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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

GROUP FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**67,140**	69,822
Gross profit	**7,423**	12,466
(Loss) profit and total comprehensive (expense) income for the period	**(6,046)**	195
(Loss) profit margin (ratio of (loss) profit and total comprehensive (expense) income to revenue)	**(9.0%)**	0.3%
(Loss) earnings per share		
Basic *(HK cents)*	**(0.7)**	0.02

* *For identification purposes only*

INTERIM RESULTS

The board of directors (the "**Board**") of AP Rentals Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019 together with its comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Six months ended 30 September** **2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Revenue	*3A*		
Goods and services		**16,466**	13,706
Leasing of machinery		**50,674**	56,116
Total Revenue		**67,140**	69,822
Cost of sales and services		**(59,717)**	(57,356)
Gross profit		**7,423**	12,466
Other income	*4*	**1,173**	2,903
Other gains and losses	*5*	**3,059**	3,018
Impairment losses recognised on lease receivables and trade receivables, net		**–**	162
Administrative, selling and distribution expenses		**(17,382)**	(17,691)
Finance costs	*6*	**(401)**	(354)
(Loss) profit before tax		**(6,128)**	504
Income tax expense	*7*	**—**	(233)
(Loss) profit for the period		**(6,128)**	271
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**82**	(76)
Total comprehensive (expense) income for the period	*8*	**(6,046)**	195
(Loss) earnings per share			
— Basic *(HK cents)*	*9*	**(0.7)**	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment		**243,096**	221,246
Right-of-use assets		**3,071**	–
Goodwill	*14*	**1,077**	–
Deposit placed for a life insurance policy		**2,757**	2,725
Deferred tax assets		**–**	167
		250,001	224,138
Current Assets			
Inventories		**10,388**	12,134
Trade and other receivables, deposits and prepayments	*10*	**42,090**	43,577
Pledged bank deposit		**360**	360
Bank deposits with original maturity less than three months		**–**	15,000
Bank balances and cash		**45,960**	36,847
		98,798	107,918
Current Liabilities			
Trade and other payables and accrued charges	*11*	**52,566**	45,391
Contract liabilities		**2,428**	563
Receipts in advance		**493**	529
Borrowings — due within one year		**23,396**	17,461
Lease liabilities		**1,342**	–
Tax liabilities		**164**	643
		80,389	64,587
Net Current Assets		**18,409**	43,331
Total Assets less Current Liabilities		**268,410**	267,469

	NOTES	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current Liabilities			
Loans from a related company	*13*	**4,306**	–
Deferred tax liabilities		**27,853**	26,924
Lease liabilities		**1,752**	–
		33,911	26,924
Net Assets		**234,499**	240,545
Capital and Reserves			
Issued capital	*12*	**864**	864
Reserves		**233,635**	239,681
Total Equity		**234,499**	240,545

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2019 has been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015–2017 Cycle*

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of yards, offices and office equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

As a lessee

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liability at the date of initial application on 1 April 2019:

	HK$'000 (Unaudited)
Operating lease commitments disclosed as at 31 March 2019	1,150
Less: Recognition exemption — short-term lease	(1,150)
Lease liability recognised as at 1 April 2019	–

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below:

The lease entered by the Group as lessee as at 1 April 2019 was lease with remaining lease term less than 12 months. Therefore, there is no material impact on the opening balance of equity and all financial line items.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets. The discounting effect has no material impact on the condensed consolidated financial statements of the Group for the current period.

2.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9/HKAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

3A. REVENUE

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:

	Trading *HK$'000* (unaudited)	**Leasing** *HK$'000* (unaudited)
Leasing of machinery	–	50,674
Sales of machinery and parts	8,975	–
Operating service income	–	2,890
Other service income	80	4,521
Total	9,055	58,085
Geographical Markets		
Hong Kong	9,040	52,940
Macau	15	4,404
Singapore	–	741
Total	9,055	58,085
Timing of revenue recognition		
A point in time	8,975	–
Over time	80	7,411
Leasing income of machinery	–	50,674
Total	9,055	58,085

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.

3B. SEGMENT INFORMATION

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 six months ended 30 September 2019 (Unaudited)

	Leasing	**Trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
Segment revenue from external customers	**58,118**	**9,022**	**67,140**
Results			
Segment results	**8,000**	**247**	**8,247**
Unallocated income			**75**
Unallocated expenses			**(14,450)**
Condensed consolidated loss before tax of the Group			**(6,128)**

For the six months ended 30 September 2018 (Unaudited)

	Leasing	Trading	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Segment revenue from external customers	67,184	2,638	69,822
Results			
Segment results	13,891	720	14,611
Unallocated income			145
Unallocated expenses			(14,252)
Condensed consolidated profit before tax of the Group			504

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

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 six months ended 30 September 2019 (Unaudited)

	Leasing	Trading	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	**26,429**	**9**	**706**	**27,144**
Depreciation of right-of-use assets	**427**	**0**	**85**	**512**
(Gain) loss on disposal of property, plant and equipment	**(3,317)**	**0**	**24**	**(3,293)**

For the six months ended 30 September 2018 (Unaudited)

	Leasing	Trading	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment results:				
Reversal of allowance for doubtful debts recognised, net	(162)	–	–	(162)
Depreciation of property, plant and equipment	23,150	1	940	24,091
Gain on disposal of property, plant and equipment	(3,008)	–	–	(3,008)

4. OTHER INCOME

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income from		
— bank deposits	**99**	135
— deposit placed for a life insurance policy	**47**	27
Storage income	**851**	833
Sundry income	**176**	1,908
	1,173	2,903

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange (loss) gain, net	**(234)**	10
Gain on disposal of property, plant and equipment	**3,293**	3,008
	3,059	3,018

6. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**188**	354
Interest on finance leases	**164**	–
Interest on lease liabilities	**49**	–
	401	354

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**–**	–
Macau Complementary Income Tax	**–**	6
	–	6
Deferred taxation	**–**	227
	–	233

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. However, the two-tiered profits tax rates regime is implemented from 1 April 2018 onwards. The profits tax rate for the first HK$2 million of profits of corporations is lower to 8.25 per cent. Profits above that amount is subject to the tax rate of 16.5%.

For the subsidiary registered in Macau, Macau Complementary Income Tax is calculated at 12% of the estimated assessable profit exceeding MOP600,000 for both periods.

8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Directors' emoluments	**3,355**	3,210
Other staff costs:		
— Salaries, allowances and other benefits	**14,909**	17,805
— Retirement benefits scheme contributions	**661**	746
	15,570	18,551
Total staff costs	**18,925**	21,761
Auditor's remuneration	**908**	908
Cost of inventories recognised as expenses	**5,480**	957
Depreciation of property, plant and equipment	**27,144**	24,091
Depreciation of right-of-use assets	**512**	–
Operating lease rentals in respect of rented premises	**2,348**	2,359

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) earnings for the purpose of basic (loss) earnings per share	**(6,046)**	195
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**864,000,000**	864,000,000

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

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

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Lease receivables from:		
— outsiders	**38,536**	42,228
— a subsidiary of a shareholder of the Company	**835**	1,314
— related companies	**2,311**	697
Less: Allowance for credit losses	**(6,524)**	(6,524)
	35,158	37,715
Trade receivables from contracts with customers	**2,584**	2,026
Less: Allowance for credit losses	**(191)**	(191)
	2,393	1,835
Other receivables	**1,429**	194
Deposits and prepayments	**3,110**	3,833
	42,090	43,577

The Group allows an average credit period of 0 to 75 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. Lease receivables and trade receivables that are neither past due nor impaired are due from creditworthy customers.

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 each reporting period:

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Within 30 days	**16,273**	10,341
31 to 60 days	**3,857**	12,538
61 to 90 days	**5,352**	4,759
91 to 180 days	**5,445**	6,108
Over 180 days	**6,624**	5,804
	37,551	39,550

11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Trade payables	**23,335**	33,438
Accrued expenses	**7,753**	7,604
Other payables	**21,478**	4,349
	52,566	45,391

As at 30 September 2019, included in other payables were HK$18,300,000, being consideration payable to a related party.

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

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Within 30 days	**9,149**	9,588
31 to 60 days	**6,656**	12,257
61 to 90 days	**2,526**	7,173
91 to 180 days	**2,776**	1,737
Over 180 days	**2,228**	2,683
	23,335	33,438

The credit period on trade payables is ranging from 0 to 180 days.

12. ISSUED CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised:		
Ordinary shares of HK$0.001 each		
At 31 March 2019 and 30 September 2019	**10,000,000,000**	10,000
Issued:		
At 31 March 2019 and 30 September 2019	**864,000,000**	864

13. LOANS FROM A RELATED COMPANY

	As at 30 September 2019 *HK$'000* (Unaudited)
Loans from:	
A company wholly-owned by Mr. Lau Pong Sing, the chairman and executive director, and Ms. Chan Kit Mui, Lina, the executive director of the Company	**4,306**
Analysis for reporting purpose as:	
— Current liabilities	–
— Non-current liabilities	**4,306**
	4,306

Note: The outstanding loans amounting to USD337,794 (equivalent to approximately HK$2.6 million) and USD217,794 (equivalent to approximately HK$1.7 million) are interest free, unsecured and repayable on October 2021 and August 2021 respectively. The loans were incurred due to acquisition of AP Rentals (Shanghai) Limited. The effective interest rate of these loans is 3.92% per annum.

14. ACQUISITION OF A SUBSIDIARY

On 20 September 2019, the Group acquired an 100% interest in AP Rentals (Shanghai) Limited. AP Rentals (Shanghai) Limited is principally engaged in the construction equipment rental services business in People's Republic of China since 2015.

The consideration of HK$18.3 million, which will be payable in cash within 7 business days after completion of the acquisition of AP Rentals (Shanghai) Limited in accordance with the terms and conditions of the equity transfer agreement dated 10 May 2019.

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis)

	HK$'000
Non-current assets	
Property, plant and equipment	19,319
Current assets	
Trade and other receivables	3,054
Cash and cash equivalents	1,235
Current liabilities	
Trade and other payables	(983)
Non-current liabilities	
Loans from a related company	(4,306)
Deferred tax liabilities	(1,096)
	17,223

Goodwill arising on acquisition (determined on a provisional basis)

	HK$'000
Consideration payable	18,300
Less: recognised amount of net identifiable assets acquired	(17,223)
Goodwill arising on acquisition	1,077

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

The fair value of the acquired identifiable assets is provisional pending receipt of the final valuation for those relevant assets. Deferred tax liabilities included approximately HK$981,000, which was provided in relation to the provisional fair value adjustments of property, plant and equipment arising from the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

The Group strives to serve our valuable customers better with the provision of the equipment rental-related solutions and value-added services. For the six months ended 30 September 2019 ("**1H2020**"), the Group recorded a loss and total comprehensive expenses amounted to approximately HK$6.0 million (for the six months ended 30 September 2018 ("**1H2019**"), profit amounted to approximately HK$0.2 million) due to:

(i) the decrease in leasing of machinery in Hong Kong and Macau by approximately 10.3% as compared to that of 1H2019, which is mainly the result of:

- the poor economic sentiment due to the trade war between US and People's Republic of China ("**PRC**");
- completion of large casino projects in Macau;
- the demand for the key project, the Third Runway of the Hong Kong International Airport (the "**Third Runway**"), being far below the expected due to the unexpected delay of its progress; and
- the above reasons thus leading to price competition and reduction in demand for leasing of machinery;

(ii) the decrease in operating service income of approximately 52.5% as compared to that of 1H2019 due to the shrinking in demand for operators upon the completion of that for various key projects in Hong Kong, including the Express Rail Hong Kong section (the "**Express Rail**") and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities (the "**HKZMB**"), and the shift of the Group's focus due to its inherent risk in employing and managing the operators;

(iii) net loss recorded in the book of our subsidiary in Singapore, AP Equipment Rentals (Singapore) Pte. Limited ("**AP Singapore**");

(iv) no commission income for provision of service to Kanamoto (HK) Co., Ltd. ("**Kanamoto HK**"), a wholly-owned subsidiary of one of our shareholders, Kanamoto Co., Ltd. in 1H2020 (1H2019: approximately HK$1.7 million); and

(v) the effects of the decrease in leasing of machinery in Hong Kong and Macau, the decrease in operating service income, the net loss recorded in the book of AP Singapore mentioned in paragraphs (i), (ii) and (iii) above, respectively, being partially offset by the effects of (i) the increase in sales of machinery and spare parts by around 242.2% as the Group sold more machines overseas; and (ii) the increase in gain on disposal of equipment.

However, the Group has always had our strategies for striving long term success. As such, in 1H2020, the Group has invested on new, advanced and specific machines in Hong Kong and Singapore, including generators for our newly introduced Automatic Power System ("**APS**") in the Smart System in Mobile Electricity ("**SSME**") and crawler cranes, amounting to approximately HK$32.7 million. On the other hand, we continued the disposal of under-performed and aged machines with their cost at book, amounting to approximately HK$10.2 million. Such measures will definitely improve our competitiveness in the market and can enable the Group to provide more value-adds to our customers. As a result, the Group needs not be heavily involved in the price war in the rental market. We should always be a solution-provider.

For 1H2020, the Group recorded revenue of approximately HK$67.1 million, representing a decrease of approximately 3.8% as compared to that of approximately HK$69.8 million for 1H2019. For 1H2020, the Group recorded gross profit of approximately HK$7.4 million, representing a decrease of approximately 40.5% as compared to that of approximately HK$12.5 million for 1H2019. The gross profit margin for 1H2020 was approximately 11.1% (1H2019: approximately 17.9%), representing a decrease of approximately 38.0% as compared to that for 1H2019. Please refer to the section headed "Financial Review" of this announcement for further details of the Group's performance in 1H2020.

Net loss attributable to owners of the Company was approximately HK$6.1 million in 1H2020, as compared to the net profit of approximately HK$0.2 million in 1H2019. This was primarily due to (i) the decrease in leasing income of machinery and other service income; (ii) decrease in operating service income; (iii) net loss recorded in the book of our subsidiary in Singapore, AP Singapore; and (iv) no commission income from Kanamoto HK in 1H2020 but their effects were partially offset by (i) increase in sales of machinery to overseas; and (ii) increase in gain on disposal of equipment. In short, the Group has recorded net loss in its businesses in Hong Kong and Singapore.

Basic (loss) earnings per share attributable to owners of the Company for 1H2020 was HK(0.7) cent (1H2019: HK0.02 cent).

BUSINESS OVERVIEW

During 1H2020, the overall market sentiment of the construction industry is not good after the completion of certain key projects, namely, the Express Rail and HKZMB. In the meantime, we are also affected by the delay in the progress of the Third Runway. However, we have increased our involvement in other key projects, namely Central Kowloon Route and the Kai Tak Sports Park. Nevertheless, the demand on leasing of construction equipment was overall still weak and price competition is intensive. Furthermore, the continuous trade war between the US and PRC and the recent social unrest in Hong Kong have significantly affected the economic sentiments in Hong Kong. In Macau, the overall demand on leasing and sales of construction equipment remained weak after the completion of some major casino projects in early 2019. In Singapore, we have conducted a change in our business model, which led to lower administrative expenses and a minor increase in revenues in 1H2020. However, the leasing price is still low, which led to negative gross profit margin of AP Singapore. Thus, there will have minor increase in revenue but net loss in AP Singapore. Despite the fact that the above negative factors have materially hit our business in Hong Kong, Macau and Singapore, our continuous investment in advanced equipment, generators with APS in the SSME, starts to provide some contributions to our leasing revenue, which has to some degree alleviate our pressure on price competition, which can prevent a further materially decline in our gross profit margin. The increasing demand in used construction equipment in Southeast Asian countries have significantly boosted up our sales in construction equipment in 1H2020. It also increased the disposal proceeds of used construction equipment in 1H2020.

OUTLOOK

The Hong Kong economy has been deteriorating since April 2018 and was further affected due to the recent social unrest in Hong Kong and the continuous Trade War between the US and PRC. The recent social unrest in Hong Kong has led to the loss of the event of the Hong Kong Formula E in 2020 and our Group has thus lost this business opportunity in early 2020 (we were the service provider of this event in past few years). In the event that phase one trade agreement between US and PRC is agreed and signed in late 2019, the trade tension might be released to a certain extent in early 2020. Thus, the economic and business outlooks of Hong Kong and PRC might be improved. With the continuous progress in certain key projects in Hong Kong, including the Kai Tak Sports Park, the Central Kowloon Route, and the Third Runway, the Group is expected to benefit from that in the coming years and our revenue lines in Hong Kong may improve gradually. For our business in Macau, the Group has provided more types of equipment for Macau's market and we expect that this can gradually improve our performance in Macau in the long run. For Singapore, we also expect some minor improvement in the revenue lines in early 2020 with our continuous sales effort being deployed.

On 20 September 2019, AP Rentals (China) Limited, an indirect wholly-owned subsidiary of the Company, has completed the acquisition of Ajax Pong (Shanghai) Limited. The English name of Ajax Pong (Shanghai) Limited was changed to AP Rentals (Shanghai) Limited. For details of the acquisition, please refer to the section headed "Material Acquisitions and Disposals of Subsidiaries and Associated Companies and Joint Ventures".

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, through AP Rentals (Shanghai) Limited, will also enable the Group to capitalize 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.

FINANCIAL REVIEW

Revenue

For 1H2020, the Group recorded a decrease in revenue of approximately HK$2.7 million, with the total revenue amounting to approximately HK$67.1 million for 1H2020, representing a decrease of approximately 3.8% as compared to that of approximately HK$69.8 million for 1H2019. The decrease in revenue mainly resulted from the decrease in all segments of business of the Group except for the sales of machinery and spare parts.

(i) Lease of machinery

During the period 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, Macau and Singapore, decreased to approximately HK$50.7 million in 1H2020 compared to that of approximately HK$56.1 million in 1H2019.

As mentioned above, the Group's rental business in Hong Kong and Macau continued to decline in 1H2020 due to the reasons mentioned in the section headed "Business Overview" above.

Rental income from rental services accounted for approximately 75.5% of the Group's total revenue for 1H2020 (1H2019: approximately 80.4%). The decrease of the above percentage was led by the increase in the sales of machinery and spare parts in 1H2020.

(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 1H2020, revenue from equipment operating services decreased by approximately 52.5% to approximately HK$2.9 million (1H2019: approximately HK$6.1 million), and accounted for approximately 4.3% of the Group's total revenue for 1H2020 (1H2019: approximately 8.7%). The decrease in operating service income for 1H2020 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 operators.

(iii) Other service income

The Group's other service income, which arises from rental arrangements including repair, maintenance and technical support services during the rental period, recorded a decrease and amounted to approximately HK$4.6 million for 1H2020 (1H2019: approximately HK$5.0 million). The Group's other service income accounted for approximately 6.9% of the Group's total revenue for 1H2020 (1H2019: approximately 7.2%).

(iv) Sales of machinery and spare parts

The revenue from sales of machinery and spare parts increased significantly by approximately 242.2% from approximately HK$2.6 million for 1H2019 to approximately HK$9.0 million for 1H2020 due to the increase of sales to overseas. The revenue from sales of machinery and spare parts accounted for approximately 13.4% of the Group's total revenue for 1H2020 (1H2019: approximately 3.8%).

Cost of Sales

The Group's cost of sales amounted to approximately HK$59.7 million for 1H2020, representing a period-on-period increase of approximately 4.1% (1H2019: approximately HK$57.4 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 85.8% of the Group's total cost of sales in 1H2020.

Among the four major items under cost of sales, the Group recorded a decrease of approximately 30.3% in machinery hiring expenses during the period under review, since more owned fleet were rented out to the customers and the decrease in the demand for leasing machines of construction companies in Hong Kong and Macau. Staff costs decreased by approximately 20.8% due to decrease in the demand for the Group's operators by the market, which led to the decrease in number of operators required. However, depreciation for plant and equipment increased by approximately 13.3% period-on-period mainly due to the increase in the investment on machinery despite the fact that the Group continued the disposal of aged and under-performed machines in 1H2020. Costs for machinery and parts increased by approximately 472.5% due to the increase in sales of machinery and spare parts in 1H2020.

Gross Profit and Gross Profit Margin

The Group's overall gross profit decreased by approximately 40.5% from approximately HK$12.5 million for 1H2019 to approximately HK$7.4 million for 1H2020 and the Group's gross profit margin recorded a decline to approximately 11.1% for 1H2020 (1H2019: approximately 17.9%). The decrease in gross profit margin was due to (i) the price competition on leasing of machines; (ii) decrease in demand for leasing machines due to delay in progress for Third Runway and completion of the key projects in Hong Kong and the completion of giant Casino Project in Macau as mentioned above; (iii) increase in depreciation due to continuous investments on advanced machines during 1H2020; and (iv) decrease in gross profit margin of sales of machinery and spare parts in 1H2020.

Other Income

The Group recorded other income amounting to approximately HK$1.2 million in 1H2020 (1H2019: approximately HK$2.9 million), which represented a decrease of approximately 59.6% from 1H2019. The decrease was due to the decrease in sundry income of approximately HK$1.7 million in 1H2020 when compared to 1H2019. The sundry income decreased for no commission income was recorded for provision of service to Kanamoto HK in 1H2020 (1H2019: approximately HK$1.7 million).

Other Gains and Losses

Other gains and losses amounted to approximately HK$3.1 million in 1H2020 (1H2019: approximately HK$3.0 million), representing an increase of approximately 1.4% over 1H2019.

Due to the increase of demand overseas for used machinery, the proceeds generated from the disposal of plant increased and a gain on disposal of plant and equipment of approximately HK$3.3 million was recorded in 1H2020 (1H2019: approximately HK$3.0 million). However, the Group recorded an exchange loss of approximately HK$0.2 million in 1H2020 while it was an exchange gain of approximately HK$0.01 million in 1H2019.

Administrative, Selling and Distribution Expenses

For 1H2020, administrative, selling and distribution expenses amounted to approximately HK$17.4 million (1H2019: approximately HK$17.7 million), representing a decrease of approximately 1.7% over 1H2019. The decrease in administrative expenses was mainly due to decrease in staff costs and compliance fee, notwithstanding that the professional fees increased due to the acquisition of AP Rentals (Shanghai) Limited (formerly known as Ajax Pong (Shanghai) Limited).

Finance Cost

Finance costs comprised interest on the Group's borrowings, which amounted to approximately HK$0.4 million for 1H2020 (1H2019: approximately HK$0.4 million).

Loss and Total Comprehensive Expenses for 1H2020

The Group recorded loss attributable to owners of the Company of approximately HK$6.1 million for 1H2020 (1H2019: a profit of approximately HK$0.2 million), representing a loss margin of approximately 9.0% (1H2019: a profit margin of approximately 0.3%). The loss attributable to owners of the Company in 1H2020 was mainly due to the decrease in revenue and gross profits margin, net loss incurred in AP Singapore and the decrease in sundry income as explained above.

Capital Expenditure

The Group's capital expenditures in 1H2020 primarily comprised expenditures on machinery and office equipment, amounting to a total of approximately HK$52.4 million (for the year ended 31 March 2019: approximately HK$92.5 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 99.3% of the total capital expenditure for 1H2020.

Liquidity and Financial Resources Review

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 30 September 2019, the Group had bank balances and cash equivalents of approximately HK$46.0 million (as at 31 March 2019: approximately HK$51.8 million) that were mainly denominated in Hong Kong Dollars, Japanese Yen, Macau Pataca ("**MOP**"), Singapore Dollars, United States Dollars and Chinese Yuan, and had borrowings of approximately HK$23.4 million (as at 31 March 2019: approximately HK$17.5 million) that were mainly denominated in Hong Kong Dollars and in Japanese Yen.

As at 30 September 2019, the Group had banking facilities of approximately HK$46.8 million (as at 31 March 2019: approximately HK$53.5 million), of which approximately HK$28.6 million (as at 31 March 2019: approximately HK$19.1 million) had been drawn down, and approximately HK$18.2 million (as at 31 March 2019: approximately HK$34.4 million) were unutilised.

As at 30 September 2019, the gearing ratio of the Group was approximately 4% (as at 31 March 2019: nil), which was calculated based on the net debt divided by total equity. Net debt is defined as the sum of the borrowings, loan from a related company, bank overdraft and lease liabilities, 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, Chinese Yuan 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 30 September 2019, the Group had no material contingent liabilities (as at 31 March 2019: Nil).

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

On 10 May 2019, AP Rentals (China) Limited ("**Purchaser**"), an indirect wholly-owned subsidiary of the Company and Ajax Pong Construction Equipment Limited ("**Vendor**") entered into an equity transfer agreement, pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, 100% equity interest in Ajax Pong (Shanghai) Limited (the "**Acquisition**").

The Vendor was indirectly 100%-owned by Mr. Lau Pong Sing, the chairman of the Board, an executive director of the Company and a controlling shareholder (as defined in the Listing Rules) of the Company (who, together with Ms. Chan Kit Mui, Lina, New Club House International Holdings Limited and Great Club House Holdings Limited, controlled the exercise of 75.0% voting rights in the general meeting of the Company). Therefore, the Vendor was a connected person of the Company and the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. For details of the acquisition, please refer to the circular of the Company dated 3 June 2019.

Completion of the Acquisition took place on 20 September 2019. The English name of Ajax Pong (Shanghai) Limited was changed to AP Rentals (Shanghai) Limited.

Significant Investments

As at 30 September 2019, the Group did not have any significant investments except the acquisition of AP Rentals (Shanghai) Limited (formerly known as Ajax Pong (Shanghai) Limited). The Group completed the acquisition of AP Rentals (Shanghai) Limited on 20 September 2019. During the period from 20 September 2019 to 30 September 2019, the financial impacts of AP Rentals (Shanghai) Limited was immaterial. The principal business of AP Rentals (Shanghai) Limited is provision of the construction equipment rental services in PRC. For further details of the acquisition, please refer to the section headed "Material Acquisitions and Disposals of Subsidiaries and Associated Companies and Joint Venture" above. For details on the consideration for the acquisition of AP Rentals (Shanghai) Limited, please refer to note 14 of condensed consolidated interim financial information above. For the investment strategies and future prospect of AP Rentals (Shanghai) Limited, please refer to the section headed "Outlook" above.

Capital Commitments

As at 30 September 2019, the Group had no capital commitments (as at 31 March 2019: Nil) to acquire plant and equipment for the Group.

Pledge of Assets

As at 30 September 2019, deposit placed for a life insurance policy of approximately HK$2.8 million (as at 31 March 2019: approximately HK$2.7 million), plant and machinery of approximately HK$5.9 million as at 30 September 2019 (as at 31 March 2019: approximately HK$8.7 million), and bank deposits of approximately HK$0.4 million (as at 31 March 2019: approximately HK$0.4 million) have been pledged to secure the Group's borrowings of approximately HK$0.9 million (as at 31 March 2019: approximately HK$2.5 million).

Segmental Information

Segmental information is presented for the Group as disclosed in note 3A and 3B to the condensed consolidated interim financial information above.

Human Resources and Employees' Remuneration

As at 30 September 2019, the Group had 117 employees (as at 31 March 2019: 115 employees), of which 109 employees were in Hong Kong (as at 31 March 2019: 106 employees), 4 employees were in Macau (as at 31 March 2019: 4 employees) and 4 employees were in Singapore (as at 31 March 2019: 5 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 1H2020 amounted to approximately HK$18.9 million (1H2019: approximately HK$21.8 million). The decrease in staff cost was mainly due to the decrease in headcount of operators, as explained in the section headed "Group Overview" above.

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 30 September 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.

In 1H2020, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules, save and except for the deviation from code provision A.2.1. The Board Diversity Policy is published on the website of the Company for public information.

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.

Corporate governance practices of the Company in 1H2020 are in line with those practices set out in the Corporate Governance Report in the Company's annual report for the year ended 31 March 2019.

Compliance with the Model Code for Securities Transactions

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "**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 complied with the required standard set out in the Model Code in 1H2020.

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

In 1H2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Review by audit committee

The unaudited interim results of the Group for 1H2020 and the corresponding accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the year ending 31 March 2020.

Publication of Interim Report

The interim report of the Company for 1H2020 containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.aprentalshk.com) in due course.

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

Hong Kong, 28 November 2019

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Lau Pong Sing and Ms. Chan Kit Mui, Lina, one Non-executive Director, namely Mr. Nakazawa Tomokatsu and three Independent Non-executive Directors, namely Mr. Ho Chung Tai, Raymond, Mr. Siu Chak Yu and Mr. Li Ping Chi.