Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

AP RENTALS HOLDINGS LIMITED
亞積邦租賃控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1496)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2016	2015	Change in %
	HK$'000	*HK$'000*	
Revenue	**239,341**	228,225	+4.9
Gross profit	**76,828**	69,321	+10.8
Profit and total comprehensive income for the year	**20,923**	42,925	-51.3
Underlying profit and total comprehensive income for the year *(Note 1)*	**42,188**	42,925	-1.7
Earnings per share			
Basic and diluted (HK cents) *(Note 2)*	**2.94**	6.02	
Gross profit margin	**32.1%**	30.4%	
Net profit margin *(Note 2)*	**8.7%**	18.8%	
Return on equity *(Note 2)*	**17.4%**	38.8%	

Note 1: Underlying profit and total comprehensive income for the year represents reported profit attributable to owners of the Company before deducting one-off listing expenses of approximately HK$21.3 million for the year ended 31 March 2016.

Note 2: For illustration purpose, based on the underlying profit and total comprehensive income for the year, net profit margin would be approximately 17.6%, return on equity would be approximately 35.0% and earnings per share would be approximately HK5.92 cents for the year ended 31 March 2016.

* *For identification purposes only*

RESULTS

The board of directors (the "Board") of AP Rentals Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016 together with comparative figures of 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	NOTES	***HK$'000***	*HK$'000*
Revenue	*5*	**239,341**	228,225
Cost of sales and services		**(162,513)**	(158,904)
Gross profit		**76,828**	69,321
Other income	*6*	**2,552**	2,065
Other gains and losses	*7*	**494**	2,625
Administrative expenses		**(27,890)**	(21,426)
Listing expenses		**(21,265)**	–
Finance costs	*8*	**(1,689)**	(1,113)
Profit before taxation		**29,030**	51,472
Income tax expense	*9*	**(8,107)**	(8,547)
Profit and total comprehensive income for the year	*10*	**20,923**	42,925
Earnings per share			
— Basic (HK cents)	*12*	**2.94**	6.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000*
Non-current Assets			
Property, plant and equipment		**169,806**	137,634
Deposit placed for a life insurance policy		**2,494**	2,437
Deposits for purchase of property, plant and equipment		**–**	121
		172,300	140,192
Current Assets			
Inventories		**6,898**	12,461
Trade receivables, deposits and prepayments	*13*	**77,581**	56,928
Bank balances and cash		**22,292**	27,890
		106,771	97,279
Current Liabilities			
Trade and other payables	*14*	**55,185**	53,790
Amount due to a shareholder		**–**	21,730
Tax liabilities		**7,270**	4,708
Obligations under finance leases — due within one year		**285**	478
Borrowings — due within one year		**75,199**	28,142
Bank overdraft		**167**	–
		138,106	108,848
Net Current Liabilities		**(31,335)**	(11,569)
Total Assets less Current Liabilities		**140,965**	128,623
Non-current Liabilities			
Deferred tax liabilities		**20,384**	16,844
Obligations under finance leases — due after one year		**45**	342
Borrowings — due after one year		**44**	868
		20,473	18,054
Net Assets		**120,492**	110,569
Capital and Reserves			
Issued capital	*15*	**27**	27,378
Reserves		**120,465**	83,191
Total Equity		**120,492**	110,569

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 June 2015. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 8 April 2016. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 15, 19/F Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

The Company acts as an investment holding company.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the Stock Exchange, AP Rentals (BVI) Holdings Limited was interspersed between AP Rentals Limited and its shareholder (the "Shareholder") on 21 July 2015, and then the Company was interspersed between AP Rentals (BVI) Holdings Limited and its shareholders on the same day (the "Group Reorganisation"). After that the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Details of the Group Reorganisation are set out in the paragraph headed "History and Development" of the prospectus of the Company dated 24 March 2016.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the years ended 31 March 2016 and 2015 have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the years ended 31 March 2016 and 2015, or since their respective dates of incorporation/registration, where it is a shorter period.

The consolidated statement of financial position of the Group as at 31 March 2015 present the assets and liabilities of the companies comprising the Group which had been incorporated or registered on that date and as if the current group structure had been in existence at that date.

As at 31 March 2016, the Group's current liabilities exceeded its current assets by HK$31,335,000 (2015: HK$11,569,000). The directors of the Company consider that the Group is able to mitigate the liquidity risk as the Group has obtained sufficient funds upon the receipt of proceeds from the global offering of the Company's shares after the listing on the Stock Exchange subsequent to 31 March 2016 to support its operation as well as other cash outflow commitments.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs which are effective for the Group's accounting period beginning on 1 April 2015. For the purpose of preparing and presenting these consolidated financial statements, the Group has adopted all these new and revised HKFRSs consistently throughout both years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

5. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the net amounts received or receivable for machinery leased, goods sold and services provided in the normal course of business, net of discounts and returns.

An analysis of the Group's revenue is as follows:

	2016	2015
	HK$'000	*HK$'000*
Leasing income of machinery	**171,777**	161,660
Sales of machinery and parts	**36,957**	38,530
Operating service income	**20,329**	16,926
Other service income	**10,278**	11,109
	239,341	228,225

For management purpose, the Group is organised based on its business activities. The Group determines its operating segments based on these business activities that are regularly reviewed by the chief operating decision maker, i.e. the executive directors of the Company, for the purpose of resources allocation and performance assessment.

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

Leasing	—	Leasing of machinery, and related operating and other services
Trading	—	Sales of machinery and parts, and related operating and other services

Segment information about these reportable and operating segments is presented below:

Segment revenue and results

For the year ended 31 March 2016

	Leasing *HK$'000*	**Trading** *HK$'000*	**Total** *HK$'000*
Revenue			
Segment revenue from external customers	**202,280**	**37,061**	**239,341**
Results			
Segment results	**60,322**	**10,932**	**71,254**
Unallocated income			**410**
Unallocated expenses			**(42,634)**
Consolidated profit before taxation of the Group			**29,030**

For the year ended 31 March 2015

	Leasing *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Revenue			
Segment revenue from external customers	189,350	38,875	228,225
Results			
Segment results	58,757	7,915	66,672
Unallocated income			472
Unallocated expenses			(15,672)
Consolidated profit before taxation of the Group			51,472

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of interest income, sundry income, corporate income, listing expenses and central administration expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

No segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

Other segment information

For the year ended 31 March 2016

	Leasing *HK$'000*	**Trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment results:				
Allowance for doubtful debts recognised, net	**1,694**	**—**	**—**	**1,694**
Depreciation of property, plant and equipment	**29,597**	**21**	**1,510**	**31,128**
Gain on disposal of property, plant and equipment	**2,365**	**6**	**—**	**2,371**

For the year ended 31 March 2015

	Leasing *HK$'000*	Trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results:				
Allowance for doubtful debts recognised, net	1,772	3	—	1,775
Depreciation of property, plant and equipment	23,235	74	1,035	24,344
Gain on disposal of property, plant and equipment	4,127	54	—	4,181

Geographical information

The Group's revenue from external customers is mainly derived from customers located in Hong Kong and Macau, which is determined based on the location of customers.

	2016 *HK$'000*	2015 *HK$'000*
External revenue:		
Hong Kong	**195,988**	187,344
Macau	**43,353**	40,881
	239,341	228,225

The Group's non-current assets based on the geographical location of the owners of these assets are as follows:

	Non-current assets *(Note)*	
	2016 *HK$'000*	2015 *HK$'000*
Hong Kong	**157,324**	137,512
Macau	**12,482**	122
	169,806	137,634

Note: Non-current assets excluded deposit placed for a life insurance policy and deposits for purchase of property, plant and equipment.

Information about major customers

Revenue from customers during the year contributing over 10% of the total revenue of the Group is as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**26,086**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2015.

6. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Interest income from:		
— bank deposits	**8**	3
— investment in bonds	**162**	4
— deposit placed for a life insurance policy	**95**	79
Storage income	**1,659**	1,101
Sundry income	**628**	878
	2,552	2,065

7. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Allowance for doubtful debts recognised, net	**(1,694)**	(1,775)
Exchange (loss) gain, net	**(183)**	219
Gain on disposal of property, plant and equipment	**2,371**	4,181
	494	2,625

8. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on borrowings	**1,665**	1,005
Interest on finance leases	**24**	108
	1,689	1,113

9. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**3,145**	1,573
Macau Complementary Income Tax	**1,532**	2,231
	4,677	3,804
(Over) underprovision in prior years	**(110)**	485
Deferred taxation	**3,540**	4,258
	8,107	8,547

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

For the subsidiary registered in Macau, Macau Complementary Income Tax is calculated at 12% of the estimated assessable profit exceeding MOP600,000 after the deduction of dividend paid for both years. During the year, MOP600,000 (2015: MOP600,000) dividend was paid by the subsidiary registered in Macau and the amount was deducted from the assessable profit.

10. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**4,096**	1,004
Other staff costs:		
— Salaries, allowances and other benefits	**36,914**	31,734
— Retirement benefits scheme contributions	**1,326**	1,086
	38,240	32,820
Total staff costs	**42,336**	33,824
Auditor's remuneration	**1,436**	291
Cost of inventories recognised as expenses	**23,243**	28,542
Depreciation of property, plant and equipment	**31,128**	24,344
Operating lease rentals in respect of rented premises	**4,379**	3,784

11. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Dividend recognised as distributions of the Company (2015: AP Rentals Limited) during the year 2016 Interim — HK cent 40 per share on 27,378,000 shares of the Company (2015: 2015 Interim — HK cent 73 per share on 27,378,000 shares of AP Rentals Limited)	**11,000**	20,000

No final dividend in respect of the year ended 31 March 2015 has been paid during the year. The directors of the Company do not recommend a final dividend in respect of the year ended 31 March 2016.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share for both years is based on the profit attributable to owners of the Company and on 712,800,000 shares in issue during both years on the assumption that the capitalisation issued as detailed in note 16 has been effective on 1 April 2014.

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

13. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**75,952**	56,704
Less: Allowance for doubtful debts	**(4,767)**	(3,073)
	71,185	53,631
Deposits and prepayments	**2,445**	3,297
Deferred listing expenses	**3,951**	–
	77,581	56,928

The Group allows an average credit period of 0 to 45 days to its trade customers. Before accepting any new customer, the Group makes enquiries to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually. Trade receivables that are neither past due nor impaired are due from creditworthy customers.

As at 31 March 2016, included in trade receivables are HK$1,015,000 (2015: nil) and HK$2,573,000 (2015: HK$688,000) receivables from a shareholder and a subsidiary of a shareholder of the Company respectively.

The following is an aged analysis of trade receivable, net of allowance, presented based on the invoice date at the end of each reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**15,603**	14,536
31 to 60 days	**17,287**	21,864
61 to 90 days	**7,603**	7,234
91 to 180 days	**16,128**	1,690
Over 180 days	**14,564**	8,307
	71,185	53,631

As at 31 March 2016, included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK$64,305,000 (2015: HK$41,472,000) which were past due at the end of each reporting period for which the Group has not provided for allowance for 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 does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2016	2015
	HK$'000	*HK$'000*
Overdue:		
1 to 60 days	**27,145**	22,806
61 to 90 days	**7,260**	6,537
91 to 120 days	**6,018**	432
121 to 180 days	**8,924**	5,233
181 to 365 days	**11,745**	6,464
Over 365 days	**3,213**	–
	64,305	41,472

Movements in the allowance for doubtful debts were as follows:

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	**3,073**	1,298
Impairment loss recognised, net	**1,694**	1,775
At end of the year	**4,767**	3,073

14. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**31,093**	39,195
Accrued expenses	**6,944**	6,324
Other payables	**16,142**	4,310
Deposits received	**1,006**	3,961
	55,185	53,790

As at 31 March 2016, included in trade payables is HK$27,784,000 (2015: HK$26,926,000) payable to a subsidiary of a shareholder of the Company.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**5,813**	6,998
31 to 60 days	**14,559**	10,196
61 to 90 days	**672**	12,847
91 to 180 days	**4,515**	2,134
Over 180 days	**5,534**	7,020
	31,093	39,195

The credit period on trade payables is ranging from 0 to 180 days (2015: 0 to 180 days).

15. ISSUED CAPITAL

The Company was incorporated in the Cayman Islands on 11 June 2015 with an authorised share capital of 380,000,000 shares of HK$0.001 each. On the same day, 1 share of HK$0.001 was allotted and credited as issued at par.

On 21 July 2015, further 27,377,999 shares of HK$0.001 each were issued in connection with the Group Reorganisation.

On 17 March 2016, the authorised share capital of the Company was increased from HK$380,000 divided into 380,000,000 ordinary shares of HK$0.001 each to HK$10,000,000 divided into 10,000,000,000 ordinary shares of HK$0.001 each.

Issued capital of the Group as at 31 March 2015 represents the paid up capital of AP Rentals Limited, while issued capital of the Group as at 31 March 2016 represents the paid up capital of the Company.

16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 17 March 2016, written resolutions of all the shareholders of the Company were passed to approve the matters set out in paragraph headed "Extraordinary general meeting of our Shareholders on 17 March 2016" in Appendix IV to the prospectus to the Company dated 24 March 2016. Simultaneous with the listing of the shares of the Company on the Stock Exchange on 8 April 2016, 685,422,000 ordinary shares of HK$0.001 each were issued at par to the shareholders whose names were on the register of members of the Company as at the close of business on 17 March 2016 for capitalisation of HK$685,422 standing to the credit of the share premium account of the Company and 151,200,000 ordinary shares of HK$0.001 each were issued at HK$0.75 per share for a total gross proceeds of HK$113,400,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

The Group is a leading equipment rental service company in Hong Kong. The principal activities of the Group encompass the provision of equipment rental-related solutions and value-added services to customers. The Group owns and maintains a strong rental fleet of over 1,300 units of equipment and also rents equipment from its suppliers, mainly from its shareholder and strategic partner, Kanamoto Co., Ltd ("**Kanamoto Japan**"), which is one of the leading construction equipment rental groups in Japan. Leveraging on the Group's competitive strengths, the Group strives to lead the industry using its ability to provide a wide range of well-maintained equipment supplemented by various equipment rental solutions. The Group serves a diverse range of customers in Hong Kong and Macau and has established stable and long-term relationships with major customers.

Business Overview

2016 is an important year for the Group. To facilitate the Group's future growth, the Company was successfully listed on the Main Board of the Stock Exchange on 8 April 2016 (the "**Listing Date**"). The successful listing is a major milestone in the Group's development and will provide the Group a platform for further expansion.

During the year under review, the Hong Kong economy managed to record modest growth, despite a volatile global market with uncertainty surrounding the US monetary policies and the stock market. Although there was a slowdown in GDP growth in Hong Kong recently, investments increased in both the public and private sectors, including the infrastructure sector. As such, the construction industry in Hong Kong reported moderate growth, and that in turn boosted demand for equipment rental.

The Group has been providing equipment and rental solutions to various public projects in Hong Kong, including those among the "Ten Major Infrastructure Projects", namely the Shatin to Central Link, the Tuen Mun Western Bypass and Tuen Mun Chek Lap Kok Link, Kai Tak Development Plan, New Development Areas, Hong Kong-Shenzhen Airport Cooperation, Hong Kong Shenzhen Joint Development of the Lok Ma Chau Loop, South Island Line, West Kowloon Cultural District, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and Hong Kong-Zhuhai-Macau Bridge. Despite that some of these projects have experienced delay in commencement or completion schedule, the Group's financial results had not been adversely affected.

The Group recorded stable revenue for the year ended 31 March 2016 ("**FY2016**"), which increased by approximately 4.9% to approximately HK$239.3 million as compared with revenue of approximately HK$228.2 million for the year ended 31 March 2015 ("**FY2015**"). The Group's gross profit was up by approximately 10.8% from approximately HK$69.3 million in FY2015 to approximately HK$76.8 million in FY2016, with gross profit margin at approximately 32.1% (FY2015: approximately 30.4%). The Group's net profit decreased by approximately 51.3% from approximately HK$42.9 million for the year ended 31 March 2015 to approximately HK$20.9 million for the year ended 31 March 2016. The decrease in net profit was mainly due to the listing expenses of approximately HK$21.3 million incurred during the year. Before deducting the listing expenses of approximately HK$21.3 million, the Group would have recorded net profit of approximately HK$42.2 million (FY2015: approximately HK$42.9 million).

Segment Analysis

(i) Rental income of machinery

During the year under review, the Group's rental income from rental services, which involved the rental of construction, electrical and mechanical engineering and event and entertainment equipment in Hong Kong and Macau, increased by approximately 6.3% to approximately HK$171.8 million for FY2016 (FY2015: approximately HK$161.7 million). Rental income from rental services accounted for approximately 71.8% of the Group's total revenue for FY2016. As demand for the Group's equipment increased during the year under review due to the continued progress of construction projects in Hong Kong and Macau, the Group's rental income increased during the year.

(ii) Operating service income

The Group offers equipment operating services in Hong Kong by sending equipment operators to operate the equipment at the job sites of its customers. For the year ended 31 March 2016, revenue from equipment operating services increased by approximately 20.1% to approximately HK$20.3 million (FY2015: approximately HK$16.9 million), and accounted for approximately 8.5% of the Group's total revenue for the year ended 31 March 2016. The increase in operating service income was attributable to the higher demand for experienced operators to work at job sites.

(iii) Other service income

The Group's other service income, which arise from rental arrangements including repair, maintenance and technical support services during the rental period, decreased slightly during the year and amounted to approximately HK$10.3 million for the year ended 31 March 2016 (FY2015: approximately HK$11.1 million). The Group's other service income accounted for approximately 4.3% of the Group's total revenue for the year under review.

(iv) Sales of machinery and spare parts

To complement the Group's equipment rental solutions, the Group sources new and used equipment and spare parts from different suppliers for on-selling to customers. Revenue from sales of machinery and spare parts amounted to approximately HK$37.0 million for the year ended 31 March 2016 (FY2015: approximately HK$38.5 million), which accounted for approximately 15.4 % of the Group's total revenue for the year ended 31 March 2016.

Prospects

The growth in the construction industry in Hong Kong is expected to be driven by a number of major infrastructure projects. The ones among the "Ten Major Infrastructure Projects" that are on-going or will commence have brought and will present opportunities to the construction sector, and in turn fuel demand for related equipment and drive the Group's rental services and trading businesses. In addition, the expected commencement of major infrastructure projects such as the Third Runway of the Hong Kong International Airport, and the Tseung Kwan O-Lam Tin Tunnel will add to the demand for construction works and command an increase in capital expenditure in the construction industry and equipment rental market. In the event that an infrastructure project for the Central Kowloon Route may commence, this may further add to the demand for construction works, thereby further increasing the demand for rental equipment.

The Group plans to exploit the exciting growth environment by expanding its rental fleet by purchasing additional equipment and actively managing its fleet. In particular, the Group intends to purchase more equipment with higher environmental and quality standard, for allowing more efficient operation and to comply with increasingly stringent environmental standards. More importantly, the Group will be able to offer a wider range of equipment to its customers. In May 2016, the Group brought in self-propelled boom lifts with the world's tallest reach at 185 ft., an all-terrain crane which works well under poor weather conditions. Among same grade all-terrain cranes, it has the longest boom length of 52 meters, and hence is capable of higher and farther lifting. The crane can be used in a variety of environments such as for installation works at construction sites, commercial buildings and outdoor works. The other new equipment — the spider lift, boasts unrivalled lifting power. It can be used in different settings such as shopping malls, warehouses, factories and airports. The versatile spider lift can simplify labour-intensive lifting operations, expedite the process and reduce incidents of injury. The Group plans to expand and enhance its rental fleet and is determined to gain an even bigger share of the equipment rental market that has promising growth potential.

The Group aims to further enhance its efficiency and the quality of its equipment rental service by improving its equipment maintenance facilities and installing a GPS equipment monitoring system. The latter can help identify potential problems with equipment before they surface, and thus can potentially enhance cost efficiency, reduce equipment down time, improve the quality of equipment servicing and maintenance, and boost the overall quality of the Group's equipment rental service. The Group also intends to purchase additional vehicles for transporting the equipment. Furthermore, with a view to expanding and enhancing its rental fleet, apart from introducing the self-propelled boom lift with the world's tallest reach, the spider lift with stronger lifting power, diesel generators with higher emission standard and some smaller size's boom lifts since April 2016, our Group will, (i) purchase new equipment to replace obsolete equipment as part of our ordinary fleet management, (ii) purchase new equipment with higher emission standards than the existing equipment, in order to satisfy market demand and requirements under the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong) which became effective in September 2015, and (iii) purchase a new line of lifting equipment including mobile cranes. All along, meticulous focus on employee training and service standards will keep the Group at the forefront of professionalism.

Looking ahead, drawing on the Group's unique competitive edges and the abundant operating experience of its management team, the Group will strive to lead the industry with its offer of high-quality equipment, premium service and equipment solutions and also seize emerging opportunities in the growing equipment rental industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2016, the Group recorded moderate growth in revenue of approximately HK$11.1 million, with the total revenue reaching approximately HK$239.3 million for the year ended 31 March 2016, representing an increase of approximately 4.9% as compared to the total revenue of approximately HK$228.2 million for the year ended 31 March 2015. The increase was mainly attributable to the increase in the Group's rental income from machinery.

For details, please see the discussion on the Group's segmental performance in the section headed "Segment Analysis" above.

Cost of Sales

The Group's cost of sales amounted to approximately HK$162.5 million for the year ended 31 March 2016, representing a year-on-year increase of approximately 2.3% (FY2015: approximately HK$158.9 million). Cost of sales mainly comprised machinery hiring expenses, staff costs for the Group's equipment operators, technicians and truck drivers, costs for machinery and parts for trading and depreciation, which together accounted for approximately 88.1% of the Group's total cost of sales in FY2016.

Among the four major items under cost of sales, the Group recorded a slight decrease of approximately 5.0% in machinery hiring expenses during the year under review, owing to the decrease in demand for relatively older rented machines from the market. Staff costs increased substantially by approximately 18.9% due to an increase in the demand for the Group's operators by the market. The increase in the wages was caused by the increase in headcount and annual salary increment during the year ended 31 March 2016. Depreciation increased by approximately 27.1% year-on-year mainly due to new additions of plant and machinery as a result of the expansion of the Group's owned fleet. Costs for machinery and parts decreased by approximately 18.6% due to the decline in sales of our machinery while the sales of our spare parts increased.

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by approximately 10.8% from approximately HK$69.3 million for the year ended 31 March 2015 to approximately HK$76.8 million for the year ended 31 March 2016. The increase in gross profit was in line with the growth of the Group's revenue. The Group's gross profit margin was approximately 32.1% for the year ended 31 March 2016 (FY2015: approximately 30.4%).

Administrative Expenses

For the year ended 31 March 2016, administrative expenses amounted to approximately HK$27.9 million (FY2015: approximately HK$21.4 million), representing an increase of approximately 30.2% over last year. The increase in administrative expenses was mainly due to higher staff cost, professional fees, audit fee and directors' emoluments.

Listing Expenses

The Group recognised listing expenses of approximately HK$21.3 million during the year ended 31 March 2016.

Finance cost

Finance costs comprised interest on the Group's borrowings and finance leases, which amounted to approximately HK$1.7 million for FY2016 (FY2015: approximately HK$1.1 million). The increase was attributable to an increase of borrowings during the year under review.

Profit and Total Comprehensive Income for the Year

The Group recorded net profit of approximately HK$20.9 million for the year ended 31 March 2016 (FY2015: approximately HK$42.9 million), representing a net profit margin of approximately 8.7% (FY2015: approximately 18.8%). The decrease in net profit was mainly due to the listing expenses of approximately HK$21.3 million incurred during the year. Before deducting the listing expenses of approximately HK$21.3 million, the Group's net profit and net profit margin for the year ended 31 March 2016 would be approximately HK$42.2 million (the "**Adjusted FY2016 Profit**") and approximately 17.6%, respectively. The Adjusted FY2016 Profit was comparable to the net profit of approximately HK$42.9 million for the year ended 31 March 2015.

Capital Expenditure

The Group's capital expenditures during the year under review primarily comprised expenditures on plant and machinery, leasehold improvements and motor vehicles, amounting to a total of approximately HK$81.1 million (FY2015: approximately HK$69.4 million). The vast majority of the capital expenditures were used to fund the expansion of the Group's owned rental fleet of machinery, which accounted for approximately 93.7% of the total capital expenditure for the year ended 31 March 2016.

Liquidity and Financial Resources Review

The Group financed its operations through a combination of cash flow from operations, borrowings and finance leases. As at 31 March 2016, the Group had cash and cash equivalents of approximately HK$22.3 million (31 March 2015: approximately HK$27.9 million) that were mainly denominated in Hong Kong Dollars, Japanese Yen and MOP, and had borrowings and obligations under finance leases of approximately HK$75.7 million (31 March 2015: approximately HK$29.8 million) that were mainly denominated in Hong Kong Dollars.

As at 31 March 2016, the Group had banking facilities of approximately HK$128.6 million (31 March 2015: approximately HK$81.0 million), of which approximately HK$72.0 million (31 March 2015: approximately HK$25.3 million) had been drawn down, and approximately HK$56.6 million (31 March 2015: approximately HK$55.7 million) were unutilised.

As at 31 March 2016, the gearing ratio of the Group was approximately 44.4% (2015: approximately 1.8%), which was calculated based on the net debt divided by total equity. Net debt is defined as the sum of the borrowings, bank overdraft and obligations under finance leases, minus the cash and cash equivalents.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from operations, borrowings and the net proceeds received by the Company through listing of its shares on the Stock Exchange.

Foreign Exchange Risk

Certain transactions of the Group are denominated in currencies which are different from the functional currencies of the Group, namely, Hong Kong Dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its purchases from suppliers are generally denominated in Hong Kong Dollars, Japanese Yen, Euro and US Dollars. Payments received by the Group from its customers are mainly denominated in Hong Kong Dollars and MOP.

The Group does not have a foreign currency hedging policy. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

Contingent Liabilities

As at 31 March 2016, the Group had no material contingent liabilities (31 March 2015: Nil).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Apart from the re-organisation as disclosed in the prospectus of the Company dated 24 March 2016 (the "**Prospectus**"), there were no material acquisitions or disposals of subsidiaries and associates during the year ended 31 March 2016.

Significant Investments

As at 31 March 2016, the Group did not hold any significant investments.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As at 31 March 2016, the Group has capital commitments of approximately HK$1.8 million (31 March 2015: approximately HK$1.0 million), to acquire plant and equipment for the Group.

Please refer to the Prospectus and the section headed "Prospects" above for details of the future plans of the Group in relation to material investments and/or capital assets.

Pledge of Assets

Deposit placed for a life insurance policy of approximately HK$2.5 million as at 31 March 2016 (31 March 2015: approximately HK$2.4 million), plant and machinery of approximately HK$62.3 million as at 31 March 2016 (31 March 2015: approximately HK$28.3 million) have been pledged to secure the Group's borrowings of approximately HK$75.2 million (31 March 2015: approximately HK$27.6 million).

Human Resources and Employees' Remuneration

As at 31 March 2016, the Group had 146 employees (31 March 2015: 114 employees), of which 138 employees are in Hong Kong (31 March 2015: 110 employees) and 8 employees are in Macau (31 March 2015: 4 employees). Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also provides medical insurance, make contributions to provident funds and provides other benefits to the employees. The total staff cost (including remuneration, other benefits and contributions to retirement schemes for the directors of the Company and other staff of the Group for the year ended 31 March 2016 amounted to approximately HK$42.3 million (2015: approximately HK$33.8 million). The increase in staff cost was mainly due to increase in emoluments of the directors of the Company, increase in headcount and salary increment during the year ended 31 March 2016.

The Group's technical staff attend seminars jointly conducted by manufacturers and the Group to acquire product knowledge to ensure they are equipped with the necessary skills and knowledge to perform their duties. Such seminars include training regarding the equipment structures, operational features, operator safety training and equipment repair. In addition to the training jointly conducted by manufacturers and the Group, the Group's technical staff also attend external training courses and obtained relevant certificates.

Share Option Scheme

To attract and retain the most suitable personnel for development of the Group, the Group has adopted the share option scheme (the "**Scheme**") on 17 March 2016. Share options may be granted to eligible employees of the Group as a long-term incentive. From the date of the adoption of the Scheme and up to the date of this announcement, no share option has been granted or agreed to be granted under the Scheme.

OTHER INFORMATION

Corporate Governance Practices

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

During the year under review, the Company has engaged an international consultant firm to oversee and recommend appropriate actions so as to ensure that the Company is complying with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") before and after listing. Moreover, the Company has adopted its corporate governance practices which are reproduced from the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

During the period from the Listing Date and up to the date of this announcement, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**CG Code**"), save and except for the deviation from code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company are both performed by Mr. Lau Pong Sing. The Board believes that vesting of the roles of both chairman and chief executive officer in the same individual provides the Company with strong and consistent leadership, efficient usage of resources and allows for effective planning, formulation and implementation of the Company's business strategies which will enable the Company to sustain the development of its business efficiently.

Compliance with the Model Code for Securities Transactions

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. The Company has made specific enquiries to all directors of the Company regarding any non-compliance with the Model Code.

All the directors of the Company confirmed that they have fully complied with the required standard set out in the Model Code during the period from the Listing Date and up to the date of this announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period from the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

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 or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary 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 the preliminary announcement.

Review by Audit Committee

The annual results of the Group for the year ended 31 March 2016 have been reviewed by the audit committee of the Company.

Dividend

Before the shares of the Company were listed on the Stock Exchange, an interim dividend of HK40 cents per share on 27,378,000 shares of the Company (2015: 2015 interim dividend — HK73 cents per share on 27,378,000 shares of AP Rentals Limited) was declared in December 2015 and was fully paid in February 2016. The Board does not recommend the payment of a final dividend for the year ended 31 March 2016.

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting ("AGM") of the Company to be held on 22 August 2016, the register of members of the Company will be closed from 18 August 2016 to 22 August 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on 17 August 2016.

Publication of the Results Announcement and Annual Report

This results announcement is published on the Company's website at http://www.aprentalshk.com/en/investor_relations/announcement_record/index.html, and the website of the Stock Exchange.

The annual report of the Company for the year ended 31 March 2016 will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to shareholders of the Company in late July.

By Order of the Board
AP Rentals Holdings Limited
Lau Pong Sing
Chairman and Executive Director

Hong Kong, 29 June 2016

As at the date of this announcement, the Board comprises: (1) Mr. Lau Pong Sing and Ms. Chan Kit Mui, Lina as the executive directors of the Company; (2) Mr. Kitagawa Ken as the non-executive director of the Company; and (3) Mr. Li Ping Chi, Mr. Siu Chak Yu and Mr. Ho Chung Tai Raymond as the independent non-executive directors of the Company.