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 2019

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2019	2018	
	HK$'000	*HK$'000*	*Change in %*
Revenue	**146,110**	225,261	(35.1%)
Gross profit	**26,164**	57,246	(54.3%)
(Loss) Profit for the year	**(2,523)**	21,081	(112.0%)
(Loss) Earnings per share			
Basic (HK cents)	**(0.29)**	2.44	
Gross profit margin	**17.9%**	25.4%	
(Loss) Net profit margin	**(1.7%)**	9.4%	
Return on equity	**(1.0%)**	8.6%	
Final dividend per share (HK cent)	**–**	0.35	

* *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 2019 together with comparative figures of 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** **_HK$'000_**	2018 *HK$'000*
Revenue	*4*		
Goods and services		**34,024**	80,878
Leasing of machinery		**112,086**	144,383
Total revenue		146,110	225,261
Cost of sales and services		**(119,946)**	(168,015)
Gross profit		**26,164**	57,246
Other income	*5*	**4,193**	3,863
Other gains and losses	*6*	**5,250**	8,363
Impairment losses recognised on lease receivables and trade receivables, net		**(1,181)**	(1,210)
Administrative, selling and distribution expenses		**(36,295)**	(40,929)
Finance costs	*7*	**(513)**	(1,036)
(Loss) profit before tax		**(2,382)**	26,297
Income tax expense	*8*	**(141)**	(5,216)
(Loss) profit for the year	*9*	**(2,523)**	21,081
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(82)**	(45)
Total comprehensive (expense) income for the year		**(2,605)**	21,036
(Loss) earnings per share			
— Basic (HK cents)	*11*	**(0.29)**	2.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current Assets			
Property, plant and equipment		**221,246**	197,853
Deposit placed for a life insurance policy		**2,725**	2,656
Deferred tax assets		**167**	–
		224,138	200,509
Current Assets			
Inventories		**12,134**	7,168
Trade and other receivables, deposits and prepayments	*12*	**43,577**	64,232
Pledged bank deposits		**360**	360
Bank deposits with original maturity less than three months		**15,000**	21,000
Bank balances and cash		**36,847**	40,397
		107,918	133,157
Current Liabilities			
Trade and other payables and accrued charges	*13*	**45,391**	36,020
Contract liabilities		**563**	–
Receipts in advance		**529**	1,890
Tax liabilities		**643**	2,733
Borrowings — due within one year		**17,461**	19,439
		64,587	60,082
Net Current Assets		**43,331**	73,075
Total Assets less Current Liabilities		**267,469**	273,584

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current Liabilities			
Deferred tax liabilities		**26,924**	26,769
Borrowings — due after one year		**–**	641
		26,924	27,410
Net Assets		**240,545**	246,174
Capital and Reserves			
Issued capital	*14*	**864**	864
Reserves		**239,681**	245,310
Total Equity		**240,545**	246,174

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18, HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of machinery and parts;
- Lease related operating service income; and
- Lease related other service income.

Information about the Group's performance obligations resulting from application of HKFRS 15 are disclosed in notes 4.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Note	Amounts previously reported at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
		HK$'000	*HK$'000*	*HK$'000*
Current Liabilities				
Contract liabilities	*(a)*	–	438	438
Receipts in advance	*(a)*	1,890	(438)	1,452

Note:

(a) As at 1 April 2018, receipts in advance from customers of HK$438,000 for sales of machinery and parts, previously included in receipts in advance were reclassified to contract liabilities.

(b) For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Note	As reported	Adjustment	Amounts without application of HKFRS 15
		HK$'000	*HK$'000*	*HK$'000*
Current Liabilities				
Contract liabilities	*(a)*	563	(563)	–
Receipts in advance	*(a)*	529	563	1,092

Note:

(a) As at 31 March 2019, contract liabilities of HK$563,000 would have been accounted for as receipts in advance without application of HKFRS 15.

Impact on the consolidated statement of cash flows

	Note	As reported *HK$'000*	Adjustment *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Operating activities				
Increase in contract liabilities	*(a)*	125	(125)	–
Decrease in receipts in advance	*(a)*	(923)	125	(798)

Note:

(a) For the year ended 31 March 2019, increase in contract liabilities of HK$125,000 would be accounted for as changes in receipts in advance in contract liabilities without application of HKFRS 15.

2.2 HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and lease receivables and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets and financial liabilities

Deposit placed for a life insurance policy of HK$2,656,000 previously classified as loans and receivables were reclassified to financial assets at fair value through profit or loss ("FVTPL") upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding. The fair value of the deposit placed for a life insurance policy is approximate to its carrying amounts at the date of initial application of HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for lease receivables and trade receivables. Except for those which had been determined as credit-impaired under HKAS 39, lease receivables and trade receivables have been assessed individually with outstanding significant balances, while the remaining balances are grouped based on internal credit rating.

ECL for other financial assets at amortised cost, including other receivables, pledged bank deposits, bank deposits with original maturity less than three months and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance is insignificant to be recognised against retained profits.

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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

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. Upon application of 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 by the Group; upfront prepaid lease payments will continue to be presented as investing cash flow.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Other than certain requirements which are also applicable to lessor, 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 2019, the Group, as a lessee, has non-cancellable operating lease commitments of HK$1,150,000. 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.

In addition, the Group currently considers refundable rental deposits paid of HK$915,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets. Accordingly, the carrying amounts of such deposits will be adjusted to amortised cost and such adjustments are considered as additional lease payments, which will be included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. 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 except for the deposit placed for a life insurance policy that is measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for 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, 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.

4. REVENUE AND SEGMENT INFORMATION

For the year ended 31 March 2019

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 March 2019					
	Sales of machinery and parts *HK$'000*	**Lease related operating services** *HK$'000*	**Repair and maintenance service** *HK$'000*	**Delivery service** *HK$'000*	**Installation service** *HK$'000*	**Total** *HK$'000*
Geographical markets						
Hong Kong	10,154	10,150	2,373	8,603	1,135	32,415
Macau	395	3	7	534	30	969
Singapore	–	624	2	14	-	640
Total	10,549	10,777	2,382	9,151	1,165	34,024
Timing of revenue recognition						
A point in time	10,549	–	2,382	9,151	–	22,082
Over time	–	10,777	–	–	1,165	11,942
Total	10,549	10,777	2,382	9,151	1,165	34,024

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2019 Segment revenue *HK$'000*
Lease related operating services and other services	**23,475**
Trading	**10,549**
Revenue from contracts with customers	**34,024**
Leasing of machinery	**112,086**
Total revenue	**146,110**

(ii) Performance obligations for contracts with customers

Sales of machinery and parts

Revenue from sales of machinery and parts is from contracts with customers and recognised at a point in time when the customer obtains control of the goods.

Revenue is recognised when control of the goods has transferred, being when the goods have been transferred to the customer. The customer has full discretion over the manner of usage and consume the goods, and has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 0 to 45 days upon invoice issued.

The Group normally receives 10% to 40% of the contract value as deposits from customers when it signs the sale and purchase agreement. The deposits will be recognised as revenue when the customer obtains control of the machinery.

All the sales of machinery and parts are completed within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Lease related 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. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The invoice is issued upon the completion of service. The normal credit term is 0 to 45 days upon invoice issued.

The contract periods for lease related operating service are one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Lease related other service income

The Group's other service income, which arise from rental arrangements including repair and maintenance, installation and delivery services. Revenue from delivery is recognised when the goods have been delivered to the customer's specific location. Revenue from repair and maintenance service are recognise when the service rendered is completed. Revenue from installation service is recognised over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The invoice is issued upon the completion of service. The normal credit term is 0 to 45 days upon invoice issued.

The contract periods for lease related other services are one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the year ended 31 March 2018

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

	2018
	HK$'000
Sales of machinery and parts	41,081
Leasing income of machinery	144,383
Operating service income	25,153
Other service income	14,644
	225,261

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, lease related operating service, repair and maintenance service, delivery service and installation service

Trading — Sales of machinery and parts

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

Segment revenue and results

For the year ended 31 March 2019

	Leasing *HK$'000*	**Trading** *HK$'000*	**Total** *HK$'000*
Revenue			
Segment revenue from external customers	**135,561**	**10,549**	**146,110**
Results			
Segment results	**23,684**	**1,740**	**25,424**
Unallocated income			**362**
Unallocated expenses			**(28,168)**
Consolidated loss before tax of the Group			**(2,382)**

For the year ended 31 March 2018

	Leasing *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Revenue			
Segment revenue from external customers	184,050	41,211	225,261
Results			
Segment results	49,615	9,710	59,325
Unallocated income			873
Unallocated expenses			(33,901)
Consolidated profit before tax of the Group			26,297

Segment results represent the profit earned by each segment without allocation of certain interest income and sundry income, exchange loss, certain sundry income and central administration expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The chief operating decision maker makes decisions according to operating results of each segment. No analysis of 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 2019

	Leasing *HK$'000*	**Trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Impairment losses recognised for lease receivables and trade receivables, net	**1,027**	**154**	**–**	**1,181**
Depreciation of property, plant and equipment	**49,457**	**5**	**1,471**	**50,933**
Gain on disposal of property, plant and equipment	**5,348**	**–**	**–**	**5,348**

For the year ended 31 March 2018

	Leasing *HK$'000*	Trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Impairment losses recognised for lease receivable and trade receivables, net	1,210	–	–	1,210
Depreciation of property, plant and equipment	47,600	24	2,084	49,708
Gain on disposal of property, plant and equipment	8,938	4	–	8,942

Geographical information

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

	2019 *HK$'000*	2018 *HK$'000*
External revenue:		
Hong Kong	**133,716**	212,932
Macau	**11,408**	12,329
Singapore	**986**	–
	146,110	225,261

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

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets *(Note)*		
Hong Kong	**210,032**	183,969
Macau	**5,843**	11,763
Singapore	**5,371**	2,121
	221,246	197,853

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

Information about major customers

There are no customers contributing over 10% of total revenue of the Group during both years.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income from:		
— bank deposits	**327**	63
— investment certificate of deposit	**–**	5
— deposit placed for a life insurance policy	**96**	91
Storage income	**1,677**	1,726
Sundry income	**2,093**	1,978
	4,193	3,863

6. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Exchange loss, net	**(98)**	(579)
Gain on disposal of property, plant and equipment	**5,348**	8,942
	5,250	8,363

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on borrowings	**513**	1,035
Interest on finance leases	**–**	1
	513	1,036

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	539
Macau Complementary Income Tax	**153**	341
	153	880
Deferred taxation	**(12)**	4,336
	141	5,216

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the current year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2019.

For the subsidiary registered in Singapore which is subject to Singapore income tax at 17% (2018: 17%). No provision for Singapore income tax had been made as it had no 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.

9. (LOSS) PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,883**	1,745
Cost of inventories recognised as expenses	**5,668**	26,664
Depreciation of property, plant and equipment	**50,933**	49,708
Directors' emoluments	**6,660**	7,425
Other staff costs:		
— Salaries, allowances and other benefits	**34,008**	47,513
— Retirement benefits scheme contributions	**1,477**	2,076
	35,485	49,589
Total staff costs	**42,145**	57,014
Operating lease rentals in respect of rented premises — minimum lease payment	**5,113**	4,859

10. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividend recognised as distributions of the Company during the year		
2018 Final — HK cent 0.35 (2018: 2017 Final — HK cent 0.28) per share	**3,024**	2,419
2019 Interim — nil (2018: 2018 Interim — HK cent 0.68) per share	**–**	5,875
	3,024	8,294

11. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(2,523)**	21,081
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share	**864,000**	864,000

Note: The calculation of the basic (loss) earnings per share for both years are based on the (loss) profit attributable to the owners of the Company using the weighted average number of shares of in issue during the year.

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

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Lease receivables from:		
— outsiders	**42,228**	59,011
— a shareholder	**–**	119
— a subsidiary of a shareholder of the Company	**1,314**	2,320
— a related company	**697**	790
Less: Allowance for credit loss	**(6,524)**	(5,534)
	37,715	56,706
Trade receivables from contracts with customers	**2,026**	4,678
Less: Allowance for credit loss	**(191)**	–
	1,835	4,678
Other receivables	**194**	–
Deposits and prepayments	**3,833**	2,848
	43,577	64,232

The following is an aged analysis of lease receivables and trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**10,341**	12,638
31 to 60 days	**12,538**	18,246
61 to 90 days	**4,759**	7,776
91 to 180 days	**6,108**	13,230
Over 180 days	**5,804**	9,494
	39,550	61,384

Movements in the allowance for doubtful debts during the year ended 31 March 2018 were as follows:

	2018
	HK$'000
At beginning of the year	4,368
Amounts written off as uncollectible	(44)
Impairment loss recognised, net	1,210
At end of the year	5,534

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**33,438**	19,008
Accrued expenses	**7,604**	9,885
Other payables	**4,349**	7,127
	45,391	36,020

As at 31 March 2019, included in trade payables is HK$10,179,000 (2018: HK$14,652,000) 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 the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**9,588**	3,379
31 to 60 days	**12,257**	7,420
61 to 90 days	**7,173**	2,915
91 to 180 days	**1,737**	3,055
Over 180 days	**2,683**	2,239
	33,438	19,008

The credit period on trade payables is ranging from 0 to 180 days (2018: 0 to 180 days).

14. ISSUED CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	10,000,000	10,000
Issued:		
At 1 April 2017, 31 March 2018 and 31 March 2019	864,000,000	864

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 1,940 units of equipment as at 31 March 2019 and also rents equipment from its suppliers, mainly from its shareholder and strategic partner, Kanamoto Co., Ltd., which is one of the leading construction equipment rental groups in Japan.

The Group strives to serve our valuable customers better with the provision of the equipment rental-related solutions and value-added services. For the year ended 31 March 2019 ("**FY2019**"), the Group recorded a decline in trading income and a decrease in leasing income due to the completion of the Express Rail Hong Kong section ("**Express Rail HK**") and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities ("**HZMB**"). Furthermore, the continuous trade war between the US and China (the "**Trade War**") has inevitably led to poor economic and business sentiments, and thus would definitely affect our customers in making any decision in investment. Our customers might (i) defer the purchase of more machines; (ii) continue the use of existing machines that should be replaced; and/or (iii) satisfy their need by means of rental of machines. As the result , our machinery trading income tumbled while our rental income only recorded a decrease. For details, please refer to the section headed "Financial Review". The business of the Group in Macau also recorded a small decline while the business of the Group in Singapore just recorded a small revenue.

However, the Group has implemented strategies to strive for long term success. As such, in FY2019, the Group has invested in new, advanced and specific machines, including the generators for our newly introduced auto power system "**APS**", boom lifts, excavators and spider crane amounting to approximately HK$91.8 million (FY2018: approximately HK$76.4 million). On the other hand, we continued our disposal of approximately HK$18.0 million (being the net book value) of aged equipment. Such measures will definitely improve our competitiveness in the market and enable the Group to provide more value-adds to our customers in long run. As a result, the Group will not be heavily involved in the price war in the rental market. We would continue to be a solution-provider.

For FY2019, the Group recorded revenue of approximately HK$146.1 million, representing a decrease of approximately 35.1% as compared to that of approximately HK$225.3 million for the year ended 31 March 2018 ("**FY2018**"). For FY2019, the Group recorded gross profit of approximately HK$26.2 million, representing a decrease of approximately 54.3% as compared to that of approximately HK$57.2 million for FY2018 . The gross profit margin for FY2019 was approximately 17.9% (FY2018: approximately 25.4%), representing a decrease of approximately 29.5% as compared to that for FY2018. Please refer to the section headed "Financial Review" of this announcement for further details of the Group's performance in FY2019.

Net profit attributable to owners of the Company decreased by approximately HK$23.6 million from approximately HK$21.1 million in FY2018 to net loss attributable to owners of the Company of approximately HK$(2.5) million in FY2019. This was primarily due to (i) decrease in sales of machinery and parts; (ii) decrease in operating service income; (iii) decrease in gain on disposal of equipment; (iv) decrease in leasing income of machinery and other service income; and (v) net loss recorded in our wholly-owned subsidiary, AP Equipment Rentals (Singapore) Pte. Limited ("**AP Singapore**") In short, the Group has recorded a decrease in net profit in its businesses in Hong Kong and Macau for FY2019 while AP Singapore recorded a net loss for FY2019.

Basic loss per share attributable to owners of the Company for FY2019 was HK(0.29) cent while the basic profit per share attributable to owners of the Company for FY2018 was HK2.44 cents.

BUSINESS OVERVIEW

During FY2019, the overall market sentiment in the construction industry is deteriorating in Hong Kong. The main reasons were that the Express Rail HK and HZMB were completed in September and October 2018 respectively, which heavily affected the Group's rental business. Despite the fact that other key projects, namely Central Kowloon Route ("**CKR**"), the Kai Tak Sports Park ("**KTSP**"), Third Runway of the Hong Kong International Airport (the "**Third Runway**") and the Tseung Kwan O-Lam Tin Tunnel (the "**TKO-LT Tunnel**") have been launched, the demands for rental equipment have not increased materially. For instance, the demand from the Third Runway was below our expectation due to the lack of landfill construction material and bad weather. Thus, the demands from the aforesaid projects could not soften the decrease in rental income caused by the return of rental machines after completion of the Express Rail HK and the HZMB projects. Even worse, problems of the Shatin to Central Link have affected the progress of the project and thus also affected the demands on machines. For the trading business, the further interest hikes in the US and Hong Kong during FY2019 and the continuous Trade War have threatened the global economy. As a result, the economic sentiments in Hong Kong are deteriorating, which inevitably affected our trading business. However, we believe business would improve after the Third Runway has reached its normal work progress and the cessation of the Trade War.

For the business in Macau, we recorded a slight decrease in total revenue in FY2019. For the business in Singapore, we have started to make some rental business to test the market and only a negative result could be reported in FY2019.

PROSPECTS

The Group expects the Hong Kong market to continue to be the Group's major market. We expect that our rental income will benefit from the CKR and the KTSP when entering phrases where more machines are required in late 2019 and the impediment in the work of the Third Runway is removed and resolved in coming months. However, for the trading business, its performance will greatly depend on the outcomes of the Trade War. For our operating service income line, the Group would reduce its focus on this line of income due to its inherent risk in hiring operators. The HKSAR government is expected to make continuous investment in infrastructure in Hong Kong, like those cited in the 2018 Policy Address (the "**2018 Policy Address**") delivered by the Chief Executive of the HKSAR in 2018, including the concept of "Lantau Tomorrow", which has definitely demonstrated the intention and the long term direction of the HKSAR government. Land reclamation would be one of the key methods for increasing land supply for the continuous development of Hong Kong in the coming decades. As such, the Group still has confidence on the future of its business in Hong Kong.

On 10 May 2019 (after trading hours), AP Rentals (China) Limited, a newly formed company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company has entered into a disclosable and connected transaction in relation to acquisition of a company established in the People's Republic of China ("**PRC**") ("**Target Company**"). Please refer to the section headed "Subsequent Event" of this announcement for further details. As relating the (i) discloseable and connected transaction in relation to acquisition of Target Company; and (ii) connected transaction in relation to proposed amendments to the deed of non-competition dated 18 March 2016 and executed by Mr. Lau Pong Sing, Ms. Chan Kit Mui, Lina, New Club House International Limited and Great Club House Holdings Limited in favour of the Company have been passed in the extraordinary general meeting of the Company held on 25 June 2019, the Group is expected to (i) expand its business and diversify its income streams geographically; and (ii) expand its owned equipment fleet and customer base. The expansion into the PRC market will also enable the Group to capitalise on the national policies of the PRC government to develop the Guangdong-Hong Kong — Macao Greater Bay Area which will bring along macroeconomic momentum and opportunities.

For the Group's business in Macau, we believe that the demand for construction equipment will not improve significantly due to the completion of major casino projects. Nevertheless, the Group has continuously introduced more kinds of machines into Macau during FY2019, including air compressors and excavators to Macau for rental purpose. Our belief remains unchanged that in long run, the demand of construction equipment in Macau will pick up due to the needs to improve its infrastructure, like drainage. For the Group's business in Singapore, we are considering to make a shift in its business model in coming months so as to reduce its net loss.

Lastly, due to the Trade War, the Group has not made any business progress in respect of expansion of the business in Southeast Asia countries lying along the "Belt & Road". Once the Trade War ceases, the Group will consider to keep an eye on any business opportunities over the "Belt & Road" again.

FINANCIAL REVIEW

Revenue

For FY2019, the Group recorded a decrease in revenue of approximately HK$79.2 million, with the total revenue amounting to approximately HK$146.1 million for FY2019, representing a decrease of approximately 35.1% as compared to that of approximately HK$225.3 million for FY2018. The decrease in revenue mainly resulted from the decrease in all segments of business of the Group.

(i) Lease of machinery

During FY2019, 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, Macau and Singapore, decreased to approximately HK$112.1 million compared to that of approximately HK$144.4 million in FY2018.

As mentioned above, the Group's rental business in Hong Kong and Macau continued to decline in FY2019 due to the reasons mentioned in the section headed "Business Review" above.

Rental income of machinery accounted for approximately 76.7% of the Group's total revenue for FY2019 (FY2018: approximately 64.1%). The increase of the above percentage was led by the decline in the sales of machinery and parts in FY2019.

(ii) Operating service income

The Group offers equipment operating services in Hong Kong by providing equipment operators to operate the equipment at the job sites of its customers. For FY2019, revenue from equipment operating services decreased by approximately 57.1% to approximately HK$10.8 million (FY2018: approximately HK$25.2 million), and accounted for approximately 7.4% of the Group's total revenue for FY2019 (FY2018: approximately 11.2%). The decrease in operating service income for FY2019 was attributable to the shrinking in demand for operators by sizable construction companies in Hong Kong upon the completion of various key projects in Hong Kong and the shift of the Group's focus due to its inherent risk in employing and managing of the operators.

(iii) Other service income

The Group's other service income, which arises from rental arrangements including repair, transportation, maintenance and technical support services during the rental period, recorded a decrease and amounted to approximately HK$12.7 million for FY2019 (FY2018: approximately HK$14.6 million). The decrease was mainly contributed by the decrease of the demand on transportation by the market in FY2018. The income from transportation was approximately HK$9.2 million for FY2019 (FY2018: approximately HK$10.5 million). The Group's other service income accounted for approximately 8.7% of the Group's total revenue for FY2019 (FY2018: approximately 6.5%).

(iv) Sales of machinery and spare parts

Due to the poor economic sentiment globally, the demand for construction equipment declined. The revenue from sales of machinery and spare parts decreased significantly by approximately 74.5% from approximately HK$41.1 million in FY2018 to approximately HK$10.5 million for FY2019, which accounted for approximately 7.2% of the Group's total revenue for FY2019 (FY2018: approximately 18.2%).

Cost of Sales

The Group's cost of sales amounted to approximately HK$119.9 million for FY2019, representing a year-on-year decrease of approximately 28.6% (FY2018: approximately HK$168.0 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 86.0% of the Group's total cost of sales in FY2019 (FY2018: approximately 88.2%).

Among the four major items under cost of sales, the Group recorded a decrease of approximately 33.1% in machinery hiring expenses during FY2019, since more owned fleet, especially those advanced equipment, were rented out to the customers and the decrease in the demand for machines. Staff costs decreased by approximately 36.5% due to decrease in the demand for the Group's operators by the market and the shift of our business focus as mentioned before, which led to the decrease in number of operators required. Depreciation increased by approximately 3.0% year-on-year. The increase in total investment in machinery for rental was greater than the amount of disposed machinery, which led to the net increase in depreciation. Costs for machinery and parts decreased by approximately 78.7% due to the decrease in machinery sale in FY2019.

Gross Profit and Gross Profit Margin

The Group's overall gross profit decreased by approximately 54.3% from approximately HK$57.2 million for FY2018 to approximately HK$26.2 million for FY2019 and the Group's gross profit margin recorded a decline to approximately 17.9% for FY2019 (FY2018: approximately 25.4%). The decrease in gross profit margin was due to (i) the decrease in rental income for machines, (ii) decrease in revenue from sales of machinery, (iii) an increase in depreciation was recorded in FY2019 due to continuous investment on advanced machines, and (iv) a gross loss in AP Singapore amounting to approximately equivalent HK$(0.7) million due to poor rental price in the market.

Other Income

The Group recorded other income amounting to approximately HK$4.2 million in FY2019 (FY2018: approximately HK$3.9 million), which represented an increase of approximately 7.7% from FY2018. The increase was due to an increase in interest income of approximately HK$0.3 million in FY2019 when compared to FY2018. The increase was contributed by the increase of amount of bank deposits made in aggregate and the increase of interest rate in FY2019.

Other Gains and Losses

Other gains and losses amounted to approximately HK$5.3 million in FY2019 (FY2018: approximately HK$8.4 million after excluding allowance for doubtful debts recognised, net), representing a decrease of approximately 36.9% over FY2018.

Due to poor demand for the construction equipment in Hong Kong, including used equipment, the proceeds generated from the disposal of plant were reduced and a gain on disposal of plant and equipment of approximately HK$5.3 million was recorded in FY2019 (FY2018: approximately HK$8.9 million). In addition, the Group recorded an exchange loss of approximately HK$0.1 million in FY2019 (FY2018: approximately HK$0.6 million).

Impairment Losses Recognised on Trade Receivables, Net

For FY2019, the impairment losses recognised on trade receivables, net was approximately HK$1.2 million (FY2018: approximately HK$1.2 million).

Administrative, Selling and Distribution Expenses

For FY2019, administrative, selling and distribution expenses amounted to approximately HK$36.3 million (FY2018: approximately HK$40.9 million), representing a decrease of approximately 11.2% over FY2018. The decrease in administrative expenses was mainly due to decrease in staff costs, compliance fee and marketing & promotional expenses.

Finance Cost

Finance costs comprised interest on the Group's borrowings, which amounted to approximately HK$0.5 million for FY2019 (FY2018: approximately HK$1.0 million). The decrease was attributable to the repayment of loans, resulting in saving of interest expenses during FY2019.

Total Comprehensive (Expense) Income for FY2019

The Group recorded loss attributable to owners of the Company of approximately HK$(2.5) million for FY2019 while the Group recorded profit attributable to owners of the Company of approximately HK$21.1 million, representing a loss margin of approximately (1.7)% (a profit margin of approximately 9.4% in FY2018). The decrease in profit attributable to owners of the Company in FY2019 was mainly due to (i) the decrease in all revenue lines while the depreciation under the cost of sales increased, as explained above, (ii) decrease in gain on disposal of equipment; and (iii) the net loss reported in AP Singapore amounted to approximately HK$(3.9) million is FY2019 due to the poor rental price in the market.

Capital Expenditure

The Group's capital expenditures in FY2019 primarily comprised expenditures on machinery and office equipment, amounting to a total of approximately HK$92.5 million (FY2018: approximately HK$80.3 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 99.2% of the total capital expenditure for FY2019.

Liquidity and Financial Resources Review

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 31 March 2019, the Group had bank balances and cash equivalents of approximately HK$51.8 million (as at 31 March 2018: approximately HK$61.4 million) that were mainly denominated in Hong Kong Dollars, Japanese Yen, Macau Pataca ("**MOP**"), Singapore Dollars and United States Dollars, and had borrowings of approximately HK$17.5 million (as at 31 March 2018: approximately HK$20.1 million) that were mainly denominated in Hong Kong Dollars and in Japanese Yen.

As at 31 March 2019, the Group banking facilities of approximately HK$53.5 million (as at 31 March 2018: approximately HK$58.1 million), of which approximately HK$19.1 million (as at 31 March 2018: approximately HK$17.3 million) had been drawn down, and approximately HK$34.4 million (as at 31 March 2018: approximately HK$40.8 million) were unutilised.

As at 31 March 2019, the gearing ratio of the Group was nil (as at 31 March 2018: nil), 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 and borrowings.

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, Singapore Dollars and United States Dollars. Payments received by the Group from its customers are mainly denominated in Hong Kong Dollars, MOP, Singapore Dollars and United States Dollars.

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 2019, the Group had no material contingent liabilities (as at 31 March 2018: Nil).

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

On 10 May 2019, AP Rentals (China) Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Ajax Pong Construction Equipment Limited to acquire Ajax Pong (Shanghai) Limited (the "Acquisition"), a company principally engaged in the construction equipment rental services business in the PRC since 2015. The equity transfer agreement became unconditional on 25 June 2019. The transaction is expected to be completed on or before 30 September 2019.

The Acquisition will enable the Group to (i) expand its business and diversify its income streams geographically; (ii) expand its owned equipment fleet and customer base. The expansion into the PRC market will also enable the Group to capitalise on the national policies of the PRC government to develop the Guangdong-Hong Kong-Macao Greater Bay Area which will bring along macroeconomic momentum and opportunities.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As at 31 March 2019, the Group had no capital commitments (as at 31 March 2018: approximately HK$1.5 million).

Pledge of Assets

As at 31 March 2019, deposit placed for a life insurance policy of approximately HK$2.7 million (as at 31 March 2018: approximately HK$2.7 million), plant and machinery of approximately HK$8.7 million as at 31 March 2019 (as at 31 March 2018: approximately HK$25.0 million), and bank deposits of approximately HK$0.4 million (as at 31 March 2018: approximately HK$0.4 million) have been pledged to secure the Group's borrowings of approximately HK$2.5 million (as at 31 March 2018: approximately HK$18.0 million).

Human Resources and Employees' Remuneration

As at 31 March 2019, the Group had 115 employees (as at 31 March 2018: 132 employees), of which 106 employees were in Hong Kong (as at 31 March 2018: 124 employees), 4 employees were in Macau (as at 31 March 2018: 5 employees) and 5 employees were in Singapore (as at 31 March 2018: 3 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, makes 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 FY2019 amounted to approximately HK$42.1 million (FY2018: approximately HK$57.0 million). The decrease in staff cost was mainly due to the decrease in headcount of operators and drivers due to decrease of the demand of the market and the technicians attributable to decrease of machinery rental.

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 obtain 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 31 March 2019, 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 ended 31 March 2019, the Company has engaged an international consulting firm (the "**Consultant**") to review 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, internal controls and risk management. 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 year ended 31 March 2019, 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 year ended 31 March 2019.

Subsequent Event

On 10 May 2019, AP Rentals (China) Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Ajax Pong Construction Equipment Limited to acquire Ajax Pong (Shanghai) Limited, a company principally engaged in the construction equipment rental services business in the PRC since 2015. The equity transfer agreement became unconditional on 25 June 2019. The transaction is expected to be completed on or before 30 September 2019.

The Company entered into the supplemental deed on 10 May 2019 ("**Supplemental Deed**") with the controlling shareholders of the Company. The Supplemental Deed was then approved on 25 June 2019. Pursuant to the Supplemental Deed, the geographic coverage under the definition of Restricted Business and the undertaking given by the controlling shareholders will be expanded to include the PRC.

Details of the transaction were set out in the announcement of the Company dated 10 May 2019 and the circular of the Company dated 3 June 2019, respectively.

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

During the year ended 31 March 2019, 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 2019 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 2019 have been reviewed by the audit committee of the Company.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

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 29 August 2019, the register of members of the Company will be closed from 26 August 2019 to 29 August 2019 (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 23 August 2019.

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 2019 will 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 2019

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. Nakazawa Tomokatsu 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.