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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1341)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

The board (the "**Board**") of directors (the "**Directors**") of Hao Tian International Construction Investment Group Limited (the "**Company**") herely announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018 (the "**Year**") together with the comparative figures for corresponding year ended 31 March 2017 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*4*	**165,869**	194,364
Cost of sales and services rendered		**(152,396)**	(161,867)
Gross profit		**13,473**	32,497
Other income, other gains and losses	*5*	**12,181**	6,557
Administrative expenses		**(33,949)**	(32,780)
Finance costs	*6*	**(7,630)**	(5,354)
(Loss) profit before taxation		**(15,925)**	920
Income tax credit (expense)	*7*	**3,399**	(613)
(Loss) profit and total comprehensive (expense) income for the year	*8*	**(12,526)**	307
Attributable to:			
Owners of the Company		**(12,528)**	300
Non-controlling interests		**2**	7
		(12,526)	307
			(Restated)
(Loss) earning per share (HK cents)	*10*		
Basic		**(0.54)**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**285,977**	284,483
Finance lease receivables		**9,529**	4,241
Deferred tax assets		**4,743**	6,364
Pledged bank deposits		**4,627**	4,603
Deposit for acquisition of subsidiaries		**100,000**	–
Deposits for acquisition of property, plant and equipment		**414**	5,232
		405,290	304,923
Current assets			
Inventories		**14,410**	2,018
Trade receivables	*11*	**81,595**	74,261
Other receivables, deposits and prepayments		**4,061**	5,163
Finance lease receivables		**6,959**	3,112
Amount due from a related company		**–**	2
Amount due from a director		**55**	–
Tax recoverable		**2,207**	1,279
Bank balances and cash		**119,709**	71,279
		228,996	157,114
Current liabilities			
Trade payables	*12*	**21,980**	8,050
Accruals, deposits received and other payables		**13,039**	16,986
Amount due to a director		**–**	310
Amounts due to related companies		**260**	–
Borrowings		**113,266**	118,744
Obligation under finance leases		**4,340**	3,877
Tax payable		**–**	2,639
		152,885	150,606
Net current assets		**76,111**	6,508
Total assets less current liabilities		**481,401**	311,431

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**52,005**	33,487
Obligation under finance leases		**8,341**	3,015
Loan from a director		**40,000**	–
Deferred tax liabilities		**28,063**	30,781
		128,409	67,283
Net assets		**352,992**	244,148
Equity			
Share capital	*13*	**24,000**	10,000
Reserves		**328,740**	233,898
Equity attributable to owners of the Company		**352,740**	243,898
Non-controlling interests		**252**	250
Total equity		**352,992**	244,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of 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 changes to Rooms 4917–4932, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

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

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flow; (ii) changes arising from obtaining or losing control of subsidiaries or other business, (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Apart from the additional disclosure, the application of these amendments has had no impact on consolidated financial statements.

3. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

For the year ended 31 March 2018

	Trading of construction machinery, spare parts and construction materials *HK$'000*	Rental of construction machinery and provision of repair and maintenance service *HK$'000*	Provision of transportation services *HK$'000*	Total *HK$'000*
Revenue				
From external customers	46,762	117,870	1,237	165,869
Segment profit (loss)	6,017	743	(667)	6,093
Other income, other gains and losses				525
Finance costs				(3,420)
Corporate expenses				(19,123)
Loss before taxation				(15,925)

For the year ended 31 March 2017

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

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

4. REVENUE

	2018 ***HK$'000***	2017 *HK$'000*
Sale of machinery and spare parts	**14,211**	20,315
Sale of rental machinery	**32,551**	49,374
Rental income from leasing of machinery	**75,231**	90,762
Rental income from sub-leasing of machinery	**30,533**	23,357
Transportation service income	**1,237**	1,212
Other service income	**12,106**	9,344
	165,869	194,364

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2018 *HK$'000*	2017 *HK$'000*
Other income		
Interest income from bank deposits	**26**	165
Finance lease income	**673**	551
Rental income from leasing a warehouse property and a motor vehicle	**432**	1,914
Sundry income	**1,363**	1,022
	2,494	3,652
Other gains and losses		
Net foreign exchange (loss) gain	**(1,177)**	584
Net gain on disposal and write-off of property, plant and equipment	**466**	143
Allowance for bad and doubtful debts	**(921)**	(346)
Reversal of allowance for bad and doubtful debt and receipt of related interest *(Note)*	**12,961**	–
Refund of costs incurred for a litigation *(Note)*	**2,358**	2,524
Impairment loss of property, plant and equipment	**(4,000)**	–
	9,687	2,905
	12,181	6,557

Note:

A subsidiary of the Company impaired a trade receivable due from a customer of HK$8,885,000 due to the uncertainty of recovery of the receivable in previous years. The Group filed litigation against this customer. On 11 July 2017, the Court of Appeal ruled in favour of the Group and the customer has to pay the unsettled trade receivable HK$8,885,000 and HK$3,166,000 interests on the unsettled trade receivable to the Group. The Group was also entitled to receive the costs of the appeal of HK$2,358,000 from the customer. The amounts were fully received during the year ended 31 March 2018.

Besides, the Group also received HK$910,000 long-outstanding trade receivable from customers. The amount was written-off in prior years.

6. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest on borrowings	**6,570**	5,044
Finance lease interest	**326**	310
Director's loan interest	**734**	–
	7,630	5,354

7. TAXATION

	2018 *HK$'000*	2017 *HK$'000*
Current tax:		
Hong Kong	**493**	4,067
Macau	**–**	103
(Over) underprovision in prior years:		
Hong Kong	**(2,795)**	391
	(2,302)	4,561
Deferred tax credit	**(1,097)**	(3,948)
Income tax (credit) expense	**(3,399)**	613

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

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

8. (LOSS) PROFIT FOR THE YEAR

	2018 *HK$'000*	2017 *HK$'000*
(Loss) profit for the year is arrived at after charging:		
Auditor's remuneration	**1,000**	1,055
Depreciation of property, plant and equipment	**44,351**	40,987
Cost of inventories recognised as expenses	**30,926**	35,373
Minimum lease payment in respect of		
— Land and buildings	**1,514**	2,985
— Machinery	**22,164**	17,341
Staff costs:		
Directors and chief executive's emoluments	**5,454**	4,164
Other staff costs		
— Salaries and other benefits	**53,154**	57,757
— Retirement benefits scheme contributions	**1,863**	1,836
	60,471	63,757

9. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNING PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) earning		
(Loss) earning for the purpose of basic (loss) earning per share ((loss) profit for the year attributable to owners of the Company)	**(12,528)**	300

	2018	2017
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earning per share	**2,339,726**	2,000,000

The weighted average number of ordinary shares for the purposes of calculating basic earning per share for the year ended 31 March 2017 has been adjusted to reflect the impact of bonus issue the Company's shares took place on 11 September 2017.

No diluted (loss) earning per share were presented as there were no potential ordinary shares in issue for years ended 31 March 2018 and 2017.

11. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**86,756**	90,600
Less: Allowance for bad and doubtful debts	**(5,161)**	(16,339)
	81,595	74,261

The Group allows an average credit period of 0–30 days to its trade customers. The credit period provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers.

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**37,755**	40,354
31–90 days	**20,408**	21,286
91–180 days	**8,059**	5,728
181–365 days	**13,496**	3,541
Over 365 days	**1,877**	3,352
	81,595	74,261

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and ageing analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each customer.

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK$43,840,000 (2017: HK$33,907,000) which were past due for which the Group had not provided for allowance for bad and doubtful debts. Based on past experience, the directors of the Company are of the opinion that no further provision is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances. The average age of these receivables was 103 days (2017: 75 days).

Ageing of trade receivables which are past due but not impaired

	2018	2017
	HK$'000	*HK$'000*
Overdue:		
1–90 days	**20,794**	21,877
91–180 days	**10,004**	7,262
181–365 days	**11,447**	1,438
Over 365 days	**1,595**	3,330
	43,840	33,907

Movement in the allowance for bad and doubtful debts

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**16,339**	16,214
Impairment losses recognised	**921**	346
Amount written off as uncollectible	**(3,214)**	(221)
Recovery of bad debts	**(8,885)**	–
At end of the year	**5,161**	16,339

At 31 March 2018, the Group had determined approximately HK$5,161,000 (2017: HK$16,339,000) of trade receivables as individually impaired. Based on this assessment, approximately HK$921,000 (2017: HK$346,000) of impairment loss was provided. The impaired trade receivables are due from customers that were in default and in dispute with the Group.

In prior year, the Group provided HK$12,099,000 allowance for bad and doubtful debt for the trade receivables due from a customer. As disclosed, in note 5, HK$8,885,000 was received from the customer in accordance with the judgement of the Court of Appeal. Hence, HK$8,885,000 was recovered and the remaining HK$3,214,000 is written off as uncollectible.

12. TRADE PAYABLES

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

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**17,183**	3,771
31–60 days	**2,691**	2,383
61–180 days	**1,963**	1,274
181–365 days	**–**	177
Over 365 days	**143**	445
	21,980	8,050

13. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2016 and 31 March 2017	1,560,000,000	15,600
Increase in authorised share capital on 30 August 2017 *(Note (a))*	18,440,000,000	184,400
At 31 March 2018	20,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2016 and 31 March 2017	1,000,000,000	10,000
Issue of shares by placing *(Note (b))*	200,000,000	2,000
Issue of shares by bonus issue *(Note (c))*	1,200,000,000	12,000
At 31 March 2018	**2,400,000,000**	**24,000**

Notes:

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

(b) On 26 May 2017, 200,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.62 per share for a total cash consideration (before share issuance expenses) of HK$124,000,000 by way of placing to independent third party investors. HK$2,630,000 professional fee was incurred as direct attribute cost.

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

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

BUSINESS REVIEW

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

Rental of construction machinery and provision of repair and maintenance services

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

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

	As at 31 March	
	2018	2017
	Number in fleet	*Number in fleet*
Crawler cranes and other mobile cranes	**92**	82
Aerial platforms	**84**	83
Foundation equipment	**43**	47
	219	212

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

Trading of construction machinery, spare parts and construction materials

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

Transportation services

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

FINANCIAL REVIEW

REVENUE

The total revenue decreased by approximately HK$28.5 million, or 14.7%, from approximately HK$194.4 million for the Previous Year to approximately HK$165.9 million for the Year. Such decrease was mainly attributable to the decrease in revenue generated from the trading of construction machinery and parts.

Rental of construction machinery and provision of repair and maintenance services

The revenue from rental of construction machinery slightly decreased by approximately HK$5.6 million, or 4.5%, from approximately HK$123.5 million for the Previous Year to approximately HK$117.9 million for the Year.

Trading of construction machinery, spare parts and construction materials

The revenue from trading of construction machinery, spare parts and construction materials decreased by approximately HK$22.9 million, or 32.9%, from approximately HK$69.7 million for the Previous Year to approximately HK$46.8 million for the Year. Such decrease was mainly attributable to the decrease in trading volume of construction machinery. Due to the delay in the commencement of several public projects and public-related projects, the demand for construction machinery in the industry reduced.

Transportation services

The revenue from transportation services remained stable of approximately HK$1.2 million for the Year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit decreased by approximately HK$19.0 million, or 58.5%, from approximately HK$32.5 million for the Previous Year to approximately HK$13.5 million for the Year, whereas the gross profit margin decreased from approximately 16.7% for the Previous Year to approximately 8.1% for the Year. The decrease in gross profit and gross profit margin was mainly due to the decline in gross profit and gross profit margin contributed from the trading of construction machinery and parts.

Rental of construction machinery and provision of repair and maintenance services

The gross profit of construction machinery rental services decreased by approximately HK$1.3 million, or 17.9%, from approximately HK$7.2 million for the Previous Year to approximately HK$5.9 million for the Year. In addition, the gross profit margin of construction machinery rental services decreased from approximately 5.8% for the Previous Year to approximately 5.0% for the Year.

The decrease in gross profit margin of construction machinery rental services was mainly attributable to the increase in depreciation due to the increased numbers of rental fleet during the Year.

Trading of construction machinery, spare parts and construction materials

The gross profit of the trading of construction machinery, spare parts and construction materials decreased by approximately HK$18.0 million, or 70.7%, from approximately HK$25.5 million for the Previous Year to approximately HK$7.5 million for the Year. In addition, the gross profit margin of the trading of construction machinery and parts decreased from approximately 36.5% for the Previous Year to approximately 15.9% for the Year.

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

OTHER INCOME AND GAINS

The other income and gains increased by approximately HK$5.6 million, or 85.8%, from approximately HK$6.6 million for the Previous Year to approximately HK$12.2 million for the Year. The increase in other income and gains was mainly attributable to the one-off recovery of bad debts and receipt of related interest from a customer of approximately HK$12.1 million and refund on taxed cost from a litigation with that customer of approximately HK$2.4 million.

ADMINISTRATIVE EXPENSES

The administrative expenses increased by approximately HK$1.2 million, or 3.6%, from approximately HK$32.8 million for the Previous Year to approximately HK$33.9 million for the Year. The increase in administrative expenses was mainly attributable to the increase in depreciation of approximately HK$1.3 million since the addition of a piece of leasehold land in November 2016.

FINANCE COSTS

The finance costs increased by approximately HK$2.3 million, or 42.5%, from approximately HK$5.4 million for the Previous Year to approximately HK$7.6 million for the Year. The increase in finance costs was mainly attributable to increases in borrowings and director's loan.

NET (LOSS)/PROFIT

The Group's net loss for the Year was approximately HK$12.5 million (Previous Year: net profit of approximately HK$0.3 million) and the net loss margin was approximately 7.6% (Previous Year: net profit margin of approximately 0.2%).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2018, the Group had bank balances and cash and pledged bank deposits of approximately HK$119.7 million (2017: approximately HK$71.3 million) and approximately HK$4.6 million (2017: approximately HK$4.6 million) respectively.

As at 31 March 2018, the Group had total assets of approximately HK$634.3 million (2017: approximately HK$462.0 million), net current assets of approximately HK$76.1 million (2017: approximately HK$6.5 million) and net assets of approximately HK$353.0 million (2017: approximately HK$244.1 million).

As at 31 March 2018, the Group's current assets and current liabilities were approximately HK$229.0 million (2017: approximately HK$157.1 million) and approximately HK$152.9 million (2017: approximately HK$150.6 million) respectively. The Group's current ratio increased to approximately 1.5 times as at 31 March 2018 (2017: approximately 1.0 times).

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

GEARING RATIO AND INDEBTEDNESS

Gearing ratio is calculated by dividing total debts (including borrowings, obligations under finance leases, loan from a director, amounts due to related companies with total equity; it was approximately 61.8% as at 31 March 2018 (2017: approximately 65.3%). The decrease was mainly contributed by the increase in total equity due to the placing of Shares during the Year.

As at 31 March 2018, the borrowings, obligations under finance leases and loan from a director amounted to approximately HK$218.0 million (2017: approximately HK$159.1 million) which will be repayable within seven years from the end of the reporting period.

CHARGES ON THE GROUP ASSETS

As at 31 March 2018, the borrowings and obligations under finance leases are secured by (1) leasehold land and building with net carrying amount of approximately HK$0.6 million (2017: approximately HK$0.6 million); (2) bank deposits of approximately HK$4.6 million (2017: approximately HK$4.6 million) and (3) machinery and motor vehicles with net carrying amount of approximately HK$154.4 million (2017: approximately HK$85.1 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year was approximately HK$66.8 million (2017: approximately HK$128.0 million), which was mainly used in the purchase of machinery for the rental business.

INTEREST RATE RISK

The Group's pledged bank deposits and finance lease receivables bear fixed interest rates. The Group's cash at bank balances bear floating interest rates. The Group also has borrowings, obligations under finance leases and director's loan which bear interests at fixed and floating interest rates. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

CURRENCY RISK

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

CREDIT RISK AND LIQUIDITY RISK

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

CAPITAL COMMITMENTS

The capital commitments consist primarily of acquisition of subsidiaries and purchase of construction machinery for rental purpose. As at 31 March 2018, the capital commitments contracted for but not provided amounted to approximately HK$50 million cash and 125 million ordinary shares to be issued by the Company. (2017: approximately HK$22.3 million)

CONTINGENT LIABILITIES

As at 31 March 2018, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$0.3 million (2017: approximately HK$2.3 million) and HK$11.2 million (2017: approximately HK$11.2 million) to the banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the banks are unable to recover the amounts under these finance leases from these customers or the Group failed to perform the relevant obligations to these customers. As at 31 March 2018 and 2017, no provision for the Group's obligations under the guarantee contracts has been made as the Directors of the Company considered that it was not probable that the repayment of the finance lease obligations would be in default and it was not probable that a claim will be made against the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 128 staff (2017: 130). The total staff costs incurred by the Group for the Year were approximately HK$60.5 million (2017: approximately HK$63.8 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 operation staff consists of experienced machinery operators and mechanics. While such employees are highly demanded in the market, the Group manages to maintain a relatively stable workforce by continuous recruitment from the market or through referrals. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties. In order to promote overall efficiency, the Group also offers technical trainings to existing employees on the operation of more advanced construction machinery from time to time. Selected operation staff are required to attend external trainings which are conducted by the manufacturers of the construction machines to acquire up-to-date technical skills and knowledge on the products of the Group.

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

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

PROPOSED FINAL DIVIDEND

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

EQUITY FUND RAISING ACTIVITY DURING THE YEAR

The Group carried out an equity funding activity during the year. The details of equity funding activity and the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement
10 May 2017	Placing of 200,000,000 new ordinary shares with aggregate nominal value of HK$2,000,000 by the Company at the placing price of HK$0.62 per placing share (and net issue price being HK$0.605 per placing share). The closing price of the shares on 10 May 2017 was HK$0.66	Approximately HK$121.4 million	The net proceeds was previously intended to be used in real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom by the Company; and for the general working capital of the Company. In view of recent business development strategies and investment opportunities, the Company amended the intended use of proceeds to satisfy part of the consideration payable to Hao Tian Development Group Limited ("**HTD**") for the proposed acquisition by Solutions Pro Investments Limited (an indirect subsidiary of the Company) of Hao Tian International Financial Holdings Limited.	Of the net proceeds of approximately HK$121.4 million, approximately HK$56.1 million has been utilised. Of this, approximately HK$6.1 million was utilised as intended for general working capital purposes and approximately HK$50.0 million was utilised towards paying the HK$100 million deposit in respect of the proposed acquisition by Solution Pro Investments Limited (an indirect wholly-owned subsidiary of the Company) of Hao Tian International Financial Holdings Limited (the "**HTIFH Acquisition**")*. As of the date of this announcement, approximately HK$65.3 million of the proceeds has been utilised

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

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS

No material acquisition and disposal of subsidiaries were conducted by the Group during the Year and, as of 31 March 2018, the Group did not hold any significant investments.

PLACING OF SHARES

On 10 May 2017, the Company entered into a placing agreement (the "**Placing Agreement**") with Hao Tian International Securities Limited ("**Hao Tian Securities**") and Kingston Securities Limited ("**Kingston Securities**") (collectively the "**Placing Agents**"), pursuant to which the Placing Agents agreed, as agents of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 Shares (the "**Placing Shares**") at the placing price of HK$0.62 per Placing Share (the "**Placing**"). The Placing Shares would be allotted and issued pursuant to the general mandate granted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 August 2016 to allot, issue and deal with new Shares and was not subject to further approval by Shareholders. Completion of the Placing took place in accordance with the terms of the Placing Agreement on 26 May 2017 and HK$545,600 was paid by the Company to Hao Tian Securities, a connected person of the Company, on account of placing commission of the Placing. A total of 156,000,000 Placing Shares were successfully placed by Kingston Securities and 44,000,000 Placing Shares were successfully placed by Hao Tian Securities to not less than 6 placees at the placing price of HK$0.62 per Placing Share pursuant to the terms and conditions of the Placing Agreement. An aggregate of 200,000,000 new Shares were issued and allotted, representing 20% of the issued Shares of the Company immediately prior to completion of the Placing (namely 1,000,000,000 Shares) and approximately 16.67% of the issued Shares of the Company as enlarged by the Placing (namely 1,200,000,000 Shares). The Company previously intended to apply the net proceeds from the Placing for prospective real estate developments and investment properties and expansion opportunities in respect of the rental of construction machinery business in the People's Republic of China, Singapore, Vietnam and the United Kingdom; and for the general working capital of the Group. In view of the recent business development strategies and investment opportunities, the Company changed the intention of use of proceed to satisfy part of the consideration payable to HTD for the proposed acquisition by Solutions Pro Investments Limited (an indirect subsidiary of the Company) of Hao Tian International Financial Holdings Limited. As at 31 March 2018, the net proceeds from the Placing was HK$65.3 million, which remained deposited in interest bearing bank accounts throughout. Further information regarding the Placing was published in the announcements of the Company dated 10 May 2017 and 26 May 2017 respectively.

BONUS ISSUE OF SHARES

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

MAJOR AND CONNECTED TRANSACTION

On 28 March 2018, HTD, an indirect controlling shareholder of the Company (as seller), Solution Pro Investments Limited ("**Solution Pro**"), an indirect wholly-owned subsidiary of the Company (as purchaser) and the Company entered into a sale and purchase agreement pursuant to which Solution Pro conditionally agreed to buy (the "**Proposed Acquisition**") and HTD conditionally agreed to sell the entire issued share capital of Hao Tian International Financial Holdings Limited, a BVI business company duly incorporated under the laws of the British Virgin Islands ("**Hao Tian International Financial Holdings**"). Hao Tian International Financial Holdings holds a number of subsidiaries engaged in providing financial services including SFC regulated activities, insurance agency service and money lending. This transaction constitutes a major and connected transaction of the Company under the Listing Rules.

Details of the Proposed Acquisition were disclosed in the announcements of the Company dated 28 March 2018 and 23 April 2018 respectively.

This transaction has yet been completed as of the date of this announcement.

SIGNIFICANT LITIGATION

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

On 11 July 2017, the decisions of the Legal Proceedings and the Appeal were concluded by the Court of Appeal. The decisions were in favour of the Subsidiary and the Court of Appeal ordered the customer to settle the unpaid hire of HK$8.9 million plus interest and part of the costs of the Legal Proceedings and the Appeal. Up to the date of this announcement, the Subsidiary has received an aggregated amount of HK$14.4 million representing the unpaid hire plus interest of HK$12.0 million and part of the costs of the Legal Proceedings and the Appeal of HK$2.4 million. For details of the Legal Proceedings, please refer to the prospectus issued by the Company dated 30 November 2015.

On 11 July 2017, the customer lodged another prosecution against the Subsidiary claiming for loss and damage of more than HK$27 million. After considering the evidence and the background facts in relation to this prosecution and the advice from the legal adviser in relation to this prosecution, the Directors were of the view it was a weak claim with remote prospect of success against the Subsidiary and an application to strike out the said customer's statement of claim was filed on 22 January 2018. The case was subsequently settled on 27 April 2018 with the customer discontinuing its claims. Up to the date of this announcement, the Subsidiary has received from the customer an aggregated amount of HK$150,000 of the costs incurred to the Subsidiary.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of machinery

On 14 May 2018, K B Machinery Co. Limited ("**KBM**"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Kai Wing Machinery Trading Co. Ltd (the "**Vendor**"), pursuant to which the Vendor agreed to sell, and KBM agreed to purchase a used 750-ton crawler crane made in 2013 with Germany being the country of origin (the "**Machinery**") at a total consideration of approximately HK$39.4 million (the "**Consideration**"). The Consideration of the acquisition of the Machinery would be funded (i) partly by the internal resources of the Group and (ii) partly by the advance from a loan agreement dated 14 May 2018 entered into between Mr. Tang Yiu Chi, James ("**Mr. Tang**") and KBM for a principal amount of HK$30,000,000 (the "**Loan Agreement**").

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

For the purpose of settlement of the Consideration, Mr. Tang and KBM entered into the Loan Agreement on 14 May 2018, pursuant to which Mr. Tang agreed to grant a loan facility in the principal amount of not exceeding HK$30,000,000 to KBM (the "**Exempted Connected Transaction**").

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

Further information regarding the acquisition of machinery and the Exempted Connected Transaction was published in the announcement of the Company dated 14 May 2018.

PROSPECTS

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

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

The market capitalization of HK securities market reached HK$34 trillion at the end of 2017, a record high and representing a year-on-year increase of 37%. The average daily turnover in 2017 was HK$88.2 billion and total funds raised in 2017 was HK$579.9 billion. With a view to developing financial services and securities businesses in Hong Kong, the Group announced to acquire Hao Tian International Financial Holdings, which through its subsidiaries holds SFC licensees conducting type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 9 (asset management) regulated activities, a member of the Hong Kong Confederation of Insurance Brokers (HKCIB) authorised to offer general insurance and long term (including linked long term) insurance, and a money lenders licensee. After this acquisition, the Group will commit more resources to further develop these new business lines.

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

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

ANNUAL GENERAL MEETING

The notice of the 2018 annual general meeting of the Company will be published on the Company's website and despatched to the Shareholders in the manner required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

CORPORATE GOVERNANCE PRACTICES

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

The Company has fully complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules on the Stock Exchange, except for the deviations from the CG Code as described below.

(i) The position of chairman has remained vacant since 17 March 2017

Under CG Code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual in order to ensure that there is clear division of responsibilities between the chairman of the Board and the chief executive of the Company.

Reference is made to the corporate governance report contained in the interim report of the Company for the six months ended 30 September 2017.

On 17 March 2017, Mr. Tang resigned as the chairman of the Board and Mr. Kwok Ho resigned as the chief executive officer of the Company respectively with immediate effect.

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

Since the resignation of Mr. Kwok Ho as chief executive officer with effect from 17 March 2017, the Company did not have a chief executive officer since 17 March 2017 until the appointment of Mr. Zhou Yong as the chief executive officer of the Company with effect from 15 August 2017.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 October 2015 with written terms of reference in compliance with paragraphs C.3 of the 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 our Group. The Audit Committee comprises three members, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong, and Mr. Li Chi Keung Eliot. Mr. Lee Chi Hwa Joshua is the chairman of the Audit Committee.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

PUBLICATION OF THIS ANNOUNCEMENT AND ANNUAL REPORT

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

APPRECIATION

The Board would like to express its sincere gratitude to the Management and all the staff for their hard work and dedication, as well as its Shareholders, business partners and other professional parties for their support throughout the Year.

By order of the Board
Hao Tian International
Construction Investment Group Limited
Fok Chi Tak
Executive Director

Hong Kong, 22 June 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Fok Chi Tak, Mr. Tang Yiu Chi James and Dr. Zhiliang Ou, J.P., (Australia) and three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua, Mr. Mak Yiu Tong and Mr. Li Chi Keung Eliot.