



HING MING HOLDINGS LIMITED
興銘控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8425

2017

FIRST QUARTERLY REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors of Hing Ming Holdings Limited (the “**Company**” and the “**Directors**”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 June 2017 together with the unaudited comparative figures for the corresponding period in 2016. The information should be read in conjunction with the prospectus of the Company dated 28 February 2017 (the “**Prospectus**”). Capitalised terms used in this report shall have the same respective meanings as those defined in the Prospectus unless otherwise stated.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017

		Three months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
	<i>Notes</i>		
Revenue	3	13,774	11,466
Cost of sales and services rendered		(7,667)	(5,070)
Gross profit		6,107	6,396
Other income		279	11
Administrative expenses		(2,862)	(1,478)
Listing expenses		–	(3,301)
Finance costs		(198)	(107)
Profit before income tax expense	4	3,326	1,521
Income tax expense	5	(382)	(693)
Profit and total comprehensive income for the period attributable to owners of the Company		2,944	828
Earnings per share			
— Basic and diluted	7	HK0.74 cent	HK0.28 cent

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve and retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2017 (audited)	4,000	63,824	30,018	97,842
Profit and total comprehensive income for the period	–	–	2,944	2,944
At 30 June 2017 (unaudited)	4,000	63,824	32,962	100,786
At 31 March 2016 (audited)	6,000	–	21,206	27,206
Profit and total comprehensive income for the period	–	–	828	828
At 30 June 2016 (unaudited)	6,000	–	22,034	28,034

NOTES

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April 2016. The issued shares of the Company (the “**Shares**”) were initially listed on GEM of the Stock Exchange (the “**Listing**”) on 15 March 2017. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 31/F., 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in trading, installation and renting of suspended working platforms and other construction equipment.

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Hing Gut Limited (“**Hing Gut**”), a company incorporated in the British Virgin Islands.

Pursuant to a group reorganisation (the “**Reorganisation**”) to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the Prospectus.

2. BASIS OF PRESENTATION AND PREPARATION

As a result of the Reorganisation mentioned above, the Group is regarded as a continuing entity resulting from the Reorganisation since management of the entities comprising the Group which took part in the Reorganisation remained the same before and after the Reorganisation. Thus, there was a continuation of the risks and benefits to the controlling shareholders that existed prior to the Reorganisation.

All intra-group transactions and balances have been eliminated.

The unaudited consolidated financial statements of the Group for the three months ended 30 June 2017 (the “**Unaudited Consolidated Financial Statements**”) have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Unaudited Consolidated Financial Statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2017.

The HKICPA has issued a number of new and revised HKFRSs. For those which are relevant to the Group’s operations and effective for its accounting period beginning 1 April 2017, the adoption has no significant changes on the Group’s accounting policies as well as the presentation, the reported results and the financial position of the Group for the current or prior accounting periods.

2. BASIS OF PRESENTATION AND PREPARATION (CONTINUED)

The Group has not applied the new and revised HKFRSs which have been issued but are not yet effective. The Group is currently in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether they would have a material impact on the Group's results and financial position.

The Unaudited Consolidated Financial Statements have been prepared under the historical cost basis.

The preparation of the unaudited consolidated financial statements in conformity with the HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements for the three months ended 30 June 2017 have not been audited by the Company's independent auditor, but have been reviewed by the audit committee of the Board (the "Audit Committee").

The Unaudited Consolidated Financial Statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Group, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. REVENUE

Revenue, which is also the Group's turnover, represents income received and receivable from rental and related services and trading of equipment and spare parts during the three months ended 30 June 2017 and is summarised as follows:

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Rental and related services	10,346	9,911
Trading of equipment and spare parts	3,428	1,555
Total	13,774	11,466

4. PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	138	–
Cost of inventories sold and material consumed	2,482	1,566
Write-off of trade receivables	–	38
Exchange loss/(gain), net	27	(4)
Depreciation of property, plant and equipment	851	596
Write-off of property, plant and equipment	3	–
Minimum lease payments under operating lease		
— storage and repairing workshop	304	296
Staff costs (including Directors' remuneration)		
— Salaries, wages and other benefits	4,520	2,823
— Retirement costs	138	192

5. INCOME TAX EXPENSE

The income tax expense in the unaudited consolidated statement of profit or loss and other comprehensive income represents:

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Current tax		
— Hong Kong profits tax	650	727
Deferred tax	(268)	(34)
Income tax expense	382	693

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands.

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the three months ended 30 June 2017.

6. DIVIDEND

The Board does not declare the payment of any dividend for the three months ended 30 June 2017 (2016: Nil).

7. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	2,944	828
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>Note</i>)	400,000	300,000
Basic earnings per share	HK0.74 cent	HK0.28 cent

Note:

For the three months ended 30 June 2016, the calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$828,000, and on the basis of 300,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue as if these shares issued under the Reorganisation had been issued on 1 April 2016 but excluding any shares issued pursuant to the Share Offer.

Diluted earnings per share was the same as the basic earnings per share for the three months ended 30 June 2017 and 2016 as there were no dilutive potential ordinary shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Our Group is principally engaged in (i) providing rental services of temporary suspended working platforms and other equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope.

Our Group has been providing temporary suspended working platforms to our customers for housing construction or repair and refurbishment purposes. We source motors and other temporary suspended working platform components separately from our suppliers, and we assemble the platforms in our storage and repairing workshop located in Pat Heung, Hong Kong. Apart from temporary suspended working platforms, our Group also offers tower crane and generator rental services to our customers for housing construction purpose.

Our Group believes that housing construction will continue to drive the demand of our machinery in future. Given that the number of applications for public housing has been increasing in recent years in Hong Kong and reached 300,000 cases recently, the Hong Kong government and related departments are trying to find more locations to build public housing estates in order to cater for the huge demands. In the 2016 Policy Address of Hong Kong, the former Chief Executive Mr. Leung Chun-Ying announced that about 97,100 public housing units would be produced over the next five years and expected that about 87,000 units of first-hand residential property would be available in the coming three to four years. In view of the above, we are confident that the demand for our temporary suspended working platforms and tower cranes will remain strong in the years to come.

FINANCIAL REVIEW

Revenue

Our Group recorded an increase in revenue for the three months ended 30 June 2017, which went up by approximately 20.1% to approximately HK\$13.8 million as compared with revenue of approximately HK\$11.5 million for the three months ended 30 June 2016. The increase was mainly attributable to the additional revenue recognised from the sales of the jointly-owned tower crane and the rental income from tower cranes.

Cost of sales and services rendered

Our Group's cost of sales and services rendered amounted to approximately HK\$7.7 million for the three months ended 30 June 2017, representing an increase of approximately 51.2% (2016: approximately HK\$5.1 million). Cost of sales and services rendered mainly represents the cost of inventories sold and materials consumed, staff costs, rental of equipment and depreciation. The increase was mainly driven by the result of the increase in revenue for the three months ended 30 June 2017 as well as the increase in staff bonuses paid.

Gross profit and gross profit margin

Our Group's gross profit decreased by approximately 4.5% from approximately HK\$6.4 million for the three months ended 30 June 2016 to approximately HK\$6.1 million for the three months ended 30 June 2017, with gross profit margin at approximately 44.3% (2016: approximately 55.8%). The decrease in gross profit margin was mainly due to the sale of the used jointly-owned tower crane at a slight loss, and the increase in staff bonuses paid.

Other incomes

Our Group recognised other incomes of approximately HK\$11,000 and approximately HK\$0.28 million for the three months ended 30 June 2016 and 2017, respectively. The increase was mainly due to the receipt of reimbursement from our insurance provider.

Administrative expenses

Our administrative expenses increased by approximately HK\$1.4 million or 93.6% from approximately HK\$1.5 million for the three months ended 30 June 2016 to approximately HK\$2.9 million for the three months ended 30 June 2017. The increase in administrative expenses was mainly due to higher professional fees, audit fees and Directors' emoluments.

Finance costs

Our finance costs increased by approximately HK\$91,000 or 85% from approximately HK\$0.1 million for the three months ended 30 June 2016 to approximately HK\$0.2 million for the three months ended 30 June 2017. The increase was in line with our increase in total debt (including finance lease payables) for the three months ended 30 June 2017 as compared to that of the same period last year.

Listing expenses

We did not incur any listing expenses for the three months ended 30 June 2017 (2016: approximately HK\$3.3 million).

Income tax expenses

Our income tax expenses decreased by approximately HK\$0.3 million or 44.9% from approximately HK\$0.7 million for the three months ended 30 June 2016 to approximately HK\$0.4 million for the three months ended 30 June 2017. The decrease in income tax expenses was in line with the decrease in gross profit resulting from an increase in administrative expenses as explained above.

Profit and total comprehensive income for the period

Our Group's profit and total comprehensive income increased by approximately 2.56 times from approximately HK\$0.8 million for the three months ended 30 June 2016 to approximately HK\$2.9 million for the three months ended 30 June 2017. The increase was mainly due to the non-incurring of listing expenses as stated above.

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2017, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO) or which would be required (a) pursuant to section 352 of the SFO, to be recorded in the register referred to therein or (b) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange are set out as follows:

Long position in the ordinary Shares

Name of Directors	Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares
Mr. Tang Hing Keung (Note)	Interest in a controlled corporation	300,000,000	75%
Ms. Au Fung Yee (Note)	Interest of spouse	300,000,000	75%

Note: The Company is owned as to 75% by Hing Gut, which is an investment holding company. Hing Gut is owned as to 90% by Mr. Tang Hing Keung and as to 10% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested. Mr. Tang Hing Keung and Ms. Au Fung Yee are directors of Hing Gut.

Long position in the ordinary shares of the associated corporation

Name of Directors	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Mr. Tang Hing Keung	Hing Gut	Beneficial owner	9	90%
Ms. Au Fung Yee	Hing Gut	Beneficial owner	1	10%

Save as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2017, so far as is known to the Directors, the following entity (other than the Directors or chief executive of the Company, whose interests or short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above) had interests or short positions in the Shares and the underlying Shares, which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate
			Percentage of Total Issued Shares
Hing Gut (<i>Note</i>)	Beneficial Interest	300,000,000 (L)	75%

Note: The Company is owned as to 75% by Hing Gut. Hing Gut is owned as to 90% by Mr. Tang Hing Keung and as to 10% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested.

L: Denotes a "long position" (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any persons who or entities which had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

CORPORATE GOVERNANCE PRACTICES

Code provision A.2.1 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tang Hing Keung is the chairman of our Board and the chief executive officer of the Company. In view of the fact that Mr. Tang Hing Keung is one of the co-founders of our Group and has been operating and managing our Group since its establishment in 1997, all the other Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Tang Hing Keung is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by the said code provision.

Mr. Tang Hing Keung provides leadership to the Company and is responsible for strategic planning and the overall management and supervision of operations of our Group.

Save for the deviation from code provision A.2.1 as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code during the three months ended 30 June 2017.

SHARE OPTION SCHEME

The Company’s share option scheme (the “**Share Option Scheme**”) was adopted pursuant to a resolution of the sole shareholder passed on 23 February 2017 for the purpose of providing incentives or rewards to eligible persons whom the Board considers, in its sole discretion, to have contributed or will contribute to our Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As no share option has been granted since the adoption of the Share Option Scheme, there was no share option outstanding as at 30 June 2017 and no options were exercised or cancelled or lapsed during the three months ended that date.

COMPETING BUSINESS

During the three months ended 30 June 2017, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates that had competed or might compete with the business of our Group and any other conflicts of interests which any such person had or might have with our Group.

INTERESTS OF COMPLIANCE ADVISER

As at 30 June 2017, as notified by CLC International Limited, the compliance adviser of the Company (the “**Compliance Adviser**”), except for the compliance adviser agreement dated 27 February 2017 and entered into between our Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to our Company, which was required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION

Neither our Company nor any member of our Group purchased, sold or redeemed any of the listed securities of our Company during the three months ended 30 June 2017.

SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the required standard of dealings in the securities as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors.

AUDIT COMMITTEE

The Audit Committee was established on 23 February 2017 with written terms of reference in compliance with code provision C.3 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chiu Chi Wing, Mr. Kwan Woon Man Boris and Mr. Tang Man Ho Michael. Mr. Chiu Chi Wing is the chairman of the Audit Committee. The Audit Committee has reviewed the Unaudited Consolidated Financial Statements and this report and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

By order of the Board
Hing Ming Holdings Limited
Tang Hing Keung
Chairman and Chief Executive Officer

Hong Kong, 8 August 2017

As at the date of this report, the executive Directors are Mr. Tang Hing Keung (Chairman and Chief Executive Officer) and Mr. Tang Ming Hei; the non-executive Directors are Ms. Au Fung Yee and Mr. Au Lop Wah Edmond; and the independent non-executive Directors are Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Mr. Tang Man Ho Michael.