

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

The background features a stylized orange crane on the left and a grid-patterned building on the right, set against a light yellow background. In the foreground, there is a large orange gear with a green center, partially overlapping a horizontal orange bar.

Interim Report 2016

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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

Mr. Yeung Ho Ming

(appointed on 31 August 2016)

Ms. Pang Yuen Shan Christina

(resigned on 31 August 2016)

AUDIT COMMITTEE

Mr. Kwong Ping Man (*Chairman*)

Mr. Chu Wai Wa Fangus

Mr. Yeung Ho Ming

REMUNERATION COMMITTEE

Mr. Chu Wai Wa Fangus (*Chairman*)

Mr. Tang Yiu Chi James

Mr. Kwong Ping Man

Mr. Yeung Ho Ming

NOMINATION COMMITTEE

Mr. Tang Yiu Chi James (*Chairman*)

Mr. Kwong Ping Man

Mr. Chu Wai Wa Fangus

Mr. Yeung Ho Ming

COMPANY SECRETARY

Mr. Ng Ki Man

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho

Mr. Ng Ki Man

AUDITOR

BDO Limited

25th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

COMPLIANCE ADVISER

Frontpage Capital Limited
26/F
Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

LEGAL ADVISERS**As to Hong Kong laws:**

CFN Lawyers in association with Broad and Bright
Room 4124, 41/F
Sun Hung Kai Centre
30 Harbour Road, Wan Chai
Hong Kong

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

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Clear Lift Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2016 (the “**Period**”) together with the unaudited comparative figures for the corresponding period ended 30 September 2015 (the “**Previous Period**”). These information should be read in conjunction with the prospectus of the Company dated 30 November 2015 (the “**Prospectus**”).

MARKET REVIEW

During the Period, the economy of Hong Kong faced challenges. According to the Report on the Quarterly Survey of Construction Output prepared by the Census and Statistics Department of the Hong Kong Government, the total gross value of construction works performed by main contractors of construction works in Hong Kong in the second quarter of 2016 decreased by 1.5% in nominal terms over the same period of 2015, while the gross value of construction works performed at public sector sites decreased by 8.3% in nominal terms over the same period of 2015. The Group is engaged in construction machinery business and it has inevitably been affected by the decrease in value and number of construction works.

BUSINESS REVIEW

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

Rental of construction machinery

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

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

	As at 30 September 2016	As at 31 March 2016
	Number in fleet	Number in fleet
Crawler cranes and other mobile cranes	84	82
Aerial platforms	79	74
Foundation equipment	48	52
	211	208

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

Trading of construction machinery and parts

The Group is also engaged in trading of new construction machinery and parts, and used construction machinery. To accommodate different customers' needs, the Group offers 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. The Group has entered into several dealership arrangements with construction machinery manufacturers in Europe, Japan and Korea. To satisfy customers' need, the Group also sells spare parts to the customers for their maintenance purpose or upon their request.

Transportation services

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

FINANCIAL REVIEW

REVENUE

The total revenue decreased by approximately HK\$79.3 million, or 45.3%, from approximately HK\$175.0 million for the Previous Period to approximately HK\$95.6 million for the Period. Such decrease was mainly attributable to the decrease in revenue generated from trading of construction machinery and parts.

Rental of construction machinery

The revenue from construction machinery rental segment increased by approximately HK\$2.4 million, or 4.2%, from approximately HK\$58.0 million for the Previous Period to approximately HK\$60.4 million for the Period.

Trading of construction machinery and parts

The revenue from trading of construction machinery and parts decreased by approximately HK\$81.3 million, or 70.3%, from approximately HK\$115.6 million for the Previous Period to approximately HK\$34.3 million for the Period. Such decrease was mainly attributable to the decrease in trading volume of construction machinery due to the delay in commencement of several public projects and public-related projects which reduced the demand of construction machinery in the industry.

Transportation services

The revenue from transportation services decreased by approximately HK\$0.4 million, or 33.3%, from approximately HK\$1.3 million for the Previous Period to approximately HK\$0.9 million for the Period. 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

The gross profit decreased by approximately HK\$12.4 million, or 55.5%, from approximately HK\$22.3 million for the Previous Period to approximately HK\$9.9 million for the Period, while the gross profit margin decreased from approximately 12.7% for the Previous Period to approximately 10.4% for the Period. The decrease in gross profit was mainly due to the decline in gross profit contributed from trading of construction machinery and parts while the decrease in gross profit margin was mainly due to the decline in gross profit margin contributed from rental of construction machinery.

Rental of construction machinery

The gross profit of construction machinery rental services decreased by approximately HK\$1.9 million, or 69.5%, from approximately HK\$2.8 million for the Previous Period to approximately HK\$0.8 million for the Period. In addition, the gross profit margin of construction machinery rental services decreased from approximately 4.8% for the Previous Period to approximately 1.4% for the Period.

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

Trading of construction machinery and parts

The gross profit of trading of construction machinery and parts decreased by approximately HK\$10.3 million, or 53.5%, from approximately HK\$19.2 million for the Previous Period to approximately HK\$8.9 million for the Period. In addition, the gross profit margin for trading of construction machinery and parts increased from approximately 16.6% for the Previous Period to approximately 26.0% for the Period.

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

Transportation services

The gross profit of transportation services decreased by approximately HK\$0.2 million, or 68.2%, from approximately HK\$0.3 million for the Previous Period to approximately HK\$0.1 million for the Period. In addition, the gross profit margin of transportation services decreased from approximately 22.4% for the Previous Period to approximately 14.8% for the Period.

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

OTHER INCOME AND GAINS

The other income and gains increased by approximately HK\$2.5 million, or 107.7%, from approximately HK\$2.3 million for the Previous Period to approximately HK\$4.8 million for the Period. The increase in other income and gains was mainly attributable to the one-off refund on taxed cost from a litigation with a customer of approximately HK\$2.5 million. For details of the litigation, please refer to “Corporate Governance and Other Information” in this report.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately HK\$2.9 million, or 27.7%, from approximately HK\$10.6 million for the Previous Period to approximately HK\$13.5 million for the Period. The increase in administrative expenses was mainly attributable to the increase in salaries of administrative staffs of approximately HK\$2.5 million.

FINANCE COSTS

The finance cost decreased by approximately HK\$0.7 million, or 23.2%, from approximately HK\$3.2 million for the Previous Period to approximately HK\$2.5 million for the Period. The decrease in finance costs was mainly attributable to the decrease in bank borrowings.

NET (LOSS)/PROFIT

The Group’s net loss for the Period was approximately HK\$0.5 million (Previous Period: net profit of HK\$8.0 million) and the net loss margin would be approximately 0.5% (Previous Period: net profit margin of 4.6%).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 September 2016, the Group had cash and cash equivalents and pledged bank deposits of approximately HK\$97.6 million (31 March 2016: HK\$91.7 million) and HK\$4.6 million (31 March 2016: HK\$4.6 million) respectively.

As at 30 September 2016, the Group had total assets of approximately HK\$402.4 million (31 March 2016: HK\$390.8 million), net current assets of approximately HK\$90.4 million (31 March 2016: HK\$65.4 million) and equity of approximately HK\$243.3 million (31 March 2016: HK\$243.8 million).

The Group continued to maintain a healthy liquidity position. As at 30 September 2016, the Group’s current assets and current liabilities were approximately HK\$182.7 million (31 March 2016: HK\$169.2 million) and HK\$92.3 million (31 March 2016: HK\$103.7 million) respectively. The Group’s current ratio increased to approximately 2.0 times as at 30 September 2016 (31 March 2016: 1.6 times).

Management believes that the Group’s current cash and cash equivalents, together with the credit facilities available and the expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

Gearing ratio is calculated by dividing total debts (including bank borrowings, finance lease payables and amount due to a director) with total equity and was approximately 45.8% as at 30 September 2016 (31 March 2016: 40.2%). The increase was mainly due to the increase in finance lease payables.

As at 30 September 2016, the bank borrowings and finance lease payables amounted to approximately HK\$111.1 million (31 March 2016: HK\$97.4 million) which will be repayable within five years from the end of the reporting period.

CHARGES ON GROUP ASSETS

As at 30 September 2016, the bank borrowings and finance lease payables are secured by (1) leasehold land and building with net carrying amount of approximately HK\$0.6 million (31 March 2016: HK\$0.6 million); (2) bank deposits of approximately HK\$4.6 million (31 March 2016: HK\$4.6 million) and (3) machinery and motor vehicles with net carrying amount of approximately HK\$102.4 million (31 March 2016: HK\$99.6 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period was approximately HK\$21.2 million (Previous Period: HK\$3.9 million), which was mainly used in purchase of machinery for the rental business.

INTEREST RATE RISK

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

CURRENCY RISK

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$, Japanese Yen ("JPY") 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 JPY, EURO and United States Dollar ("US\$"). 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.

CREDIT RISK AND LIQUIDITY RISK

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

CAPITAL COMMITMENTS

The capital commitments consist primarily of purchase of construction machinery for rental purpose. As at 30 September 2016, the capital commitments of property, plant and equipment contracted for but not provided amounted to approximately HK\$23.8 million (31 March 2016: HK\$10.9 million).

CONTINGENT LIABILITIES

As at 30 September 2016, the Group provided corporate guarantees amounting to approximately HK\$3.2 million (31 March 2016: HK\$4.2 million) to the banks in respect of finance lease obligations of certain third party customers. Under the guarantees, the Group would be liable to pay the banks if the banks are unable to recover the amounts under these finance leases. As at 30 September 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.

EVENTS AFTER THE REPORTING PERIOD

On 22 November 2016, Chim Kee Crane Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement for sale and purchase with an independent third party to purchase a parcel of land situated in Hong Kong at a consideration of HK\$51,749,100. For details, please refer to the announcement on "Discloseable Transaction in Relation to the Acquisition of Land" dated 22 November 2016.

Save as disclosed above, there are no significant events subsequent to 30 September 2016 which would materially affect the Group's operating and financial performance as of the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group had 123 staff (31 March 2016: 134). The total staff costs incurred by the Group for the Period were approximately HK\$30.0 million (Previous Period: HK\$26.7 million).

The Group generally recruits its employees from the open market or by referral and enters into service contracts with its employees. The Group offers attractive remuneration packages to the employees. In addition to salaries, the employees would be entitled to bonuses subject to Company and employees' performance. The Group provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for the eligible employees.

The operations staff consists of experienced machinery operators and other mechanics. While such employees are highly demanded in the market, the Group manages to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offers technical trainings to the existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products the Group rents and sells.

INTERIM DIVIDEND

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

USE OF NET PROCEEDS FROM LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since 10 December 2015. The receipt of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of comprehensive income and deducted from the share premium ("**net proceeds**") from the Company's listing were approximately HK\$59.8 million. As at 30 September 2016, the net proceeds had been utilised as follows:

Use of net proceeds	Net proceeds from the Share offer	Actual utilisation up to 30 September 2016	Unutilised amounts as at 30 September 2016
	HK\$ million	HK\$ million	HK\$ million
Acquisition of machinery	39.0	28.2	10.8
Recruitment of operations staff	11.3	2.7	8.6
System development	3.5	–	3.5
Working capital	6.0	3.0	3.0
	59.8	33.9	25.9

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

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

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

MATERIAL ACQUISITION AND DISPOSAL

No material acquisition and disposal of subsidiaries were conducted by the Group during the Period.

PROSPECTS

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

The Group believes that it possesses the business strengths and competitive advantages that enable the Group to grow continuously and enhance the profitability. Such strengths and competitive advantages include (1) well established reputation and long 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.

On 3 November 2016, K B Leasing Limited, an indirect wholly-owned subsidiary of the Company that is newly incorporated, has been granted the Money Lenders License issued by the Licensing Court in order to compliment the trading of construction machinery business of the Group. Currently, existing customers are required to source for their own financing when purchasing construction machineries from the Group. With the grant of the Money Lenders License, the Group can now finance the construction machinery purchases of the customers, providing convenience to the customers and drive additional sales of construction machinery to the Group which would otherwise be lost.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

The Company has fully complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules, except for the deviation from code provision A.6.7 of the CG Code as described below.

Code Provision A.6.7

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

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.

AUDIT COMMITTEE

The Audit Committee of the Company (the “**Audit Committee**”) was established on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the CG 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 the Group. The Audit Committee comprises three members, namely Mr. Kwong Ping Man, Mr. Chu Wai Wa Fangus and Mr. Yeung Ho Ming. Mr. Kwong Ping Man is the chairman of the Audit Committee.

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

CHANGE OF DIRECTORS

Details for the changes of Directors during the Period are summarised as follows:

- (i) On 31 August 2016, Ms. Pang Yuen Shan Christina tendered her resignation as an independent non-executive Director, with effect from 31 August 2016, due to other personal commitments; and
- (ii) On 31 August 2016, Mr. Yeung Ho Ming was appointed as an independent non-executive Director, with effect from 31 August 2016.

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

As at 30 September 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)	Interest in a controlled Corporation	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 30 September 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 30 September 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 30 September 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. As at 30 September 2016, no share option under the share option scheme had been granted.

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

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

LITIGATION

In 2012, a customer commenced litigation against Chim Kee Machinery Co., Ltd. (the “**Subsidiary**”), one of the subsidiary of the Group (the “**Legal Proceedings**”) for alleged breach of rental contract. On 24 March 2016, the Court of First Instance handed down a judgment and ruled in favour of the Subsidiary and ordered the customer to pay the Subsidiary for unpaid hire plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal against the judgment of the Court of First Instance. As at the date of this report, the appeal of the judgment has not yet concluded.

After considering the evidence and the background facts in relation to the Legal Proceedings and advice from the Group’s legal adviser, this customer’s allegations and assertions are not cogent and convincing and therefore, the Group will be likely to succeed in the appeal.

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

COMPETING BUSINESS

During the Period, 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.

APPRECIATION

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

By order of the Board
Clear Lift Holdings Limited
Tang Yiu Chi James
Chairman and Executive Director

Hong Kong, 30 November 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Notes	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	95,644	174,947
Cost of sales and services rendered		(85,737)	(152,676)
Gross profit		9,907	22,271
Other income and gains	4	4,847	2,334
Listing expenses		-	(1,242)
Administrative expenses		(13,548)	(10,612)
Finance costs	5	(2,463)	(3,207)
(Loss)/profit before income tax	6	(1,257)	9,544
Income tax	7	757	(1,568)
(Loss)/profit and total comprehensive income for the period		(500)	7,976
Attributable to:			
Owners of the Company		(498)	7,975
Non-controlling interests		(2)	1
		(500)	7,976
(Loss)/earnings per Share – basic and diluted (HK cents per Share)	9	(0.1)	1.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	209,716	214,409
Finance lease receivables	14	5,819	5,191
Deferred tax assets	22	4,185	2,032
		219,720	221,632
Current assets			
Inventories	11	775	1,415
Trade receivables	12	61,107	55,690
Prepayments, deposits and other receivables	13	11,994	6,634
Finance lease receivables	14	3,028	4,228
Amount due from a related company	18	2	3
Pledged bank deposits	15	4,591	4,578
Cash and cash equivalents	15	97,581	91,715
Current tax recoverable		3,607	4,890
		182,685	169,153
Current liabilities			
Trade payables	16	7,634	6,238
Accruals, deposits received and other payables	17	9,842	12,263
Amount due to a director	19	325	565
Borrowings, secured	20	39,881	46,426
Finance lease payables	21	34,150	38,165
Current tax liabilities		418	59
		92,250	103,716
Net current assets		90,435	65,437
Total assets less current liabilities		310,155	287,069

	<i>Notes</i>	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Non-current liabilities			
Finance lease payables	21	37,056	12,831
Deferred tax liabilities	22	29,758	30,397
		66,814	43,228
Net assets		243,341	243,841
EQUITY			
Share capital	23	10,000	10,000
Reserves		233,100	233,598
Equity attributable to owners of the Company		243,100	243,598
Non-controlling interests		241	243
Total equity		243,341	243,841

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Merger reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (Audited)	10,000	62,354	6,291	1,000	163,953	243,598	243	243,841
Loss and total comprehensive income for the period	-	-	-	-	(498)	(498)	(2)	(500)
At 30 September 2016 (Unaudited)	10,000	62,354	6,291	1,000	163,455	243,100	241	243,341
At 1 April 2015 (Audited)	1,000	-	-	-	237,193	238,193	248	238,441
Profit and total comprehensive income for the period	-	-	-	-	7,975	7,975	1	7,976
Dividends (Note 8)	-	-	-	-	(62,000)	(62,000)	-	(62,000)
At 30 September 2015 (Unaudited)	1,000	-	-	-	183,168	184,168	249	184,417

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash generated from operating activities	12,601	34,524
Net cash used in investing activities	(20,364)	(11,332)
Net cash generated from/(used in) financing activities	13,629	(29,123)
Net increase/(decrease) in cash and cash equivalents	5,866	(5,931)
Cash and cash equivalents at beginning of the period	91,715	53,152
Cash and cash equivalents at end of the period	97,581	47,221

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. GENERAL INFORMATION

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 the shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 December 2015. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108 Cayman Islands and its principal place of business in Hong Kong 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 (“**Tang J F T**”), a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basic of preparation

The condensed consolidated financial statements for the Period have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rule**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountant (the “**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statement as at 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) issued by the HKICPA.

Pursuant to a group reorganisation (the “**Group Reorganisation**”) carried out by the Group in preparation for the listing of Shares 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.

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 condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows of the Group for the Previous Period has 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. All significant intra-group transactions and balances have been eliminated on consolidation.

The condensed consolidated financial statements have not been audited.

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

2.2 Summary of significant accounting policies

Except as described below, the condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s annual financial statement as at 31 March 2016.

The Group has adopted the following standards, amendments and interpretations to published standards issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 April 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The adoption of the abovementioned new or revised standards, amendments and interpretation do not result in any substantial changes to the Group’s significant accounting policies and presentation of the condensed consolidated financial statements.

The HKICPA has also issued the following new or revised standards, amendments and interpretations which are not yet effective for the financial period beginning on 1 April 2016:

HKAS 7 (Amendment)
HKAS 12 (Amendment)
HKFRS 9 (2014)
HKFRS 15
HKFRS 16

Statement of Cash Flows¹
Income Taxes¹
Financial Instruments²
Revenue from Contracts with Customers²
Leases³

¹ Effective for annual periods beginning on or after 1 January 2017

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

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

The Group has not early adopted the above new or revised standards, amendments or interpretations in the condensed consolidated financial statements. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies or presentation of the Group's condensed consolidated financial statements will be resulted.

3. 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 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, listing expenses, 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.

The segment information provided to the executive Directors for the reportable segments during the Period 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
For the six months ended					
30 September 2016 (Unaudited)					
Revenue (from external customers)					
Reportable segment revenue	34,324	60,424	896	-	95,644
Reportable segment profit/(loss)	7,927	(2,585)	(556)	-	4,786
Other reportable segment information:					
Finance lease interest income	310	-	-	-	310
Interest expenses	(170)	(1,310)	(35)	-	(1,515)
Depreciation of property, plant and equipment	(1)	(19,076)	(310)	-	(19,387)
Gain on disposal and write-off of property, plant and equipment, net	-	-	20	-	20
Income tax	(1,274)	943	92	-	(239)
For the six months ended					
30 September 2015 (Unaudited)					
Revenue (from external customers)					
Reportable segment revenue	115,597	58,007	1,343	-	174,947
Reportable segment profit/(loss)	17,242	(2,932)	479	-	14,789
Other reportable segment information:					
Finance lease interest income	325	-	-	-	325
Interest expenses	(199)	(1,495)	(45)	-	(1,739)
Depreciation of property, plant and equipment	(1)	(17,739)	(250)	-	(17,990)
Gain on disposal and write-off of property, plant and equipment, net	-	-	407	-	407
Income tax	(2,755)	606	(79)	-	(2,228)

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

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

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment profit	4,786	14,789
Interest income from bank deposits	28	–
Listing expenses	–	(1,242)
Unallocated corporate expenses (<i>Note</i>)	(5,123)	(2,535)
Unallocated finance costs	(948)	(1,468)
	(1,257)	9,544
(Loss)/profit before income tax	(1,257)	9,544

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.

Segment assets and liabilities

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

4. REVENUE AND OTHER INCOME AND GAINS

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Trading of machinery and spare parts	34,324	115,597
Rental income from leasing of machinery	41,919	39,154
Rental income from sub-leasing of machinery	13,455	15,941
Transportation service income	896	1,343
Other service income	5,050	2,912
Total	95,644	174,947
Other income and gains:		
Interest income from bank deposits	115	16
Finance lease interest income	310	325
Gain on disposal and write-off of property, plant and equipment, net	20	407
Rental income from leasing a warehouse property and a motor vehicle	1,110	545
Government allowance for retirement of motor vehicles	-	225
Refund on taxed cost from a litigation	2,524	-
Net exchange gains	267	805
Others	501	11
Total	4,847	2,334

5. FINANCE COSTS

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank loans	1,058	1,593
Finance lease interest	1,405	1,614
Total	2,463	3,207

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Auditor's remuneration	–	98
Listing expenses	–	1,242
Cost of inventories recognised as an expense	20,903	91,928
Depreciation of property, plant and equipment included in:		
– Cost of sales and services rendered	19,013	17,680
– Administrative expenses	1,082	1,091
Employee costs (including Directors' remuneration)		
– Wages, salaries and other benefits	29,048	25,795
– Contribution to defined contribution pension plans	940	868
Net rental income from leasing of machinery	(1,384)	(2,775)
Net rental loss from sub-leasing of machinery	474	243
Minimum lease payments under operating leases		
– Land and buildings	1,676	1,429
– Machinery held for rental	9,583	10,852

7. 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 condensed consolidated statement of comprehensive income during the Period represents:

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current income tax		
– Charge for the period	(2,035)	(4,020)
Deferred tax (<i>Note 22</i>)	2,792	2,452
Income tax	757	(1,568)

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% of the estimated assessable profits during the reporting period.

8. DIVIDENDS

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividends	-	62,000

No dividend has been paid by the Company during the Period, nor has been proposed since the end of the reporting period. The interim dividends for the Previous Period represented those declared and paid by Chim Kee Company Limited to its shareholder prior to the completion of the Group Reorganisation.

9. (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:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic (loss)/earnings per Share	(498)	7,975
	'000	'000
Number of Shares		
Weighted average number of ordinary Shares for the purpose of basic (loss)/earnings per Share <i>(Note)</i>	1,000,000	833,256

Note: The weighted average of 833,256,000 ordinary Shares derived for the calculation of basic earnings per Share for the Previous Period 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 six months ended 30 September 2015.

There were no potential ordinary Shares in issue for the Period and the Previous Period. Accordingly, the diluted (loss)/earnings per Share presented is the same as basic (loss)/earnings per Share.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 April 2015 (Audited)						
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 (Audited)						
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 and at 1 April 2016 (Audited)						
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
Six months ended 30 September 2016 (Unaudited)						
Opening net carrying amount	637	1,462	208,477	380	3,453	214,409
Additions	-	-	20,409	18	730	21,157
Disposals and write-off	-	-	-	-	(1)	(1)
Depreciation	(11)	(191)	(18,892)	(64)	(937)	(20,095)
Reclassification to inventories	-	-	(5,754)	-	-	(5,754)
Closing net carrying amount	626	1,271	204,240	334	3,245	209,716
At 30 September 2016 (Unaudited)						
Cost	1,200	2,119	411,603	1,204	17,574	433,700
Accumulated depreciation	(574)	(848)	(207,363)	(870)	(14,329)	(223,984)
Net carrying amount	626	1,271	204,240	334	3,245	209,716

The net carrying amount of property, plant and equipment includes the following assets held under finance leases (*Note 21*):

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Machinery	99,197	96,292
Motor vehicles	3,212	3,342
	102,409	99,634

At 30 September 2016 and 31 March 2016, the leasehold land and building was pledged for the Group's bank borrowings (*Note 20*).

11. INVENTORIES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Machinery	–	773
Spare parts	775	642
	775	1,415

12. TRADE RECEIVABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade receivables, gross	77,321	71,904
Less: Provision for impairment	(16,214)	(16,214)
Trade receivables, net	61,107	55,690

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:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Within 1 month	24,509	14,660
More than 1 month but not more than 3 months	15,856	19,517
More than 3 months but not more than 6 months	12,202	11,216
More than 6 months but not more than a year	5,347	5,596
More than a year	3,193	4,701
	61,107	55,690

(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:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
At beginning of the period/year	16,214	12,099
Impairment losses recognised	–	4,115
At end of the period/year	16,214	16,214

At 30 September 2016 and 31 March 2016, the Group had determined approximately HK\$16,214,000 of trade receivables as individually impaired. 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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Prepayments	3,347	2,046
Deposits	7,024	3,686
Other receivables	1,623	902
	11,994	6,634

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 30 September 2016 and 31 March 2016.

14. 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.

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Total minimum lease payments receivable:		
Not later than one year	3,469	4,607
Later than one year and not later than five years	6,252	5,400
	9,721	10,007
Unearned finance income	(874)	(588)
	8,847	9,419
Present value of finance lease receivables		
	8,847	9,419
Present value of minimum lease payments receivable:		
Not later than one year	3,028	4,228
Later than one year and not later than five years	5,819	5,191
	8,847	9,419
Less: Portion classified as current assets	(3,028)	(4,228)
	5,819	5,191

Finance lease receivables bear interest at fixed interest rates. The effective interest rate of finance lease receivables at the end of the reporting period was 4.55% to 7.47% (31 March 2016: 4.55% to 5.94%).

15. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Cash and bank balances	77,581	41,680
Short-term time deposits	24,591	54,613
Less: Pledged bank deposits	(4,591)	(4,578)
Cash and cash equivalents	97,581	91,715

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 30 September 2016 and 31 March 2016, the short-term time deposits of HK\$4,591,000 and HK\$4,578,000 were pledged for the Group's bank borrowings respectively (*Note 20*).

16. TRADE PAYABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade payables	7,634	6,238

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:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Within 1 month	3,823	2,958
More than 1 month but not more than 2 months	1,490	2,013
More than 2 months but not more than 6 months	1,876	822
More than 6 months but not more than a year	–	–
Over a year	445	445
	7,634	6,238

17. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Accruals	4,117	5,373
Deposits received	5,241	6,311
Other payables	484	579
	9,842	12,263

18. AMOUNT DUE FROM A RELATED COMPANY

Details of amount due from a related company is as follows:

	Maximum amount outstanding during the period HK\$'000	As at 30 September 2016 HK\$'000 (Unaudited)	Maximum amount outstanding during the year HK\$'000	As at 31 March 2016 HK\$'000 (Audited)
Link Bright Consultants Limited (Note)	3	2	3	3

Note: 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.

The amount is unsecured, interest-free and with no fixed repayment terms.

19. AMOUNT DUE TO A DIRECTOR

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

20. BORROWINGS, SECURED

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Current:		
Secured interest-bearing bank loans	39,881	46,426

Borrowings bear interest at floating interest rates. The effective interest rates of borrowings as at the end of each of the reporting period were 3% to 5%.

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

- (a) Pledge of leasehold land and building (Note 10) held by the Group as at 30 September 2016 and 31 March 2016;
- (b) Pledge of bank deposits amounting to HK\$4,591,000 and HK\$4,578,000 (Note 15) held by the Group as at 30 September 2016 and 31 March 2016, respectively;
- (c) At 30 September 2016 and 31 March 2016, the Company has issued guarantees to banks to secure banking facilities granted to certain subsidiaries.

21. 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.

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Total minimum lease payments:		
Not later than one year	36,804	40,237
Later than one year and not later than two years	17,384	7,916
Later than two years and not later than five years	21,450	5,419
	75,638	53,572
Future finance charges on finance leases	(4,432)	(2,576)
Present value of finance lease liabilities	71,206	50,996
Present value of minimum lease payments:		
Not later than one year	34,150	38,165
Later than one year and not later than two years	16,324	7,530
Later than two years and not later than five years	20,732	5,301
	71,206	50,996
Less: Portion classified as current liabilities	(34,150)	(38,165)
Non-current portion	37,056	12,831

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 each of the reporting period were 3.19% to 5.39%.

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.

22. DEFERRED TAX

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

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2015 (Audited)	(30,811)	117	(30,694)
Credited to profit or loss	418	1,911	2,329
At 31 March 2016 and at 1 April 2016 (Audited)	(30,393)	2,028	(28,365)
Credited to profit or loss	625	2,167	2,792
At 30 September 2016 (Unaudited)	(29,768)	4,195	(25,573)

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 condensed consolidated statements of financial position.

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Deferred tax assets	4,185	2,032
Deferred tax liabilities	(29,758)	(30,397)
	(25,573)	(28,365)

23. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Authorised:		
<i>Ordinary Shares of HK\$0.01 each</i>		
At 1 April 2015 (Audited)	38,000,000	380
Increase in authorised share capital (Note (a))	1,522,000,000	15,220
<hr/>		
At 31 March 2016 (Audited) and 30 September 2016 (Unaudited)	1,560,000,000	15,600
<hr/>		
Issued and fully paid:		
<i>Ordinary Shares of HK\$0.01 each</i>		
At 1 April 2015 (Audited)	1	–
Issue of Shares upon the Group Reorganisation (Note (b))	37,999,999	380
Capitalisation issue of Shares (Note (c))	795,256,000	7,953
Issue of Shares under public offer and placing (Note (d))	166,744,000	1,667
<hr/>		
At 31 March 2016 (Audited) and 30 September 2016 (Unaudited)	1,000,000,000	10,000
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Notes:

- (a) On 23 October 2015, the shareholders resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$15,600,000 by the creation of an additional 1,522,000,000 Shares.
- (b) 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 to be allotted and issued to Tang J F T.
- (c) 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.
- (d) Under the public offer and placing took place during the year ended 31 March 2016, 166,744,000 new ordinary Shares of HK\$0.01 each were issued at a price of HK\$0.48 per Share for a total cash consideration (before share issuance expenses) of approximately HK\$80,037,000.

24. COMMITMENTS

(a) Operating lease commitments – Group as lessee

The Group leased its warehouse property 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:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Not later than one year	1,389	3,085
Later than one year and not later than five years	12	36
	1,401	3,121

(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:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Not later than one year	2,136	5,121

(c) Capital commitments

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Property, plant and equipment – contracted for but not provided	23,815	10,921

25. RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit Principle Limited		
Property rental expense (Notes (a) and (b))	24	24

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 is as follows:

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	2,718	1,046
Contribution to defined contribution pension plans	68	46
	2,786	1,092