Machinery Limited		
Machinery sub-lease expenses (Note (a))	–	1,044

33. RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

Mr. Tang Yiu Chi James, being a director and a shareholder of Minji Machinery Limited, is also a director and a shareholder of the Company. He has disposed of his interests in Minji Machinery Limited and resigned as its director since 3 October 2014.

	2016	2015
	HK$'000	HK$'000
Profit Principle Limited		
Property rental expense (Notes (a) and (b))	**48**	222
Sales of investment property (Note (a))	**–**	2,800

Mr. Tang Yiu Chi James, being a director and a shareholder of Profit Principle Limited, is also a director of the Company and a shareholder of the holding company.

Notes:

(a) The transactions were conducted in the ordinary course of the business of the Group.

(b) The transactions were mutually agreed by both parties at a fixed sum or charged based on cost incurred.

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors as disclosed in Note 11(a), is as follows:

	2016	2015
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,956**	1,859
Contribution to defined contribution pension plans	**96**	82
	3,052	1,941

34. MAJOR NON-CASH TRANSACTIONS

(a) The Group entered into finance lease arrangements in respect of purchase of property, plant and equipment with a capital value at the inception of the leases of approximately HK$553,000 and HK$8,074,000 during the years ended 31 March 2016 and 2015 respectively.

(b) During the year ended 31 March 2016, dividend payable amounting to HK$62,000,000 was settled as to HK$57,980,000 and HK$4,020,000 by offsetting with amount due from a shareholder of the holding company and amount due from a director respectively.

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities.

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables:		
Trade receivables	55,690	71,783
Deposits and other receivables	4,588	9,068
Finance lease receivables	9,419	13,430
Amounts due from related companies	3	10,502
Amount due from a shareholder of the holding company	–	57,980
Amount due from a director	–	1,125
Pledged bank deposits	4,578	4,550
Cash and cash equivalents	91,715	53,152
	165,993	221,590
Financial liabilities		
Measured at amortised cost:		
Trade payables	6,238	18,765
Accruals, deposits received and other payables	12,263	15,099
Amounts due to related companies	–	3,965
Amount due to a director	565	–
Borrowings, secured	46,426	81,884
Finance lease payables	50,996	74,543
	116,488	194,256

36. FINANCIAL RISK MANAGEMENT

The Group's financial assets that derive directly from its operations are trade and other receivables, amounts due from related companies and cash and cash equivalents. Principal financial liabilities of the Group include trade and other payables, amounts due to related companies and a director, borrowings and finance lease payables. The main purpose of these financial liabilities is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The Group does not enter into or trade financial instruments for speculative purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has a certain concentration of credit risk, the balance due from the Group's largest customer amounted to 8% and 17% of the total trade receivables at 31 March 2016 and 2015. The balances due from the Group's five largest customers amounted to 43% and 47% of the total trade receivables at 31 March 2016 and 2015.

The Group also had concentration of credit risk arising from balances due from a shareholder of the holding company and a director as at 31 March 2015 as the aggregate outstanding amounts as at 31 March 2015 were HK$59,105,000.

At 31 March 2016, the Group provided corporate guarantees amounting to HK$4,192,000 (2015: HK$6,122,000) to the banks in respect of finance lease obligations of certain third party customers.

Under the guarantees, the Group would be liable to pay the banks if the banks are unable to recover the amounts under these finance leases. At 31 March 2016, no provision for the Group's obligation under the guarantee contracts has been made as the directors considered that it was not probable that the repayment of the finance lease obligation would be in default.

None of the financial assets of the Group are secured by collateral or other credit enhancements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 17. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms.

The liquidity policies have been followed by the Group during the year and are considered to have been effective in managing liquidity risks.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the year.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two year but less than five years HK$'000
At 31 March 2016					
Trade payables	6,238	6,238	6,238	–	–
Accruals, deposits received and other payables	12,263	12,263	12,263	–	–
Amount due to a director	565	565	565		
Borrowings	46,426	46,426	46,426	–	–
Finance lease payables	50,996	53,572	40,237	7,916	5,419
	116,488	119,064	105,729	7,916	5,419
Financial guarantees issued					
Maximum amount guaranteed	–	4,192	4,192	–	–

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two year but less than five years HK$'000
At 31 March 2015					
Trade payables	18,765	18,765	18,765	–	–
Accruals, deposits received and other payables	15,099	15,099	15,099	–	–
Amounts due to related parties	3,965	3,965	3,965	–	–
Borrowings	81,884	81,884	81,884	–	–
Finance lease payables	74,543	78,096	45,097	20,081	12,918
	194,256	197,809	164,810	20,081	12,918
Financial guarantees issued					
Maximum amount guaranteed	–	6,122	6,122	–	–

Borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2016 and 2015, the aggregate undiscounted principal amounts of these loans amounted to approximately HK$42,658,000 and HK$68,057,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000
Borrowings						
At 31 March 2016	**42,658**	**46,817**	**15,634**	**9,821**	**12,786**	**8,576**
At 31 March 2015	68,057	74,532	27,821	15,530	17,217	13,964

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 bank borrowings and finance lease payables 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.

Exposure

The following table details the interest rate profile of the Group's financial instruments at the end of the year:

	Effective interest rate per		Carrying amount	
	2016	2015	**2016**	2015
	%	%	**HK$'000**	HK$'000
Fixed rate instruments				
Financial assets				
Pledged bank deposits	**0.01 – 0.8**	0.01 – 0.8	**4,578**	4,550
Finance lease receivables	**4.55 – 5.94**	4.55 – 5.94	**9,419**	13,430
			13,997	17,980
Financial liability				
Finance lease payables	**2.15 – 9.42**	3.33 – 9.76	**20,452**	30,129
Variable rate instruments				
Financial asset				
Cash and cash equivalents	**0.0007 – 0.0091**	0.0001 – 0.0078	**91,715**	53,152
Financial liabilities				
Borrowings	**3 – 5**	3 – 5	**46,426**	81,884
Finance lease payables	**3.19 – 5.39**	3.75 – 5.95	**30,544**	44,414
			76,970	126,298
Net exposure			**14,745**	(73,146)

The policies to manage interest rate risk have been followed by the Group consistently throughout the year.

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

Sensitivity analysis

As of 31 March 2016 and 2015, if the interest rate on the Group's outstanding balances of variable-rate bank balances, borrowings and finance lease payables had been 100 basis points higher/lower, with all other variables held constant, the Group's profit before tax for the respective year ended would have been lower/higher by HK$44,000 and HK$611,000, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each of the year and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(d) Currency risk

Transactions in foreign currencies and the Group's risk management policies

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK$ and Euro Dollar ("EURO"). The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, cash and cash equivalents, trade payables, deposits received and finance lease payables which are denominated in Japanese Yen ("JPY"), EURO and United Stated Dollar ("USD"). During the year, the Group had entered into certain foreign exchange forward contracts of JPY against HK$. The transactions were to cover purchase of construction machines in JPY from a supplier. The Group has not adopted any hedging strategy in the long run but 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.

36. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into HK$ at the prevailing closing rates at the end of the year, are as follows:

	JPY	EURO	US$
At 31 March 2016			
Financial assets	**8,635**	**3,913**	**954**
Financial liabilities	**(3,832)**	**(5,041)**	**(1,320)**
Short-term exposure	**4,803**	**(1,128)**	**(366)**
Financial liabilities	**–**	**–**	**(390)**
Long-term exposure	**–**	**–**	**(390)**
At 31 March 2015			
Financial assets	10,736	5,411	833
Financial liabilities	(15,983)	(15,062)	(1,185)
Short-term exposure	(5,247)	(9,651)	(352)
Financial liabilities	–	(4,074)	(1,652)
Long-term exposure	–	(4,074)	(1,652)

36. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's (loss)/profit after income tax (and retained earnings) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates of JPY and EURO to which the Group has significant exposure at the end of the reporting period.

	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000
At 31 March 2016		
JPY	**8%**	**(321)**
JPY	**(8%)**	**321**
EURO	**9%**	**(85)**
EURO	**(9%)**	**85**
At 31 March 2015		
JPY	8%	(351)
JPY	(8%)	351
EURO	9%	(1,031)
EURO	(9%)	1,031

The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of each of the year and held constant throughout each of the year. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

A reasonable change in foreign exchange rates for USD in the next twelve months is assessed to result in immaterial change in the Group's profit after tax, retained earnings and other components of equity.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

37. CAPITAL MANAGEMENT

The Group's capital management objectives include:

(i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;

(ii) to support the Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group monitors its capital using the basis of the net debt to equity ratio. For this purpose net debt is defined as bank overdrafts, borrowings and finance lease payables less cash and cash equivalents. The Group aims to maintain the net debt to equity ratio at a reasonable level.

	2016 **HK$'000**	2015 HK$'000
Borrowings	**46,426**	81,884
Finance lease payables	**50,996**	74,543
Less: Cash and cash equivalents	**(91,715)**	(53,152)
Net debt	**5,707**	103,275
Total equity	**243,841**	238,441
Net debt to equity ratio	**0.02**	0.43

38. SHARE OPTION SCHEME

Shareholders of the Company have approved and adopted a share option scheme (the "Scheme") on 23 October 2015.

A summary of the Scheme is set out as below:

The Scheme became effective for a period of 10 years commencing on 23 October 2015. Under the Scheme, the directors shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotation sheet on the offer date; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date. The offer of a grant of options may be accepted within seven days from the date of the offer grant.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of the approval of the Scheme.

No options have been granted since the adoption of the share option scheme.

39. LITIGATION

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. (the "Subsidiary"), one of the subsidiary of the Group (the "Legal Proceeding") for alleged breach of rental contract. On 24 March 2016, the Court of First Instance found for the Subsidiary and the customer was ordered to compensate the Subsidiary for unpaid hire. On 26 April 2016, the customer lodged an appeal to the Court of Appeal. At the date of this report, the final outcomes of the Appeal are not yet concluded. The Group has sought legal advice on the merits of the claim.

Based on the aforesaid legal advice, after considering the evidence and the background facts in relation to the Legal Proceeding, the customer's allegations and assertions are not cogent and convincing and therefore, the Group will likely to succeed in the Legal Proceeding. Accordingly, no provision for claim in respect of such litigation was made by the Group.

40. CONTINGENT LIABILITIES

As at 31 March 2016, the Group provided corporate guarantees amounting to approximately HK$4.2 million (2015: HK$6.1 million) to the banks in respect of finance lease obligations of certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the banks are unable to recover the amounts under these finance leases from those customers. As at 31 March 2016, no provision for the Group's obligation under the guarantee contracts has been made as the Directors considered that it was not probable that the repayment of the finance lease obligation would be in default.

41. EVENTS AFTER THE REPORTING PERIOD

There are no events subsequent to 31 March 2016 which will materially affect the Group's operating and financial performance.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2016.

Four Years Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements and as appropriate, is set out below.

	For the year ended 31 March			
	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**277,275**	368,942	316,810	242,948
(Loss)/profit before income tax	**(11,983)**	31,336	46,926	39,112
Income tax	**738**	(6,972)	(7,661)	(5,992)
(Loss)/profit for the year	**(11,245)**	24,364	39,265	33,120
Attributable to:				
Owners of the Company	**(11,240)**	24,324	39,232	33,086
Non-controlling interests	**(5)**	40	33	34
	(11,245)	24,364	39,265	33,120

	As at 31 March			
	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities				
Total assets	**390,785**	464,130	425,755	396,903
Total liabilities	**(146,944)**	(225,689)	(211,678)	(222,091)
Net assets	**243,841**	238,441	214,077	174,812
Equity attributable to owners of the Company	**243,598**	238,193	213,869	174,637
Non-controlling interests	**243**	248	208	175
Total equity	**243,841**	238,441	214,077	174,812