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 2021

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2021	2020	
	HK$'000	*HK$'000*	*Change in %*
Revenue	**148,450**	145,787	1.8%
Gross profit	**18,487**	16,090	14.9%
Loss for the year	**(5,684)**	(19,679)	(71.1%)
Loss per share			
Basic (HK cents)	**(0.66)**	(2.28)	
Gross profit margin	**12.5%**	11.0%	
Loss margin	**(3.8%)**	(13.5%)	
Return on equity	**(2.6%)**	(8.9%)	

* *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 2021 together with comparative figures of 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	*4*		
Goods and services		**46,577**	44,096
Leasing of machinery		**101,873**	101,691
Total revenue		**148,450**	145,787
Cost of sales and services		**(129,963)**	(129,697)
Gross profit		**18,487**	16,090
Other income	*5*	**6,576**	2,508
Other gains and losses	*6*	**5,966**	4,965
Impairment loss recognised on property, plant and equipment		**(5,363)**	(2,525)
Reversal of (impairment losses) under expected credit loss model recognised on lease receivables and trade receivables, net		**1,516**	(5,600)
Administrative expenses		**(31,412)**	(34,845)
Selling and distribution expenses		**(483)**	(1,197)
Finance costs	*7*	**(1,823)**	(1,202)
Loss before tax		**(6,536)**	(21,806)
Income tax credit	*8*	**852**	2,127
Loss for the year	*9*	**(5,684)**	(19,679)
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,062**	(111)
Total comprehensive expense for the year		**(4,622)**	(19,790)
Loss per share — basic (HK cents)	*11*	**(0.66)**	(2.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current Assets			
Property, plant and equipment		**189,467**	234,643
Right-of-use assets		**5,663**	7,224
Deposits paid for acquisition of property, plant and equipment	*12*	**421**	421
Rental deposits	*12*	**650**	650
Deposit placed for a life insurance policy		**2,835**	2,760
Deferred tax assets		**138**	123
		199,174	245,821
Current Assets			
Inventories		**30,672**	25,311
Trade and other receivables, deposits and prepayments	*12*	**42,089**	43,462
Pledged bank deposit		**360**	360
Bank balances and cash		**38,394**	29,955
		111,515	99,088
Current Liabilities			
Trade and other payables and accrued charges	*13*	**31,158**	37,335
Contract liabilities		**10,583**	13,233
Receipts in advance		**655**	412
Tax liabilities		**2,225**	74
Borrowings — due within one year		**9,630**	23,164
Loans from a related company		**3,032**	–
Lease liabilities		**3,525**	2,907
		60,808	77,125
Net Current Assets		**50,707**	21,963
Total Assets less Current Liabilities		**249,881**	267,784

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Non-current Liabilities			
Trade payable	*13*	**7,029**	12,358
Deferred tax liabilities		**24,845**	25,901
Loans from a related company		**–**	4,393
Lease liabilities		**1,874**	4,377
		33,748	47,029
Net Assets		**216,133**	220,755
Capital and Reserves			
Issued capital	*14*	**864**	864
Reserves		**215,269**	219,891
Total Equity		**216,133**	220,755

NOTES:

1. GENERAL

AP Rentals Holdings Limited (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 806A, 8th Floor, Tower II, South Seas Centre, No. 75 Mody Road, Kowloon, Hong Kong.

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")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as "**the Group**") has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 17	Insurance Contracts and the related Amendments[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[4]

[1] Effective for annual periods beginning on or after 1 June 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 April 2021
[4] Effective for annual periods beginning on or after 1 January 2022
[5] Effective for annual periods beginning on or after 1 January 2023
[6] Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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.

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 HKFRS 16, 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

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 March 2021					
	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	**27,316**	**12,153**	**2,745**	**3,117**	**186**	**45,517**
Macau	**199**	**–**	**45**	**152**	**4**	**400**
People's Republic of China ("**PRC**")	**8**	**–**	**–**	**–**	**–**	**8**
Singapore	**–**	**624**	**–**	**28**	**–**	**652**
Total	**27,523**	**12,777**	**2,790**	**3,297**	**190**	**46,577**
Timing of revenue recognition						
A point in time	**27,523**	**–**	**2,790**	**3,297**	**–**	**33,610**
Over time	**–**	**12,777**	**–**	**–**	**190**	**12,967**
Total	**27,523**	**12,777**	**2,790**	**3,297**	**190**	**46,577**

	For the year ended 31 March 2020					
	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	27,555	7,430	2,478	4,417	843	42,723
Macau	24	–	49	308	–	381
PRC	15	–	–	–	–	15
Singapore	–	958	6	13	–	977
Total	27,594	8,388	2,533	4,738	843	44,096
Timing of revenue recognition						
A point in time	27,594	–	2,533	4,738	–	34,865
Over time	–	8,388	–	–	843	9,231
Total	27,594	8,388	2,533	4,738	843	44,096

Set out below is the reconciliation of the revenue from contracts with customers disclosed in the segment information with the total revenue disclosed in the consolidated statement of profit or loss and other comprehensive income.

	Segment revenue	
	2021	2020
	HK$'000	*HK$'000*
Lease related operating services and other services	**19,054**	16,502
Trading	**27,523**	27,594
Revenue from contracts with customers	**46,577**	44,096
Leasing of machinery	**101,873**	101,691
Total revenue	**148,450**	145,787

(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 accepted by the customer. The customer has full discretion over the usage of 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 30 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 and other geographical markets 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 normal credit term is 0 to 45 days upon invoice issued. The invoice is issued upon the completion of service.

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, 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 recognised 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 normal credit term is 0 to 45 days upon invoice issued. The invoice is issued upon the completion of service.

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.

(iii) Leases

	2021	2020
	HK$'000	*HK$'000*
For operating leases:		
Lease payments that are fixed	**101,873**	101,691

For the years ended 31 March 2021 and 2020, there is no contingent rental recognised.

(b) Segment information

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, 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 2021

	Leasing	**Trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
Segment revenue from external customers	**120,927**	**27,523**	**148,450**
Results			
Segment results	**15,228**	**2,966**	**18,194**
Unallocated income			**995**
Unallocated expenses			**(25,725)**
Consolidated loss before tax of the Group			**(6,536)**

For the year ended 31 March 2020

	Leasing *HK$'000*	Trading *HK$'000*	Total *HK$'000*
Revenue			
Segment revenue from external customers	118,193	27,594	145,787
Results			
Segment results	6,652	1,888	8,540
Unallocated income			209
Unallocated expenses			(30,555)
Consolidated loss before tax of the Group			(21,806)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3 to the audited financial statements for the year ended 31 March 2021. Segment results represent the profit earned by each segment without allocation of certain interest income and sundry income, exchange gain or loss, 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 2021

	Leasing ***HK$'000***	**Trading** ***HK$'000***	**Unallocated** ***HK$'000***	**Total** ***HK$'000***
Impairment loss recognised on property, plant and equipment	**5,363**	**–**	**–**	**5,363**
Reversal of impairment losses recognised on lease receivables and trade receivables, net	**1,017**	**499**	**–**	**1,516**
Depreciation of property, plant and equipment	**65,375**	**40**	**880**	**66,295**
Depreciation of right-of-use assets	**2,943**	**–**	**84**	**3,027**
Gain on disposal of property, plant and equipment	**5,385**	**–**	**–**	**5,385**

For the year ended 31 March 2020

	Leasing *HK$'000*	Trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Impairment loss recognised on property, plant and equipment	2,525	–	–	2,525
Impairment losses recognised on lease receivables and trade receivables, net	5,113	487	–	5,600
Depreciation of property, plant and equipment	55,854	12	1,380	57,246
Depreciation of right-of-use assets	1,382	–	81	1,463
Gain on disposal of property, plant and equipment	5,435	–	–	5,435

Geographical information

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

	2021 ***HK$'000***	2020 *HK$'000*
External revenue:		
Hong Kong	**140,184**	134,927
Macau	**5,842**	8,516
PRC	**617**	755
Singapore	**1,807**	1,589
	148,450	145,787

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

	2021 ***HK$'000***	2020 *HK$'000*
Non-current assets:		
Hong Kong	**179,719**	210,549
Macau	**2,895**	8,107
PRC	**9,370**	18,095
Singapore	**3,567**	5,537
	195,551	242,288

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

Information about major customers

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

	2021	2020
	HK$'000	*HK$'000*
Customer A	**28,275**	N/A *(Note)*

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income from:		
— bank deposits	**6**	147
— deposit placed for a life insurance policy	**94**	96
Storage income	**429**	1,712
Government grants *(Note)*	**5,677**	–
Sundry income	**370**	553
	6,576	2,508

Note: During the current year, the Group recognised government grants to HK$5,677,000 in respect of COVID-19-related subsidies, of which HK$5,198,000 relates to Employment Support Scheme provided by the Hong Kong government.

6. OTHER GAINS AND LOSSES

	2021	2020
	HK$'000	*HK$'000*
Exchange gain (loss), net	**581**	(470)
Gain on disposal of property, plant and equipment	**5,385**	5,435
	5,966	4,965

7. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on borrowings	**734**	975
Interest on trade payables	**657**	–
Interest on lease liabilities	**255**	140
Imputed interest on loans from a related company	**177**	87
	1,823	1,202

8. INCOME TAX CREDIT

	2021	2020
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**219**	–
Deferred tax	**(1,071)**	(2,127)
	(852)	(2,127)

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 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2021.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for the year ended 31 March 2020.

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. No provision for Macau Complementary Income Tax had been made as it had no assessable profits for the current year.

For subsidiary registered in the PRC, under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

For the subsidiary registered in Singapore which is subject to Singapore income tax at 17% (2020: 17%). No provision for Singapore income tax had been made as it had no assessable profits for both years.

9. LOSS FOR THE YEAR

	2021 *HK$'000*	2020 *HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**1,630**	1,905
Cost of inventories recognised as expenses	**20,054**	17,868
Depreciation of property, plant and equipment	**66,295**	57,246
Depreciation of right-of-use assets	**3,027**	1,463
Write-down of inventories	**–**	536
Staff costs:		
Directors' emoluments	**6,746**	6,746
Other staff costs:		
— Salaries, allowances and other benefits	**37,755**	33,224
— Retirement benefits scheme contributions	**1,432**	1,402
	39,187	34,626
Total staff costs	**45,933**	41,375

Note: The Group has established the MPF Scheme for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions recognised in profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 (2020: HK$30,000) per month.

The eligible employees of the Company's subsidiaries in the Macau, the PRC and Singapore are members of pension schemes operated respective local governments. The subsidiary in Macau is required to contribute MOP60 for every employee per month. The subsidiary in the PRC is required to contribute a certain percentage ranging from 0.2% to 14% of the relevant cost of the payroll of these employees to the pension schemes to fund the benefits. The subsidiary in Singapore is required to contribute 16% of the employee's monthly gross salary. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contribution under the schemes.

The total costs charged to profit or loss for the year of HK$1,504,000 (2020: HK$1,474,000), comprised HK$72,000 and HK$1,432,000 (2020: HK$72,000 and HK$1,402,000) in directors' emoluments and other staff costs respectively, and represented contributions paid or payable to the schemes by the Group in respect of the current year. At the end of the reporting period, there were no forfeited contributions available to reduce future obligations.

10. DIVIDEND

No dividend were paid and proposed for the year ended 31 March 2021 and 2020.

11. LOSS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(5,684)**	(19,679)
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	**864,000**	864,000

Note: The calculations of the basic loss per share for both years are based on the loss attributable to owners of the Company using the number of shares in issue during the year.

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

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Lease receivables from:		
— outsiders	**43,906**	42,436
— a subsidiary of a shareholder of the Company	**–**	768
— a related company	**212**	429
Less: Allowance for credit losses	**(10,620)**	(11,637)
	33,498	31,996
Trade receivables from contracts with customers	**3,331**	5,161
Less: Allowance for credit losses	**(179)**	(678)
	3,152	4,483
Other receivables	**98**	50
Value added tax recoverable	**1,260**	1,169
Rental deposits paid	**650**	1,052
Other deposits and prepayments	**4,502**	5,783
	43,160	44,533
Analysed as:		
Current	**42,089**	43,462
Non-current — deposits paid for acquisition of property, plant and equipment	**421**	421
Non-current — rental deposits	**650**	650
	43,160	44,533

As at 1 April 2019, trade receivables from contracts with customers amounted to HK$2,026,000.

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:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**13,567**	8,656
31 to 60 days	**12,295**	14,792
61 to 90 days	**4,038**	2,506
91 to 180 days	**6,222**	6,318
Over 180 days	**528**	4,207
	36,650	36,479

During both years, the normal credit term of the lease receivables is 0 to 30 days upon invoice issued and the normal credit term of the trade receivables is 60 to 90 days upon invoice issued.

As at 31 March 2021, included in the Group's lease receivables and trade receivables balances were debtors with aggregate carrying amount of HK$29,037,000 (2020: HK$28,552,000) which were past due at the end of the reporting period. Out of the past due balances as at 31 March 2021, HK$10,244,000 (2020: HK$9,320,000) has been past due 90 days or more and are not considered as in default as debtors normally will settle the outstanding balances after 90 days overdue with reference to the debtors settlement pattern. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2021	2020
	HK$'000	*HK$'000*
Trade payables *(Note a)*	**25,526**	37,177
Accrued expenses *(Note b)*	**10,468**	9,560
Other payables *(Note c)*	**2,193**	2,956
	38,187	49,693
Analysed as:		
Current	**31,158**	37,335
Non-current		
— trade payable to a shareholder of the Company	**7,029**	–
— trade payable to a subsidiary of a shareholder of the Company	**–**	12,358
	38,187	49,693

Notes:

(a) As at 31 March 2021, included in trade payables is HK$14,438,000 (2020: HK$21,669,000) payable to a shareholder of the Company (2020: a subsidiary of a shareholder of the Company). Except for a trade payable of HK$14,438,000 (2020: HK$18,475,000), carrying on an interest rate of 3.6% per annum and payable by 36 and 32 monthly instalments (2020: 36 monthly instalments) from 25 March 2020 and 25 June 2020 respectively, other trade payables are under normal credit term granted by suppliers. The credit period on trade payables is ranging from 0 to 180 days (2020: 0 to 180 days).

(b) As at 31 March 2021, included in accrued expenses are mainly accrued staff costs of HK$5,205,000 (2020: HK$5,047,000).

(c) As at 31 March 2021 and 2020, included in other payables are mainly professional fee payable, insurance payable and other utility payable.

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

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**4,651**	20,818
31 to 60 days	**1,298**	5,045
61 to 90 days	**98**	499
91 to 180 days	**3,597**	9,505
Over 180 days	**15,882**	1,310
	25,526	37,177

14. ISSUED CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	10,000,000,000	10,000
Issued:		
At 1 April 2019, 31 March 2020 and 31 March 2021	864,000,000	864

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 year ended 31 March 2021 ("**FY2021**"), the Group recorded a loss of approximately HK$5.7 million when comparing to the loss amounting to approximately HK$19.7 million for the year ended 31 March 2020 ("**FY2020**"). The reduction in loss was mainly due to the net effect of:

1. impairment loss recognised on property, plant and equipment in the wholly-owned subsidiary of the Company, 亞積邦建設工程機械(上海)有限公司 AP Rentals (Shanghai) Limited*, ("**AP Shanghai**"), since the leasing prices of leasing machines in the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the PRC ("**Macau**") and Taiwan for the purpose of this announcement) ("**PRC**") declined due to the outbreak of the COVID-19. As such, an impairment amounting to the equivalent of approximately HK$3.8 million was made;

2. reversal of impairment losses under expected credit loss model recognised on receivables for the Group in FY2021 amounting to approximately HK$1.5 million was recorded, when comparing to the addition of impairment losses under expected credit loss model recognised on receivables for the Group in FY2020 amounting to approximately HK$5.6 million because the expected credit loss of the Group decreased;

3. reduction in administrative expenses amounting to approximately HK$3.4 million due to stringent control on expenses within the Group;

4. increase in gross profit in FY2021 amounting to approximately HK$2.4 million was recorded when comparing with the gross profit in FY2020 amounting to approximately HK$16.1 million, which was mainly due to the significant decrease in machinery hiring expenses in FY2021; and

5. the receiving of government subsidies amounting to the equivalent of approximately HK$5.7 million, which represent the wage subsidies provided by the governments of Hong Kong, Macau and Singapore, for supporting the employment and helping business tide over financial difficulties due to the COVID-19 pandemic.

For FY2021, the Group recorded revenue of approximately HK$148.5 million, representing an increase of approximately 1.8% as compared to that of approximately HK$145.8 million for FY2020. For FY2021, the Group recorded gross profit of approximately HK$18.5 million, representing an increase of approximately 14.9% as compared to that of approximately HK$16.1 million for FY2020. The gross profit margin for FY2021 increased to approximately 12.5% (FY2020: approximately 11.0%). Please refer to the section headed "Financial Review" of this announcement for further details of the Group's performance in FY2021.

* *For identification purposes only*

Loss attributable to owners of the Company was approximately HK$5.7 million in FY2021 (FY2020: approximately HK$19.7 million).

Basic loss per share attributable to owners of the Company for FY2021 was HK(0.66) cent (FY2020: HK(2.28) cents).

BUSINESS OVERVIEW

During FY2021, the demands from the third runway and the improvement works of the Hong Kong International Airport (the "**Third Runway & Improvements**") and the Kai Tak Sports Park (the "**KTS Park**") were the main sources of leasing income. However, the overall market sentiment of the construction industry in Hong Kong was still poor, especially on those construction work related to private sector, which led to continuous price competition in construction and its related businesses, especially after the outbreak of COVID-19. The COVID-19 pandemic has also affected the operating days of the work sites of our customers, which had inevitably affected our leasing income in FY2021. Other than our main market, namely the construction industry, the Group also lost its leasing revenue in a minor market, namely the event business, due to the COVID-19 pandemic. Nevertheless, the Group has tried its best to sidestep such difficulties by increasing our leasing income from markets other than the construction industry and the event business although its financial effect was not material in FY2021. For the generator business with Automatic Power System ("**APS**") in the Smart System in Mobile Electricity ("**SSME**"), it has continuously contributed to more revenues and profit to the Group in FY2021. For the operating service income, the Group has provided more operators so as to promote the leasing of the products, namely, the spider crane, excavator and crane, which led to great increase in the income generated from equipment operating service in FY2021.

For the trading business and disposal of leasing machines, the Group still maintained the revenues by selling and disposing more of its machines in Hong Kong than overseas because of the global lockdowns, especially in Asia region.

For Macau, the COVID-19 pandemic has also hit its economy seriously and so the revenue of AP Equipment Leasing and Engineering Limited ("**AP Macau**") decreased a lot when compared to that of FY2020.

For Singapore, due to the COVID-19, there was lockdown from April 2020 and the lockdown related to the construction industry has been uplifted on 1st August 2020 but the shortage of labour in most construction sites in Singapore (due to the COVID-19 pandemic) has led to the closure of most of the construction sites in August 2020. As such, AP Equipment Rentals (Singapore) Pte. Limited ("**AP Singapore**") recorded no income from July 2020 up to August 2020. However, the demands started to pick up from September 2020 and reached its peak in March 2021.

For the PRC, despite the fact that its economy seemed to have gradually recovered from the COVID-19 pandemic in FY2021, the demand on leasing of construction machines was still weak and there was keen price competition. The COVID-19 led to the acute shortage of labour and disruption of upstream material supplier in the construction industry. Most of the construction projects were delayed and the cost in the construction soared up. As a result, the demands on leasing machines declined and the rental price of construction machines declined. As such, AP Shanghai had to lower the leasing prices of its leasing machines so as to increase its competitiveness in the market.

For details, please refer to the section headed "Financial Review" of this announcement.

PROSPECT

Currently, the economy recovery is quite slow in Asian countries, such as India and Malaysia. The COVID-19 pandemic will still affect our machinery trading and disposal activities in Asian countries in the year ending 31 March 2022 (the "**FY2022**"). Nevertheless, the Group expects that our leasing related services would be gradually improved in FY2022. Obviously, the Group would devote more effort in developing the application of advanced technology into our business model in the coming months so as to improve our competitiveness and profitability.

In Hong Kong, our leasing business will still be focusing on our SSME business and the demands in key projects, namely, the Third Runway & Improvements and the KTS Park. The Group expects that there should be a further increase in leasing demand in these two key projects in FY2022. In addition, leasing demands is also expected to increase in the Central Kowloon Route (a highway project under constructing that runs through the Kowloon Peninsula, which is largely underground) (the "**Central Kowloon Route**"). For machinery sales, there are still orders to be delivered in FY2022 for the Central Kowloon Route and the Group will also increase the machinery sales and disposal of machinery overseas in FY2022 when the lockdown in Asian countries is further uplifted in FY2022.

In Macau, the PRC government has relaxed some of its control over its people in visiting Macau in late September 2020. However, the effect seemed to be limited. The Group expects that the leasing demand in Macau might not have improvement till 30 September 2021.

In the PRC, the COVID-19 pandemic still affected our business, especially in Guangdong province, which has affected our business in the first quarter of FY2022. However, the Group expects that the economy of the PRC will continue to improve in FY2022 and the demand from the construction of new infrastructures such as 5G networks and data centres will create demands for construction machinery. With the reduction of the our leasing price of our rental machines, the Group expects to have some degrees of improvement on the leasing income in AP Shanghai in latter months of FY2022. On the other hand, AP Shanghai will still consider any chance 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.

For Singapore, the economy is picking up due to the relief from the COVID-19 pandemic. Leasing demand has improved in second half of FY2021. Therefore, the Group will try its best to increase the leasing and machinery trading revenues in FY2022.

FINANCIAL REVIEW

Revenue

For FY2021, the Group recorded an increase in revenue of approximately HK$2.7 million, with the total revenue amounting to approximately HK$148.5 million for FY2021, representing an increase of approximately 1.8% as compared to that of approximately HK$145.8 million for FY2020. The increase in revenue mainly resulted from the increase in revenue in all segments of business of the Group except for the sales of machinery and provision of other services income.

(i) Lease of machinery

During the period under review, the Group's leasing income from rental services, which involved the rental of construction, electrical and mechanical engineering and event and entertainment equipment in Hong Kong, Macau, PRC and Singapore, slightly increased to approximately HK$101.9 million in FY2021 as compared to that of approximately HK$101.7 million in FY2020.

As mentioned above, the Group's rental business in Hong Kong improved in FY2021 due to the reasons mentioned in the section headed "Business Overview" above.

Rental income of machinery accounted for approximately 68.6% of the Group's total revenue for FY2021 (FY2020: approximately 69.8%). The decrease of the above percentage was due to the increase in the equipment operating services.

(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 FY2021, revenue from equipment operating services increased by approximately 52.3% to approximately HK$12.8 million (FY2020: approximately HK$8.4 million), and accounted for approximately 8.6% of the Group's total revenue for FY2021 (FY2020: approximately 5.8%). The increase in operating service income for FY2021 was attributable to the fact that the Group needed to increase the leasing income of certain products, namely spider crane, crane and excavator. The provision of operators could help the Group to maintain the leasing income from these products and thus the operating service income increased sharply when compared to that of FY2020.

(iii) Other service income

The Group's other service income, which arises from rental arrangements including repair, maintenance, transportation and technical support services during the rental period, recorded a decrease amounting to approximately HK$6.3 million for FY2021 (FY2020: approximately HK$8.1 million). The Group's other service income accounted for approximately 4.2% of the Group's total revenue for FY2021(FY2020: approximately 5.6%). The decrease mainly came from the decrease in transportation service of approximately HK$1.4 million, which was partly caused by the tumbling of demands from event business due to the COVID-19 pandemic.

(iv) Sales of machinery and spare parts

The revenue from sales of machinery and spare parts decreased slightly by approximately 0.3% from approximately HK$27.6 million for FY2020 to approximately HK$27.5 million for FY2021 due to the net effect of (i) the decrease in sales of machinery due to delay of delivery so as to cope with customer's working schedule (as requested by a customer); (ii) a discount allowance given for machinery sale; and (iii) an increase in sales of spare parts.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK$130.0 million for FY2021, representing a period-on-period increase of approximately 0.2% (FY2020: approximately HK$129.7 million). Cost of sales and services 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.

The cooperation agreement entered among AP Rentals Limited ("**APR**") (an indirectly wholly-owned subsidiary of the Company), 株式会社カナモト(Kanamoto Co., Ltd.*) ("**Kanamoto Japan**"), a shareholder of the Company and strategic partner of the Group, and Kanamoto (HK) Co., Limited ("**Kanamoto HK**"), a wholly-owned subsidiary of Kanamoto Japan, on 19 June 2015 has been terminated on 18 June 2020. The Group has invested on machines for leasing purpose and also increased the utilization rate of its machinery for leasing. As a result, in FY2021, approximately 97.3% of the leasing income of the Group was generated by the machines owned by the Group.

As such, the Group recorded a decrease of approximately HK$16.5 million in machinery hiring expenses during the period under review when compared to that of FY2020. Nevertheless, the Group has also increased its investment on machines and transferred its trading stock of machinery, which would be used for leasing purpose, amounting to approximately HK$26.2 million in FY2021. So the depreciation cost under the cost of sales and services in FY2021 also increased by approximately HK$11.0 million. Staff costs under the cost of sales and services increased by approximately HK$3.2 million due to the promotion of leasing machines, namely crane, spider crane and excavator, which led to the increase in number of operators required. Costs for machinery and parts increased by approximately 12.2% due to the increase of cost of machinery in FY2021.

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by approximately 14.9% from approximately HK$16.1 million for FY2020 to approximately HK$18.5 million for FY2021 and the Group's gross profit margin increased to approximately 12.5% for FY2021 (FY2020: approximately 11.0%).

Other Income

The Group recorded other income amounting to approximately HK$6.6 million in FY2021 (FY2020: approximately HK$2.5 million), which represented an increase of approximately 162.2% from FY2020. The net increase was due to the receiving of government subsidies amounting to the equivalent of approximately HK$5.7 million, which represent the wage subsidies provided by the governments of Hong Kong, Macau and Singapore for supporting the employment and helping business tide over financial difficulties due to the COVID-19 pandemic. However, the storage income decreased by approximately HK$1.3 million in FY2021.

Other Gains and Losses

Other gains and losses amounted to approximately HK$6.0 million in FY2021 (FY2020: approximately HK$5.0 million), representing an increase of approximately 20.2% over FY2020. The Group recorded an exchange gain of approximately HK$0.6 million in FY2021 while there was an exchange loss of approximately HK$0.5 million in FY2020.

A gain on disposal of property, plant and equipment of approximately HK$5.4 million was recorded in FY2021 (FY2020: approximately HK$5.4 million).

Reversal of Impairment Losses under Expected Credit Loss Model Recognised on Lease Receivables and Trade Receivables, Net and the Impairment Loss Recognised on Property, Plant and Equipment

As at 31 March 2020, the Group has made impairment losses under expected credit loss model recognised on lease receivables and trade receivables, net of approximately HK$5.6 million due to the outbreak of the COVID-19. However, in FY2021, the receivables of the Group has been improved and the expected default risk has decreased materially. As such, reversal of impairment losses under expected credit loss model amounting to approximately HK$1.5 million were booked in FY2021.

On the other hand, the Group has recognised an impairment loss on property, plant and equipment amounting to approximately HK$5.4 million, of which approximately HK$3.8 million was made for AP Shanghai due to the decline of leasing prices of the leasing machines in the PRC. Impairment losses on property, plant and equipment amounting to approximately HK$0.7 million and approximately HK$0.9 million were made for AP Singapore and APR respectively, which was caused by the COVID-19 pandemic that led to decrease in the market value of some leasing equipment.

Administrative Expenses

For FY2021, administrative expenses amounted to approximately HK$31.4 million (FY2020: approximately HK$34.8 million), representing a decrease of approximately 9.9% over FY2020. The decrease in administrative expenses was mainly due to the stringent control on the administrative expenses of the Group, especially in AP Singapore.

Selling and Distribution Expenses

For FY2021, selling and distribution expenses amounted to approximately HK$0.5 million (FY2020: approximately HK$1.2 million). The decrease was mainly due to (i) decrease in carriage outwards expenses as the Group used its trucks instead of using its vendors' trucks; and (ii) decrease in marketing and promotional expenses.

Finance Costs

Finance costs comprised interest on the Group's borrowings and trade payables to Kanamoto HK, which amounted to approximately HK$1.8 million (FY2020: approximately HK1.2 million). The trade payables to Kanamoto HK carried an interest rate of 3.6% per annum and payable by 36 and 32 monthly instalments from 25 March 2020 and 25 June 2020 respectively, which amounted to approximately HK$0.7 million for FY2021 (FY2020: nil). The increase in interest was mainly due to the interest paid for the trade payables to Kanamoto HK, which was incurred in buying the leasing machines from Kanamoto HK in March and June 2020.

Loss and Total Comprehensive Expenses for FY2021

The Group recorded loss attributable to owners of the Company of approximately HK$5.7 million for FY2021 (FY2020: approximately HK$19.7 million), representing a loss margin of approximately 3.8% (FY2020: approximately 13.5%). The loss attributable to owners of the Company in FY2021 was mainly due to the recognition of the impairment loss on property, plant and equipment as explained above. The total comprehensive expenses for FY2021 was approximately HK$4.6 million (FY2020: approximately HK$19.8 million). The exchange differences arising from translation of foreign operations was approximately HK$1.1 million in FY2021 (FY2020: approximately HK$(0.1) million). The increase was due to the appreciation of Chinese Yuan.

Capital Expenditure

The Group's capital expenditures in FY2021 primarily comprised expenditures on machinery, vehicle, leasehold improvement and office equipment, amounting to a total of approximately HK$24.8 million (for the year ended 31 March 2020: approximately HK$69.6 million). The vast majority of the capital expenditures were used to fund the expansion of the Group's owned leasing fleet, which accounted for approximately 94.5% of the total capital expenditure for FY2021.

Liquidity and Financial Resources Review

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 31 March 2021, the Group had bank balances and cash equivalents of approximately HK$38.4 million (as at 31 March 2020: approximately HK$30.0 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$9.6 million (as at 31 March 2020: approximately HK$23.2 million) that were mainly denominated in Hong Kong Dollars and in United States Dollars.

As at 31 March 2021, the Group had banking facilities of approximately HK$43.9 million (as at 31 March 2020: approximately HK$55.7 million), of which approximately HK$23.4 million (as at 31 March 2020: approximately HK$35.0 million) had been drawn down, and approximately HK$20.5 million (as at 31 March 2020: approximately HK$20.7 million) were unutilised.

As at 31 March 2021, the gearing ratio of the Group was nil (as at 31 March 2020: approximately 10.6%), which was calculated based on the net debt divided by total equity. Net debt is defined as the sum of the interest bearing liabilities, which include borrowings, loan from a related company, bank overdraft, lease liabilities and trade payables carrying on an interest rate of 3.6% per annum, 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, Chinese Yuan 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 31 March 2021, the Group had no material contingent liabilities.

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

There were no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during FY2021.

Significant Investments

As at 31 March 2021, the Group did not have any significant investments.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As at 31 March 2021, the Group had capital commitments of approximately HK$1.8 million (as at 31 March 2020: approximately HK$1.0 million) to acquire leasing equipment for the Group.

The acquisition of leasing equipment will be funded by the Group's internal resources and the banking facilities.

Pledge of Assets

As at 31 March 2021, deposit placed for a life insurance policy of approximately HK$2.8 million (as at 31 March 2020: approximately HK$2.8 million), leasing machinery of approximately HK$8.6 million as at 31 March 2021 (as at 31 March 2020: approximately HK$10.3 million), and bank deposits of approximately HK$0.4 million (as at 31 March 2020: approximately HK$0.4 million) have been pledged to secure the Group's borrowings of approximately HK$9.6 million (as at 31 March 2020: approximately HK$23.1 million).

Segmental Information

Segmental information is presented for the Group as disclosed in note 4(a) and 4(b) of this announcement.

Human Resources and Employees' Remuneration

As at 31 March 2021, the Group had 116 employees (as at 31 March 2020: 120 employees), of which 106 employees were in Hong Kong (as at 31 March 2020: 112 employees), 4 employees were in Macau (as at 31 March 2020: 4 employees), 3 employees were in Singapore (as at 31 March 2020: 4 employees) and 3 employees were in PRC (as at 31 March 2020: nil). Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also provides medical insurance, 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 FY2021 amounted to approximately HK$45.9 million (FY2020: approximately HK$41.4 million). The increase in staff cost was mainly due to the increase in headcount of operators, as explained in the section headed "Financial Review" above, and annual salary review.

The Group's technical staff attend seminars jointly conducted by manufacturers and the Group to acquire product knowledge to ensure that 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 2021, 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 to 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 2021, 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 internal controls assessment, enterprise risk management and corporate governance advising services. A review on the Company's corporate governance practices was conducted by the Consultant for FY2021, and the Company has been improving 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 2021, 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 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 (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 FY2021.

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

In FY2021, 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 2021 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 2021 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 2021.

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 26 August 2021, the register of members of the Company will be closed from 20 August 2021 to 26 August 2021 (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 19 August 2021.

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 2021 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, 29 June 2021

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.