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 2017

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2017	2016	
	HK$'000	*HK$'000*	*Change in %*
Revenue	**200,491**	239,341	-16.2
Gross profit	**46,391**	76,828	-39.6
Profit and total comprehensive income for the year	**11,971**	20,923	-42.8
Earnings per share			
Basic and diluted (HK cents)	**1.41**	2.94	
Gross profit margin	**23.1%**	32.1%	
Net profit margin	**6.0%**	8.7%	
Return on equity	**5.1%**	17.4%	
Final dividend per Share (HK cent)	**0.28**	–	

* *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 2017 together with comparative figures of 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	NOTES	***HK$'000***	*HK$'000*
Revenue	*5*	**200,491**	239,341
Cost of sales and services		**(154,100)**	(162,513)
Gross profit		**46,391**	76,828
Other income	*6*	**4,768**	2,552
Other gains and losses	*7*	**1,956**	494
Administrative expenses		**(34,363)**	(27,890)
Listing expenses		**(1,111)**	(21,265)
Finance costs	*8*	**(2,358)**	(1,689)
Profit before taxation		**15,283**	29,030
Income tax expense	*9*	**(3,312)**	(8,107)
Profit and total comprehensive income for the year	*10*	**11,971**	20,923
Earnings per share			
— Basic (HK cents)	*12*	**1.41**	2.94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current Assets			
Property, plant and equipment		**192,763**	169,806
Deposit placed for a life insurance policy		**2,565**	2,494
		195,328	172,300
Current Assets			
Inventories		**12,583**	6,898
Trade receivables, deposits and prepayments	*13*	**63,540**	77,581
Investment in certificate of deposit		**6,047**	–
Bank deposit with original maturity over three months		**10,038**	–
Pledged bank deposits		**2,360**	–
Bank balances and cash		**44,960**	22,292
		139,528	106,771
Current Liabilities			
Trade and other payables	*14*	**44,336**	55,185
Tax liabilities		**808**	7,270
Obligations under finance leases — due within one year		**45**	285
Borrowings — due within one year		**33,802**	75,199
Bank overdraft		**–**	167
		78,991	138,106
Net Current Assets/(Liabilities)		**60,537**	(31,335)
Total Assets less Current Liabilities		**255,865**	140,965

	NOTES	2017 HK$'000	2016 HK$'000
Non-current Liabilities			
Deferred tax liabilities		**22,433**	20,384
Obligations under finance leases — due after one year		**–**	45
Borrowings — due after one year		**–**	44
		22,433	20,473
Net Assets		**233,432**	120,492
Capital and Reserves			
Issued capital	*15*	**864**	27
Reserves		**232,568**	120,465
Total Equity		**233,432**	120,492

NOTES:

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.

The consolidated statement of profit or loss and other comprehensive income which includes the results of the companies now comprising the Group for the year ended 31 March 2016 had 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 year ended 31 March 2016, or since their respective dates of incorporation/registration, where it is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO 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 HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have an impact on the classification and measurement of the Group's financial assets.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Board anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Board performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$3,011,000 (2016: HK$3,179,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until a detailed review is completed.

Other than disclosed above, the Board anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

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 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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:

	2017	2016
	HK$'000	*HK$'000*
Leasing income of machinery	**143,121**	171,777
Sales of machinery and parts	**17,612**	36,957
Operating service income	**26,512**	20,329
Other service income	**13,246**	10,278
	200,491	239,341

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 2017

	Leasing	Trading	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Segment revenue from external customers	**182,528**	**17,963**	**200,491**
Results			
Segment results	**38,065**	**5,142**	**43,207**
Unallocated income			**982**
Unallocated expenses			**(28,906)**
Consolidated profit before taxation of the Group			**15,283**

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

Segment results represent the profit earned by each segment without allocation of interest income, sundry 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 2017

	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	**168**	**–**	**–**	**168**
Depreciation of property, plant and equipment	**39,280**	**11**	**1,817**	**41,108**
Gain on disposal of property, plant and equipment	**2,268**	**–**	**–**	**2,268**

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

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.

	2017	2016
	HK$'000	*HK$'000*
External revenue:		
Hong Kong	**179,849**	195,988
Macau	**20,642**	43,353
	200,491	239,341

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

	Non-current assets *(Note)*	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**190,200**	157,324
Macau	**2,554**	12,482
Singapore	**9**	–
	192,763	169,806

Note: Non-current assets excluded deposit placed for a life insurance policy.

Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**25,606**	26,086

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income from:		
— bank deposits	**438**	8
— investment in bonds and certificate of deposit	**42**	162
— deposit placed for a life insurance policy	**93**	95
Storage income	**1,555**	1,659
Sundry income	**2,640**	628
	4,768	2,552

7. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Allowance for doubtful debts recognised, net	**(168)**	(1,694)
Exchange loss, net	**(144)**	(183)
Gain on disposal of property, plant and equipment	**2,268**	2,371
	1,956	494

8. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on borrowings	**2,350**	1,665
Interest on finance leases	**8**	24
	2,358	1,689

9. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	3,145
Macau Complementary Income Tax	**1,232**	1,532
	1,232	4,677
Under(over)provision in prior years	**31**	(110)
Deferred taxation	**2,049**	3,540
	3,312	8,107

No provision for taxation in Hong Kong has been made in current year as the Group's has no assessable profits in Hong Kong. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2016.

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 ended 31 March 2016, 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

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**6,428**	4,096
Other staff costs:		
— Salaries, allowances and other benefits	**44,261**	36,914
— Retirement benefits scheme contributions	**1,788**	1,326
	46,049	38,240
Total staff costs	**52,477**	42,336
Auditor's remuneration	**1,521**	1,436
Cost of inventories recognised as expenses	**9,659**	23,243
Depreciation of property, plant and equipment	**41,108**	31,128
Operating lease rentals in respect of rented premises	**3,646**	4,379

11. DIVIDEND

	2017 *HK$'000*	2016 *HK$'000*
Dividend recognised as distributions of the Company during the year 2017 Interim — HK cent 0.28 (2016: 2016 Interim — HK cent 40) per share	**2,419**	11,000

No final dividend in respect of the year ended 31 March 2016 has been paid during the year.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**11,971**	20,923
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**847,955**	712,800

Notes:

i. The calculation of the basic earnings per share for the year is based on the profit attributable to owners of the Company using the weighted average number of shares of in issue during the year.

ii. The calculation of the basic earnings per share for the year ended 31 March 2016 is based on the profit attributable to owners of the Company using 712,800,000 shares in issue during that year on the assumption that the capitalisation issue had been effective on 1 April 2015.

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

13. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**61,027**	71,185
Deposits and prepayments	**2,513**	2,445
Deferred listing expenses	**–**	3,951
	63,540	77,581

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 2017, included in trade receivables are HK$256,000 (2016: HK$1,015,000) and HK$1,334,000 (2016: HK$2,573,000) receivables from a shareholder and a subsidiary of a shareholder of the Company respectively.

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

	2017 *HK$'000*	2016 *HK$'000*
Within 30 days	**16,114**	15,603
31 to 60 days	**18,962**	17,287
61 to 90 days	**7,349**	7,603
91 to 180 days	**8,879**	16,128
Over 180 days	**9,723**	14,564
	61,027	71,185

14. TRADE AND OTHER PAYABLES

	2017 *HK$'000*	2016 *HK$'000*
Trade payables	**21,208**	31,093
Accrued expenses	**8,065**	6,944
Other payables	**5,898**	16,142
Deposits received	**9,165**	1,006
	44,336	55,185

As at 31 March 2017, included in trade payables is HK$18,889,000 (2016: HK$27,784,000) 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:

	2017 *HK$'000*	2016 *HK$'000*
Within 30 days	**4,900**	5,813
31 to 60 days	**7,426**	14,559
61 to 90 days	**3,955**	672
91 to 180 days	**3,629**	4,515
Over 180 days	**1,298**	5,534
	21,208	31,093

The credit period on trade payables is ranging from 0 to 180 days (2016: 0 to 180 days).

15. ISSUED CAPITAL

	Number of shares	Share capital HK$
Ordinary shares of HK$$0.001 each		
Authorised:		
At 11 June 2015 (date of incorporation) *(Note i)*	380,000,000	380,000
Increase on 17 March 2016 *(Note iii)*	9,620,000,000	9,620,000
At 31 March 2016 and 31 March 2017	10,000,000,000	10,000,000
Issued and fully paid or credited as fully paid:		
At 11 June 2015 (date of incorporation) *(Note i)*	1	–
Issue of shares upon Group Reorganisation *(Note ii)*	27,377,999	27,378
At 31 March 2016	27,378,000	27,378
Issue of shares upon capitalisation *(Note iv)*	685,422,000	685,422
Issue of shares pursuant to the initial public offering *(Note v)*	151,200,000	151,200
At 31 March 2017	864,000,000	864,000

	2017 ***HK$'000***	2016 *HK$'000*
Presented as	864	27

Notes:

i. 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.

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

iii. 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.

iv. 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.

v. On 8 April 2016, 151,200,000 ordinary shares of HK$0.001 each were issued at a price of HK$0.75 by way of initial public offering. On the same date, the Company's shares were listed on the Stock Exchange.

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 1,900 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. The Group has been providing equipment and rental solutions to various mega public projects in Hong Kong, including those among the "Ten Major Infrastructure Projects", the Third Runway and the TKO-LT Tunnel. We also provide specific rental solutions to various prestigious land developers and public utilities companies in Hong Kong.

Business Overview

During the year under review, the construction industry in both Hong Kong and Macau got hit by economic downturn, impediment in approvals of funding for public work contracts and the slow progress in the HKSAR Legislative Council and the completion of major casino projects in Macau.

In Hong Kong, some of the mega public projects in Hong Kong have been completed during the year, including the South Island Line and the Kwun Tong Line Extension. New mega public projects were commenced, including the the Third Runway and the TKO-LT Tunnel, which helped to fill up the demand gaps following the completion of certain public projects. However, they are still at their initial stage of the work and thus the peak for demand for rental equipment has not been reached yet. Furthermore, the continuous redeployment of construction equipment from Macau to Hong Kong by the Group as a result of the completion of certain major casino projects has increased the supply of rental equipment in Hong Kong. As a result, the Group's rental income has been slightly affected in Hong Kong. Meanwhile, our trading business was greatly affected due to the uncertainty in making investment caused by the impediment in approvals of funding for public work contracts. For Macau, the Group experienced huge tumble in the results of both the trading and rental businesses.

The Group's revenue for the year ended 31 March 2017 ("**FY2017**") decreased by approximately 16.2% to approximately HK$200.5 million as compared with revenue of approximately HK$239.3 million for the year ended 31 March 2016 ("**FY2016**"). The Group's gross profit was down by approximately 39.6% from approximately HK$76.8 million in FY2016 to approximately HK$46.4 million in FY2017, with gross profit margin at approximately 23.1% (FY2016: approximately 32.1%). The Group's net profit decreased by approximately 42.8% from approximately HK$20.9 million for the year ended 31 March 2016 to approximately HK$12.0 million for the year ended 31 March 2017. Before deducting the listing expenses of approximately HK$1.1 million in FY2017 (FY2016: approximately HK$21.3 million), the Group would have recorded net profit of approximately HK$13.1 million (FY2016: approximately, HK$42.2 million). The decrease in net profit was mainly due to (i) decrease in rental income and trading income from machinery in Macau which are due to the slowdown of business in Macau; (ii) decrease in trading income in Hong Kong, which largely fluctuates with market demand based on customers' equipment needs and sentiment in investment; (iii) the increase in depreciation expenses for the Group's owned fleet of equipment due to the Group's purchase of equipment as part of its strategy to expand its rental fleet; (iv) the increase of rental price charged by Kanamoto (HK) Co., Ltd ("**Kanamoto Hong Kong**"), which is a wholly-owned subsidiary of Kanamoto Japan; and (v) the increase in administrative expenses due to the increase in expenses for professional fees and compliance fees, audit fee, director emoluments, salary expenses (owing to increase in headcount, annual salary increment and compensation for unused annual leave) and public relation expenses, following the listing of the Company in April 2016.

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, decreased by approximately 16.7% to approximately HK$143.1 million for FY2017 (FY2016: approximately HK$171.8 million). Rental income from rental services accounted for approximately 71.4% of the Group's total revenue for FY2017. Approximately 69.5% of the decrease in rental income came from Macau, which was mainly the result of the slowdown of business in Macau following the completion of certain casino projects.

(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 2017, revenue from equipment operating services increased by approximately 30.5% to approximately HK$26.5 million (FY2016: approximately HK$20.3 million), and accounted for approximately 13.2% of the Group's total revenue for the year ended 31 March 2017. The increase in operating service income was attributable to the great demand for operators by sizable construction companies in Hong Kong for they want to concentrate their manpower in managing the construction progress.

(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, greatly increased during the year and amounted to approximately HK$13.2 million for the year ended 31 March 2017 (FY2016: approximately HK$10.3 million). The Group's other service income accounted for approximately 28.2% 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. Due to the fluctuation of demand for construction equipment, the Group's revenue from sales of machinery and spare parts amounted decreased by 52.4% year-on-year to approximately HK$17.6 million, (FY2016: approximately HK$37.0 million), which accounted for approximately 8.8% of the Group's total revenue for the year ended 31 March 2017. They also represented 50% of the total decrease of the Group's total revenue for the year ended 31 March 2017.

Prospects

The Group would remain focused in the Hong Kong market in the coming year. Other than the Third Runway and the TKO-LT Tunnel projects, the Group would also focus on those subsequent construction of the "Ten Mega Infrastructure", projects of private developers and coming mega infrastructure projects, such as the Central Kowloon Route and Kai Tak Sports Park. The Group also expects that the Hong Kong Government would continue to make substantial investment in infrastructure, property and land development through boosting the housing supply of both private and public sectors and implementing urban development projects as described in The 2017 Policy Address of HKSAR.

In addition, the Group is preparing to expand its trading business overseas and the establishment of our Singapore's wholly-owned subsidiary was our first move. We would dispose of more aged and low utilized machines. This would give room for our strategic investment in specific advanced and new machines so as to keep abreast of local legislative and market requirements, including the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong). We would also rationalize the size of our existing plant fleet to reduce our maintenance, storage and depreciation costs. 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. As a result, we hope to increase our rental revenues and proceeds from disposals for making further re-investment.

Furthermore, we would also explore more in-depth into other revenue sources — the other service. We strive to provide more kinds of other services to our customers, such as the provision of training and more advanced value-added services so as to bolster the competitiveness and quality of our rental services.

The Group expects that the equipment rental market will continue to expand in the future due to the flexibility and cost effectiveness that rental equipment offers to construction companies. However, as disclosed in our interim report for the six months ended 30 September 2016, in the short term the outlook remains uncertain. The current over-supply of construction equipment due to the weak customer demand are driving down rental rates and prices. The Group is also experiencing more pressure from its customers for more competitive pricing for its equipment, which may inevitably further suppress the Group's profit margin if the Group is to maintain its market share. We believe that this trend will continue until the major infrastructure projects in Hong Kong reach their major stage of construction. For Macau, we believe that the demand for construction equipment will remain at a low level due to the completion of major casino projects.

Looking ahead, drawing on the Group's unique competitive edges and the abundant operating experience of its management team, the Group would strive to lead the industry with its offer of high-quality equipment, premium service and equipment solutions and also extend our business coverage in local market and overseas. Last but not least, we would strive to maintain our cost control management to enhance our competitiveness and to improve our profitability in the future.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2017, the Group recorded total revenue of approximately HK$200.5 million for the year ended 31 March 2017, representing a decrease of approximately 16.2% as compared to the total revenue of approximately HK$239.3 million for the year ended 31 March 2016. The decrease in revenue mainly resulted from the decrease in rental income in Macau and the decrease in trading income.

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$154.1 million for the year ended 31 March 2017, representing a year-on-year decrease of approximately 5.2% (FY2016: approximately HK$162.5 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 87.3% of the Group's total cost of sales in FY2017 (FY2016: approximately 88.1%).

Among the four major items under cost of sales, the Group recorded a decrease of approximately 18.9% in machinery hiring expenses during the year under review, owing to the decrease in demand for rented machines from the market in Hong Kong and Macau due to completion of major casino projects. Such decrease was partially offset by the increase in rental rate charged by Kanamoto HK. Staff costs increased by approximately 29.8% over last year's, mainly due to increase in the demand for the Group's operators by the market and therefore more operators were hired by the Group to meet such increase in demand. The increase in wages over last year was caused by the increase in headcount, annual salary increment and compensation for unused annual leave during the year ended 31 March 2017. Depreciation increased by approximately 32.7% year-on-year mainly due to additions of new plant to fit with the market's demand. Costs for machinery and parts decreased by approximately 58.4% following the decline in sales of our machinery and spare parts. Lastly, the returned machines from Macau also increased our cost of spare parts for maintenance by approximately 30.7% over last year, to HK$7.1 million in FY2017.

Gross Profit and Gross Profit Margin

The Group's overall gross profit decreased by approximately 39.6% from approximately HK$76.8 million for the year ended 31 March 2016 to approximately HK$46.4 million for the year ended 31 March 2017. The Group's gross profit margin was approximately 23.1% for the year ended 31 March 2017 (FY2016: approximately 32.1%). The drop in the gross profit margin was mostly due to the increase in the cost of sales items as explained above.

Administrative Expenses

For the year ended 31 March 2017, administrative expenses amounted to approximately HK$34.4 million (FY2016: approximately HK$27.9 million), representing an increase of approximately 23.2% over last year. The increase in administrative expenses was mainly due to the increase in expenses for professional fees and compliance fees, audit fee, director emoluments and fees, salary expenses (owing to increase in headcount, annual salary increment and compensation for unused annual leave) and public relation expenses, following the listing of the Company in April 2016.

Listing Expenses

The Group recognised listing expenses of approximately HK$1.1 million in FY2017. (FY2016: approximately HK$21.3 million).

Finance cost

Finance costs comprised interest on the Group's borrowings and finance leases, which amounted to approximately HK$2.4 million for FY2017 (FY2016: approximately HK$1.7 million). The increase was due to the increase in Group's borrowings and finance leases in the second half of FY2016 with the full year effect of such finance costs being reflected in FY2017. During the year under review, the Group has not raised any new borrowings nor finance leases. Interest rate increased in the United States has immaterial effect over the Group's finance costs.

Profit and Total Comprehensive Income for the Year

The Group recorded net profit of approximately HK$12.0 million for the year ended 31 March 2017 (FY2016: approximately HK$20.9 million), representing a net profit margin of approximately 6.0% (FY2016: approximately 8.7%). Before deducting the listing expenses of approximately HK$1.1 million, the Group's net profit and net profit margin for the year ended 31 March 2017 would be approximately HK$13.1 million and approximately 6.5%, respectively.

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$68.3 million (FY2016: approximately HK$81.1 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 96.9% of the total capital expenditure for the year ended 31 March 2017.

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 2017, the Group had cash and cash equivalents of approximately HK$45.0 million (31 March 2016: approximately HK$22.3 million) that were mainly denominated in Hong Kong Dollars, Japanese Yen and MOP, and had borrowings and obligations under finance leases of approximately HK$33.8 million (31 March 2016: approximately HK$75.7 million) that were mainly denominated in Hong Kong Dollars.

As at 31 March 2017, the Group had banking facilities of approximately HK$62.8 million (31 March 2016: approximately HK$128.6 million), of which approximately HK$32.0 million (31 March 2016: approximately HK$72.0 million) had been drawn down, and approximately HK$30.8million (31 March 2016: approximately HK$56.6 million) were unutilised.

As at 31 March 2017, the gearing ratio of the Group was nil (2016: approximately 44.4%), 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.

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 2017, the Group had no material contingent liabilities (31 March 2016: Nil).

Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2017 (2016 FY: nil)

Significant Investments

On 3 March 2017, the Group set up a wholly-owned subsidiary, namely AP Equipment Rentals (Singapore) Pte. Ltd in Singapore. The subsidiary was incorporated with an authorized and issued share capital of SG$100,000. The subsidiary has not commenced business as at 31 March 2017.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As at 31 March 2017, the Group has capital commitments of approximately HK$12.0 million (31 March 2016: approximately HK$1.8 million), to acquire plant and equipment for the Group. The source of funding for this capital commitments would be come from the cash in bank as at 31 March 2017 and cash generated from operations.

Pledge of Assets

Deposit placed for a life insurance policy of approximately HK$2.6 million as at 31 March 2017 (31 March 2016: approximately HK$2.5 million), property, plant and machinery of approximately HK$33.0 million as at 31 March 2017 (31 March 2016: approximately HK$62.3 million), a certificate of deposit of approximately HK$6.0 million (31 March 2016: Nil) and bank deposit of approximately HK$2.4 million (31 March 2016: approximately HK$9.2 million) have been pledged to secure the Group's borrowings of approximately HK$33.8 million (31 March 2016: approximately HK$75.2 million).

Human Resources and Employees' Remuneration

As at 31 March 2017, the Group had 170 employees (31 March 2016: 146 employees), of which 162 employees are in Hong Kong (31 March 2016: 138 employees), 6 employees are in Macau (31 March 2016: 8 employees) and 2 employees are in Singapore (31 March 2016: nil). 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, compensation for annual leave, 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 2017 amounted to approximately HK$52.5 million (2016: approximately HK$42.3 million). The increase in staff cost was mainly due to increase in emoluments of the directors of the Company, increase in headcount, compensation for annual leave and salary increment during the year ended 31 March 2017.

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.

In 2016, the Company has engaged an international consulting firm (the "**Consultant**") 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**") in relation to corporate governance before and after listing. During the year under review, the Company improved its corporate governance practices continuously with reference to the Consultant's recommendations. 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 Listing Rules.

During the period from 8 April 2016 (the "**Listing Date**") and up to 31 March 2017, 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 31 March 2017.

Subsequent Events

As disclosed in the announcement of the Company dated 20 June 2017, Mr. Kitagawa Ken has resigned as a non-executive director of the Company with effect from 20 June 2017 and Mr. Lu Tao has been appointed as a non-executive director of the Company with effect from 20 June 2017.

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

During the period from the Listing Date and up to 31 March 2017, 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 2017 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 HKICPA 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 2017 have been reviewed by the audit committee of the Company.

Dividend

The Board recommends the payment of a final dividend of HK0.28 cent per share for the year ended 31 March 2017. The book close period for the final dividend will be from 31 August 2017 to 4 September 2017 (both days inclusive). The final dividend will be paid to the Shareholders whose names appear on the register of members of the Company as at the close of business on 4 September 2017, if the proposal is approved by the Shareholders at the forthcoming Annual General Meeting of the Company. It is expected that the final dividend will be paid on or around 14 September 2017.

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 25 August 2017, the register of members of the Company will be closed from 22 August 2017 to 25 August 2017 (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 21 August 2017.

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/index.html, and the website of the Stock Exchange.

The annual report of the Company for the year ended 31 March 2017 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, 28 June 2017

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. Lu Tao 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.