



# HING MING HOLDINGS LIMITED 興銘控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8425

## 2018 ANNUAL REPORT

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

Ms. Au Man Yi

#### NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Ms. Li Kai Lai Miranda

#### AUDIT COMMITTEE

Mr. Chiu Chi Wing (*Chairman*)

Mr. Kwan Woon Man Boris

Ms. Li Kai Lai Miranda

#### REMUNERATION COMMITTEE

Ms. Li Kai Lai Miranda (*Chairman*)

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

#### NOMINATION COMMITTEE

Mr. Kwan Woon Man Boris (*Chairman*)

Mr. Chiu Chi Wing

Ms. Li Kai Lai Miranda

#### AUTHORISED REPRESENTATIVES

Mr. Tang Hing Keung

Mr. Tang Ming Hei

#### COMPANY SECRETARY

Ms. Lam Yuen Lan

#### COMPLIANCE OFFICER

Mr. Tang Ming Hei

#### COMPLIANCE ADVISER

CLC International Limited

13/F., Nan Fung Tower

88 Connaught Road Central

Central, Hong Kong

#### INDEPENDENT AUDITOR

BDO Limited

*Certified Public Accountants*

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

#### LEGAL ADVISER

As to Hong Kong Law

ONC Lawyers

19th Floor, Three Exchange Square

8 Connaught Place

Central, Hong Kong

#### PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited

DBS Bank (Hong Kong) Limited

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

Room 2103B, 21st Floor

148 Electric Road

North Point

Hong Kong

#### REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2nd Floor, 625 King's Road

North Point

Hong Kong

#### STOCK CODE

8425

#### COMPANY WEBSITE

[www.hing-ming.com](http://www.hing-ming.com)

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Hing Ming Holdings Limited (the **"Company"** or **"our Company"**) and its subsidiaries (collectively, the **"Group"** or **"our Group"**) for the year ended 31 March 2018 (**"FY2018"**) on behalf of the board (the **"Board"** or **"our Board"**) of directors (the **"Directors"** or **"our Directors"**) of the Company.

### BUSINESS AND FINANCIAL REVIEW

The revenue of our Group was approximately HK\$53.0 million for FY2018, representing an increase of approximately 18.2% as compared with the revenue of approximately HK\$44.9 million for the year ended 31 March 2017 (**"FY2017"**). The increase was mainly attributable to the combined effect of the increase in revenue (i) generated from rental of tower cranes and (ii) contributed by rental of temporary suspended working platforms. The Group's net profit for FY2018 was approximately HK\$15.4 million compared to that of approximately HK\$2.8 million in FY2017. The significant increase in net profit by approximately HK\$12.6 million when compared with that in FY2017 was mainly due to the absence of the listing expenses in FY2018, which were incurred in FY2017. By excluding the one-off listing expenses of approximately HK\$10.5 million, the Group's net profit for FY2017 was approximately HK\$13.3 million, such that the net profit of the Group for FY2018 increased by approximately 15.6% when compared with the above adjusted net profit for FY2017. Details of the Group's business performance for FY2018 are set out in the section headed "Management Discussion and Analysis" of this annual report.

### OUTLOOK

Going forward, our Group will strive to focus on capturing the potential growth of the Hong Kong construction market with our Group's competitive strengths. We shall continue to enhance our business and bring sustainable and fruitful returns for our shareholders.

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our valuable customers, business partners, shareholders and suppliers for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of our Group.

**Tang Hing Keung**

*Chairman and Chief Executive Officer*

Hong Kong, 21 June 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

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. We have over 19 years of experience in providing rental and related services of temporary suspended working platforms to our customers.

## BUSINESS REVIEW AND OUTLOOK

Our temporary suspended working platforms and tower cranes are commonly used in housing construction. We believe that housing construction will continue to drive the demand for our machinery in the future. Given that the number of applications for public housing has been increasing in recent years in Hong Kong, 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 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.

## RENTAL AND RELATED SERVICES

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.

## TRADING OF EQUIPMENT AND SPARES PARTS

With our established customer and supplier base, we also engage in the trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope, predominantly in Hong Kong which further enhances our capability to satisfy customers' demands. We source our equipment and spare parts from suppliers mainly located in Germany, Belgium, Spain and China, and sell them mainly to construction contractors and trading companies in Hong Kong.

Looking forward, drawing on our Group's extensive expertise, our Group will strive to lead the temporary suspended working platform industry with the offer of our high-quality equipment and premium service and will also seize emerging opportunities in the growing equipment rental industry.

For the long-term and diversified development of our Group, we have been exploring other business opportunities in the construction industry in Hong Kong, in an attempt to create greater sustainable returns for our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RENTAL FLEET

As at 31 March 2018, the machinery which we carried as part of our rental fleet included temporary suspended working platforms, tower cranes and generators. Details of the machinery available for our rental operations are summarised as follows:

	<b>As at</b>	
	<b>31 March 2018</b>	31 March 2017
	<b>Number in fleet</b>	Number in fleet
Temporary suspended working platforms	<b>1,030</b>	1,056
Tower cranes (note)	<b>12</b>	5
Generators	<b>27</b>	15

Note: As at 31 March 2017, our Group owned one jointly-owned tower crane. Each of our Group and an independent business partner had a 50% interest in the jointly-owned tower crane. The jointly-owned tower crane was disposed of during FY2018.

In order to capture the market demand for rental services of tower cranes and to meet the needs of our customers, we purchased eight tower cranes during FY2018. Such new tower cranes have been used for building construction projects in Tung Chung and Tin Shui Wai, Hong Kong.

Our Directors will continue to monitor the expansion plan of our rental fleet and the capital requirements of our Group regularly, and will consider rescheduling such expansion according to our operation and needs, the preference of our target customers and the market conditions if necessary. We shall also review regularly the timing for the purchase of additional, and the replacement of existing, construction machineries if, among others, market conditions have changed.

### FINANCIAL REVIEW

#### REVENUE

Our Group recorded an increase in revenue for FY2018, which went up by approximately 18.2% to approximately HK\$53.0 million as compared with revenue of approximately HK\$44.9 million for FY2017. The increase was mainly attributable to the combined effect of the increase in revenue (i) generated from rental of tower cranes and (ii) contributed by rental of temporary suspended working platforms.

#### COST OF SALES AND SERVICES RENDERED

Our Group's cost of sales and services rendered amounted to approximately HK\$25.6 million for FY2018, representing an increase of approximately 25.9% as compared with that of approximately HK\$20.3 million for FY2017. 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 increase in revenue for FY2018 as well as the increase in staff bonuses paid.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

Our Group's gross profit increased by approximately 11.8% from approximately HK\$24.5 million for FY2017 to approximately HK\$27.4 million for FY2018, with gross profit margin at approximately 51.7% (FY2017: approximately 54.7%). 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OTHER INCOME

Our Group recognised other income of approximately HK\$17,000 and approximately HK\$1.9 million in FY2017 and FY2018, respectively. The increase was mainly due to the receipt of service fees arising from a small construction project and net exchange gain.

### ADMINISTRATIVE EXPENSES

Our administrative expenses increased by approximately HK\$2.6 million or 33.1% from approximately HK\$7.8 million in FY2017 to approximately HK\$10.4 million in FY2018. The increase in administrative expenses was mainly due to higher professional fees, and Directors' emoluments.

### LISTING EXPENSES

We did not incur any listing expenses for FY2018 (FY2017: approximately HK\$10.5 million).

### FINANCE COSTS

Our finance costs comprised interest on the Group's bank borrowings and finance leases, which amounted to approximately HK\$0.5 million for FY2018, representing a decrease of approximately HK\$0.2 million, or 28.6% (FY2017: approximately HK\$0.7 million). The decrease was mainly due to the decrease in the bank borrowings outstanding for FY2018 as compared with that for FY2017.

### INCOME TAX EXPENSE

Our income tax expense increased by approximately HK\$0.3 million or 11.8% from approximately HK\$2.8 million for FY2017 to approximately HK\$3.1 million for FY2018. The increase in income tax expense was due to the net effect of increase in gross profit and the increase in administrative expenses.

### PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Our Group recorded profit and total comprehensive income of approximately HK\$2.8 million for FY2017 and profit and total comprehensive income of approximately HK\$15.4 million for FY2018. The substantial increase was mainly due to the non-incurring of listing expenses as stated above.

### CAPITAL EXPENDITURE

Our Group's capital expenditure during FY2018 primarily comprised expenditure on plant and machinery, motor vehicles as well as furniture and equipment, amounting to a total of approximately HK\$34.1 million (FY2017: approximately HK\$14.2 million). The vast majority of the capital expenditure was used to purchase additional tower cranes and generators, which accounted for approximately 65.6% (FY2017: 83%) and 19.3% (FY2017: Nil), respectively, of the total capital expenditure in FY2018.

### LIQUIDITY AND CAPITAL RESOURCES

Our Group financed the operations through a combination of cash flow from operations, borrowings and finance leases. As at 31 March 2018, our Group had cash and cash equivalents of approximately HK\$47.6 million (2017: approximately HK\$80.2 million). The decrease in cash and cash equivalents was mainly due to the repayment of bank borrowings and the increase in capital expenditure as explained above.



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2018, we had nil bank borrowings (2017: approximately HK\$10.7 million) and finance lease payables of approximately HK\$4.6 million (2017: approximately HK\$7.6 million), which were all denominated in Hong Kong Dollars. Our gearing ratio, calculated based on the sum of the bank borrowings and finance lease payables divided by the total equity at the end of the year and multiplied by 100%, stood at approximately 4.1% as at 31 March 2018 (2017: approximately 18.7%). Our Group's financial position is sound and strong. With available bank balances and cash and banking facilities, our Group has sufficient liquidity to satisfy the funding requirements.

### CAPITAL STRUCTURE

On 15 March 2017 (the "Listing Date"), the issued shares of our Company (the "Shares") were successfully listed on GEM of the Stock Exchange. Since then, our Group's capital structure has not changed. The share capital of our Company only comprises ordinary shares.

As at 31 March 2018, our Company's issued share capital amounted to HK\$4,000,000 and there were a total of 400,000,000 issued ordinary shares with a nominal value of HK\$0.01 each.

### COMMITMENTS

The operating lease commitments of our Group were primarily related to the leases of a storage and repairing workshop. Our Group's operating lease commitments amounted to approximately HK\$2.3 million as at 31 March 2018 (2017: approximately HK\$0.9 million).

As at 31 March 2018, our Group did not have any significant capital commitments (2017: Nil).

### CONTINGENT LIABILITIES

As at 31 March 2018, our Group had no material contingent liabilities (2017: Nil).

### FOREIGN EXCHANGE EXPOSURE

Our Group's revenue generating operations are mainly transacted in Hong Kong Dollars. Our Directors consider that the impact of foreign exchange exposure to our Group is minimal.

### DIVIDEND

Our Board has resolved not to recommend the payment of a final dividend for FY2018 (FY2017: Nil).

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during FY2018. Save for the business plans as disclosed in the prospectus of the Company dated 28 February 2017 (the "Prospectus"), there was no other plan for material investments or capital assets as at 31 March 2018.

### SIGNIFICANT INVESTMENTS

As at 31 March 2018, our Group did not hold any significant investments.

### CHARGE ON OUR GROUP'S ASSETS

As at 31 March 2018, our Group had no charges on our Group's assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, our Group employed 56 (2017: 43) full-time employees. Staff costs of our Group (including Directors' remuneration) were approximately HK\$14.6 million in FY2018 (FY2017: approximately HK\$11.6 million). The increase in staff costs was mainly due to the increases in Directors' remuneration and headcount as well as the annual salary increment and staff bonuses paid during FY2018. We determine the employees' remuneration based on factors such as qualification, responsibilities, contributions and years of experience. In addition to the basic salary and discretionary bonus that may be granted to staff by reference to the Group's financial results, individual staff member's performance and the market conditions, we provide a defined contribution to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. The key principle of our remuneration policy is to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance. Furthermore, our Company has adopted a share option scheme to reward the participants (as defined thereunder) for their contribution to our Group. The Group also arranges on-the-job trainings relevant to the employees' current job duties to update and further develop their skills and knowledge.

### PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

During FY2018, our Company did not redeem its listed securities, nor did our Company or any of its subsidiaries purchase or sell any of such securities.

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with our Group's actual business progress for the period from the Listing Date to 31 March 2018 is set out below:

<b>Business objectives</b>	<b>Actual progress</b>
Strengthen our market position in the suspended working platform industry	Our Group has used approximately HK\$3.8 million to purchase 245 motors.
Diversify our income stream and capture the market demand of rental services of tower cranes	Our Group has purchased a total of eight tower cranes for the growing tower crane leasing market. Our Group also incurred approximately HK\$0.6 million to recruit and retain two general technicians and a sales manager to support our operation in the tower crane rental business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE SHARE OFFER

The Shares were initially listed on GEM of the Stock Exchange on the Listing Date by way of share offer of a total of 100,000,000 new Shares at an offer price of HK\$0.75 each (the "Share Offer") and the net proceeds raised from the Share Offer were approximately HK\$53.3 million after deducting the listing expenses. In line with that disclosed in the Prospectus, our Company intends to apply the net proceeds raised from the Share Offer as to (i) approximately 26.3% of the net proceeds or approximately HK\$14.0 million to strengthen our market position in the suspended working platform industry; (ii) approximately 66.0% of the net proceeds or approximately HK\$35.2 million to capture the market demand of rental services of tower cranes; and (iii) approximately 7.7% of the net proceeds or approximately HK\$4.1 million for general working capital.

During the period from the Listing Date to 31 March 2018, the net proceeds from the Share Offer had been applied as follows:

	<b>Planned use of net proceeds from the Share Offer</b>	<b>Net proceeds utilised up to 31 March 2018</b>	<b>Net proceeds unutilised as at 31 March 2018</b>
	HK\$ (million)	HK\$ (million)	HK\$ (million)
Strengthen our market position in the suspended working platform industry	14.0	3.8	10.2
Diversify our income stream and capture the market demand of rental services of tower cranes	35.2	23.8	11.4
General working capital	4.1	2.2	1.9
	<u>53.3</u>	<u>29.8</u>	<u>23.5</u>

As at the date of this annual report, our Directors do not anticipate any change to the plan as to the use of the net proceeds from the Share Offer and the unutilised proceeds have been placed with banks in Hong Kong as short-term deposits.

# DIRECTORS AND SENIOR MANAGEMENT

## OVERVIEW

Our Board consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for management and conduct of our Group's business. Our senior management consists of our director of engineering, financial controller and company secretary. Our senior management is responsible for the day-to-day management of our business.

## DIRECTORS EXECUTIVE DIRECTORS

### Mr. Tang Hing Keung (鄧興強)

*Executive Director, Chairman and Chief Executive Officer*

Mr. Tang Hing Keung, aged 60, was appointed as our Director on 8 April 2016 and designated as our executive Director on 24 June 2016. Mr. Tang Hing Keung also holds directorships in all the subsidiaries of the Company. He is one of the founders of our Group, the chairman of our Board and the chief executive officer of the Company, responsible for strategic planning and the overall management and supervision of operations of our Group. Mr. Tang Hing Keung has been a director of Hing Ming Gondola (HK) Company Limited ("**Hing Ming Gondola**") and Trend Novel Limited, both wholly-owned subsidiaries of the Company since September 1997 and April 2016, respectively.

Mr. Tang Hing Keung has over 20 years of experience in the construction industry, in particular the suspended working platform industry and the tower crane industry in Hong Kong. Prior to incorporating Hing Ming Gondola, he worked in a number of construction companies in Hong Kong. From 1979 to 1983, Mr. Tang Hing Keung worked as a technician in Hopewell Construction Company Limited, mainly responsible for (i) operating tower cranes, welding machines and hydraulic machines, and (ii) repairing tower cranes, suspended working platforms and security cages for workers. From 1983 to 1988, Mr. Tang Hing Keung worked as a technician in Hip Hing Construction Company Limited, mainly responsible for (i) operating tower cranes and welding machines, (ii) installing and repairing construction equipment and (iii) installing security cages for workers. In 1988 and 1989, he worked in Gammon Construction Limited, mainly responsible for operating tower cranes. In February 1990, he established Hing Ming Engineering Co. as a sole proprietorship to start up his own business of machinery engineering in Hong Kong. Mr. Tang Hing Keung completed a three-year prevocational course in Caritas St. Joseph Prevocational School in November 1974.

Mr. Tang Hing Keung was conferred the title of honorary principal of 龍潭興銘雁心小學 (Longtan Hing Ming Hearts Hope Primary School) and 興銘雁心希望小學 (Hing Ming Hearts Hope Primary School) in September 2010 and March 2013, respectively. Both of the schools are in Hunan, the People's Republic of China (the "**PRC**").

Mr. Tang Hing Keung is the husband of Ms. Au Fung Yee, a non-executive Director, the father of Mr. Tang Ming Hei, an executive Director, and the brother-in-law of Mr. Au Lop Wah Edmond, a non-executive Director.

## DIRECTORS AND SENIOR MANAGEMENT

### **Mr. Tang Ming Hei (鄧銘禧)**

#### *Executive Director*

Mr. Tang Ming Hei, aged 30, was appointed as our Director on 24 May 2016 and designated as our executive Director on 24 June 2016. He was also appointed as the compliance officer of the Company on 23 June 2016. He is responsible for advising on compliance matters of our Group.

Mr. Tang Ming Hei had worked as a part-time compliance consultant of Hing Ming Gondola since December 2015 until he joined our Group as a full-time compliance consultant in April 2016. He worked in CACEIS Hong Kong Trust Company Limited, a member of Crédit Agricole Group, from December 2014 to April 2016. From November 2013 to December 2014, he worked as a tax consultant in KPMG Tax Limited.

Mr. Tang Ming Hei obtained a dual degree of Bachelors of Laws and Commerce from The University of Queensland, Australia in July 2012. In July 2013, he obtained the Graduate Diploma in Legal Practice from The Australian National University, Australia and obtained a degree of Master of Commerce in Financial Econometrics from the University of New South Wales, Australia.

Mr. Tang Ming Hei was admitted as a Lawyer of the Supreme Court of New South Wales by The Supreme Court of New South Wales in July 2013. He was also admitted as an associate member of CPA Australia in June 2014.

Mr. Tang Ming Hei is the son of Mr. Tang Hing Keung and Ms. Au Fung Yee, an executive Director and a non-executive Director, respectively and the nephew of Mr. Au Lop Wah Edmond, a non-executive Director.

### **Ms. Au Man Yi (歐敏誼)**

#### *Executive Director*

Ms. Au Man Yi, aged 34, was appointed as our executive Director on 16 January 2018. Ms. Au M. Y. also holds directorships in certain subsidiaries of the Company. She is responsible for strategic planning and overall management and supervision of operations, and advises on compliance matters of our Group. Ms. Au M. Y. has been working as a sales manager of Hing Ming Gondola since July 2017.

Ms. Au M. Y. obtained a degree of Bachelor of Arts in Accountancy in 2005 and a degree of Master of Corporate Governance in 2014 from The Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom (the "UK"). Ms. Au M. Y. has over 12 years of experience in auditing, financial reporting and financial management.

From September 2013 to September 2015, Ms. Au M. Y. was the chief financial officer of Long Success International (Holdings) Limited (stock code: 8017). Ms. Au M. Y. was an executive director of KSL Holdings Limited (stock code: 8170) from October 2015 to June 2017 and the company secretary of KSL Holdings Limited from April 2016 to June 2016. From October 2015 to June 2016, Ms. Au M. Y. was the company secretary of Glory Flame Holdings Limited (stock code: 8059). The shares of all the aforementioned companies are listed on GEM of the Stock Exchange ("GEM") except for the first-mentioned company which has been delisted.

## DIRECTORS AND SENIOR MANAGEMENT

From February 2015 to May 2017, Ms. Au M. Y. was an independent non-executive director of JC Group Holdings Limited (currently known as Tonking New Energy Group Holdings Limited) (stock code: 8326), the shares of which are listed on GEM. From July 2015 to September 2016, Ms. Au M. Y. was also an independent non-executive director of King Force Security Holdings Limited (currently known as King Force Group Holdings Limited) (stock code: 8315), the shares of which are listed on GEM.

### NON-EXECUTIVE DIRECTORS

#### **Ms. Au Fung Yee (區鳳怡)**

*Non-executive Director*

Ms. Au Fung Yee, aged 55, was appointed as our Director on 8 April 2016 and designated as our non-executive Director on 24 June 2016. Ms. Au F. Y. also holds directorships in all the subsidiaries of the Company. She is one of the founders of our Group and is responsible for the strategic planning and financial planning of our Group. Ms. Au F. Y. has been a director of Hing Ming Gondola and Trend Novel Limited since September 1997 and April 2016, respectively.

Ms. Au F. Y. has more than 15 years of experience in the business of suspended working platforms-related business. She founded Hing Ming Gondola together with Mr. Tang Hing Keung in September 1997 and has been a director thereof since then, mainly responsible for handling financial matters. She was also the company secretary of Hing Ming Gondola during the period between September 1997 and June 2006.

Ms. Au F. Y. is the wife of Mr. Tang Hing Keung, the chairman of the Board, an executive Director and the chief executive officer of the Company, the mother of Mr. Tang Ming Hei, an executive Director, and the younger sister of Mr. Au Lop Wah Edmond, a non-executive Director.

#### **Mr. Au Lop Wah Edmond (區立華)**

*Non-executive Director*

Mr. Au Lop Wah Edmond, aged 62, was appointed as our Director on 24 May 2016 and designated as our non-executive Director on 24 June 2016. He is primarily responsible for advising on opportunities for business development and expansion of our Group.

Mr. Au has more than 20 years of experience in engineering and corporation management. From April 1999 to April 2017, he was a director of Alstom Power Service (Hong Kong) Limited (currently known as GE Power Service (Hong Kong) Limited), mainly responsible for the development of the company. From January 1996 to April 1999, he worked as a construction engineer in Mass Transit Railway Corporation, mainly responsible for project management. In October 1973, he joined China Light & Power Company, Limited as a student apprentice, and left as a mechanical maintenance engineer in November 1994.

Mr. Au obtained a Certificate in Supervisory Management from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) in November 1980. He was also awarded the Associateship in Mechanical Engineering by Hong Kong Polytechnic in November 1988. In September 1989, he obtained a Diploma in Management Studies awarded jointly by Hong Kong Polytechnic and Hong Kong Management Association.

Mr. Au was admitted as a member and was registered as a Chartered Mechanical Engineer with The Institution of Mechanical Engineers in June 1990 in the UK. He was also admitted as a member of The Hong Kong Institution of Engineers in November 1994.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Au is the elder brother of Ms. Au Fung Yee, a non-executive Director, the brother-in-law of Mr. Tang Hing Keung, the chairman of the Board, an executive Director and the chief executive officer of the Company, and the uncle of Mr. Tang Ming Hei, an executive Director.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Mr. Kwan Woon Man Boris (關煥民)

*Independent Non-executive Director*

Mr. Kwan Woon Man Boris, aged 59, was appointed as our independent non-executive Director on 23 February 2017. He has been the chairman of the nomination committee of the Board (the “**Nomination Committee**”) as well as a member of each of the audit committee of the Board (the “**Audit Committee**”) and the remuneration committee of the Board (the “**Remuneration Committee**”) since the same date. He is primarily responsible for providing independent advice to our Board.

Mr. Kwan is a general manager of Vigers Security Limited, mainly responsible for management of the company. He joined the Hong Kong Police Force in 1978 and retired in 2014 with his last position being the chief inspector. During his service with the Hong Kong Police Force, he was awarded the Hong Kong Police Medal for Meritorious Service in the Hong Kong Special Administrative Region 2014 Honours List in July 2014.

Mr. Kwan completed a Diploma Programme in Police Studies organised by the School of Continuing Studies, The Chinese University of Hong Kong in January 2002.

#### Mr. Chiu Chi Wing (趙志榮)

*Independent Non-executive Director*

Mr. Chiu Chi Wing, aged 54, was appointed as our independent non-executive Director on 23 February 2017. He has been the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee since the same date. He is primarily responsible for providing independent advice to the Board.

Mr. Chiu has over 20 years of experience in accounting, auditing and taxation. He is a co-founder and is currently a director of Lixin C.P.A. Limited which was founded in May 2002, mainly responsible for reviewing and providing technical advice and providing training to staff for audit, taxation, accounting and company secretarial matters. From November 1990 to March 1991, he worked as the internal auditor of The Po Leung Kuk, mainly responsible for carrying out internal audit works. From August 1986 to October 1990, Mr. Chiu worked in KPMG, mainly responsible for audit works.

Mr. Chiu obtained an Honours Diploma in Accountancy from Lingnan College (currently known as Lingnan University) in November 1986. Mr. Chiu was admitted as a fellow member of The Chartered Association of Certified Accountants in the UK in October 1994. He was also admitted as an associate and a fellow of the Hong Kong Institute of Certified Public Accountants in February 1990 and September 1997, respectively. Mr. Chiu was appointed as a member of the Court of Lingnan University from October 2001 to October 2005, and a member of the Council of Lingnan University from August 2006 to August 2009.

On 18 November 2016, Mr. Chiu was appointed as an independent non-executive director of Gudou Holdings Limited, a company listed on GEM (stock code: 8308).

## DIRECTORS AND SENIOR MANAGEMENT

### **Ms. Li Kai Lai Miranda (李嘉麗)**

*Independent Non-executive Director*

Ms. Li Kai Lai Miranda, aged 44, was appointed as our independent non-executive Director on 9 May 2018. She was also appointed as the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee on the same date. Ms. Li is primarily responsible for providing independent advice to our Board.

Ms. Li obtained a Diploma in Computer Programming and Analysis from Seneca College of Applied Arts and Technology in Canada in June 2004. Ms. Li has more than 9 years of experience in corporate management. From February 2009 to April 2014, she was a director of Soho Workstation Limited, a private company which was dissolved by deregistration in January 2018, and was mainly responsible for formulating marketing strategies and working on ad-hoc projects related to business centre field. Since September 2009, she has been a director of Trusty Surveyors Limited, mainly responsible for rental related service to tenants and assisting with lease renewal. Since November 2010, she has also been a director of Soho Funds Investment Limited, mainly responsible for providing a spectrum of yachting solutions, including insurance, berthing, captains and crew, management and emergency support services for luxury yacht charter.

Save as disclosed in the sections headed "Directors and Senior Management" on pages 10 to 14 and "Report of the Directors" on pages 15 to 26 of this annual report, none of the Directors is a director or employee of a company which has an interest in the share capital of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

### **SENIOR MANAGEMENT**

**Mr. Leung She Lit (梁社列)**, aged 62, is the director of engineering of our Group. He joined our Group in September 1997 as construction site controller and is primarily responsible for monitoring the installation, operations and maintenance of suspended working platforms, as well as providing training and issuing the operation certificate of suspended working platforms.

Mr. Leung has about 20 years of experience in the construction industry. He is a registered skilled worker under the trade division of Plant & Equipment Mechanic (construction work) (Master) with the Hong Kong Construction Industry Council under the Senior Workers Registration Arrangement. Only senior workers with at least 10 years' experience of relevant trade divisions are allowed to register as skilled workers under such arrangement.

**Ms. Lam Yuen Lan (林婉蘭)**, aged 32, has been appointed as the company secretary and the financial controller of the Company with effect from 16 January 2018. Ms. Lam obtained a degree of Bachelor of Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University in 2010. She is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Lam has over 7 years of experience in the field of accounting, auditing and financial reporting.



## REPORT OF THE DIRECTORS

The Board is pleased to present to the shareholders the annual report together with the audited consolidated financial statements of our Group for FY2018.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and details including the principal activities of its subsidiaries are set out in note 16 to the consolidated financial statements. There was no significant change in our Group's principal activities during FY2018.

### CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation for the listing of the shares of the Company (the "**Shares**") on GEM, the companies now comprising our Group underwent a corporate reorganisation (the "**Reorganisation**"), pursuant to which the Company became the holding company of our Group on 23 February 2017. For details of the Reorganisation, please refer to the section headed "History, Development and Reorganisation" in the Prospectus.

The issued Shares have been listed on GEM of the Stock Exchange since 15 March 2017.

### RESULTS AND APPROPRIATIONS

The results of our Group for FY2018 are set out in the consolidated statement of comprehensive income on page 44 of this annual report. No dividend was paid or proposed by the Company during FY2018.

The Board has resolved not to recommend the payment of a final dividend for FY2018 (FY2017: Nil).

### CHARITABLE DONATIONS

Charitable donations made by the Group during FY2018 amounted to HK\$180,000 (FY2017: Nil).

### CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlements to attend and vote at the forthcoming annual general meeting of the Company (the "**AGM**"), the register of members of the Company will be closed from Tuesday, 14 August 2018 to Friday, 17 August 2018, both days inclusive, during which period no transfer of the Shares will be registered. Non-registered shareholders must lodge all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 13 August 2018.

# REPORT OF THE DIRECTORS

## BUSINESS REVIEW

The review of the business of our Group during FY2018 and the discussion on our Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on page 3 and pages 4 to 9, respectively, of this annual report, and the description of principal risks and uncertainties facing our Group and the key financial performance indicators are set out in the sections headed "Report of the Directors" and "Management Discussion and Analysis" on pages 15 to 26 and pages 4 to 9 of this annual report, respectively. The financial risk management objectives and policies of our Group are set out in note 34 to the consolidated financial statements. No important event affecting our Group has occurred since the end of FY2018 and up to the date of this annual report. In addition, discussions on our Group's principal risks and uncertainties, relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on our Group are as follows:

## PRINCIPAL RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties. All the risks relating to our Group's business have been set out in the Prospectus under the section headed "Risk Factors".

## RELATIONSHIP WITH KEY STAKEHOLDERS

Our Group's success depends on, amongst other matters, the support from key stakeholders who/which comprise employees, customers and suppliers.

## EMPLOYEES

Employees are regarded as important and valuable assets of our Group. The objectives of our Group's human resource management are to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within our Group for career advancement.

## CUSTOMERS

Our customers consist of construction companies, owners of commercial properties and trading companies in Hong Kong, as well as overseas suspended working platform companies. We have established long-term business relationships with some of our customers for over 10 years. Our sales and marketing team maintains contacts with these customers on a regular basis to understand their needs and to provide relevant information to support their projects.

## SUPPLIERS

Our suppliers include components and equipment suppliers, many of which are located in Europe, the PRC and Hong Kong. We communicate with our suppliers regularly to ensure that they are committed to delivering high-quality and sustainable products and services. We select suppliers from our pre-approved list of suppliers.

## PARTICULARS OF IMPORTANT EVENTS

The Board has not identified any important events affecting the Group that have occurred since the end of FY2018.

## REPORT OF THE DIRECTORS

### ENVIRONMENTAL POLICIES AND PERFORMANCE

We believe that our business depends on, among others, our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. In order to meet our customers' requirements, we have established safety, quality and environmental management systems. Through an effective control of our operations, compliance with safety, quality and environmental requirements can be further assured.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Directors confirmed that during FY2018 and up to the date of this annual report, our Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Hong Kong that had a significant impact on it.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of our Group during FY2018 are set out in note 15 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company during FY2018, together with the reasons therefor, are set out in note 26 to the consolidated financial statements.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During FY2018 and thereafter up to the date of this annual report, our Company did not redeem any of its listed securities nor did the Company or any member of our Group purchase or sell such securities.

### DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company had reserves amounting to approximately HK\$62.9 million available for distribution as calculated based on the Company's share premium and retained earnings under applicable provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group for the last four financial years is set out on page 88 of this annual report. This summary does not form part of the audited consolidated financial statements of our Group for FY2018.

### DIRECTORS

The Directors during FY2018 and up to the date of this annual report were:

#### EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

Ms. Au Man Yi (Appointed on 16 January 2018)

#### NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

# REPORT OF THE DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Mr. Tang Man Ho Michael (Resigned on 9 May 2018)

Ms. Li Kai Lai Miranda (Appointed on 9 May 2018)

Information regarding Directors' emoluments and the five highest paid individuals in our Group are set out in note 12 to the consolidated financial statements.

The biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" of this annual report.

Pursuant to article 83(3) of the articles of association of the Company (the "**Articles of Association**"), any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Ms. Au Man Yi and Ms. Li Kai Lai Miranda were appointed as Directors by the Board on 16 January 2018 and 9 May 2018, respectively. Thus, they will retire from office as Directors at the forthcoming AGM to be held on Friday, 17 August 2018 and, being eligible, will offer themselves for re-election thereat.

Pursuant to article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Pursuant to article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation, who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Mr. Tang Hing Keung, Ms. Au Fung Yee and Mr. Au Lop Wah Edmond will retire from office by rotation at the forthcoming AGM to be held on Friday, 17 August 2018 and, being eligible, will offer themselves for re-election thereat.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date or the relevant appointment date unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to other termination provisions therein and the provisions on retirement of Directors as set out in the memorandum of association of the Company and the Articles of Association (the "**M&A**").

## REPORT OF THE DIRECTORS

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing on the Listing Date or the relevant appointment date unless terminated (i) by not less than one month's notice in writing served by the relevant Director; or (ii) forthwith by the Company by notice in writing, and is subject to other termination provisions therein and the provisions on retirement of Directors as set out in the M&A.

No Director proposed for re-election at the forthcoming AGM has entered into a service contract or letter of appointment with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by our Group during FY2018 or existed at the end of FY2018.

### ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during FY2018 or at the end of FY2018 was the Company, or any of its subsidiaries or fellow subsidiaries, or the holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### 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 31 March 2018, 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 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 OF THE COMPANY

Name of Directors	Capacity/ Nature of Interest	Number of Shares Held	Percentage of Total Issued Shares
Mr. Tang Hing Keung (Note)	Interest in a controlled corporation	244,000,000	61%
Ms. Au Fung Yee (Note)	Interest of spouse	244,000,000	61%

Note: The Company is owned as to 61% by Hing Gut Limited, which is an investment holding company. Hing Gut Limited 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 Limited. Ms. Au Fung Yee is the spouse 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 and is deemed to be interested. Mr. Tang Hing Keung and Ms. Au Fung Yee are directors of Hing Gut Limited.

## REPORT OF THE DIRECTORS

### LONG POSITION IN THE ORDINARY SHARES OF THE ASSOCIATED CORPORATION

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

Save as disclosed above, as at 31 March 2018, 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 corporation (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.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as is known to the Directors, the following persons/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:

### LONG POSITION IN THE ORDINARY SHARES OF THE COMPANY

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Percentage of Total Issued Shares
Hing Gut Limited (Note)	Beneficial Interest	244,000,000	61%

Note: The Company is owned as to 61% by Hing Gut Limited. Hing Gut Limited 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 Limited. Ms. Au Fung Yee is the spouse 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 and is deemed to be interested.

Save as disclosed above, as at 31 March 2018, 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.

## REPORT OF THE DIRECTORS

### SHARE OPTION SCHEME

#### PURPOSE OF THE SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution 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.

As no share option has been granted under the Share Option Scheme since its adoption and up to 31 March 2018, there was no share option outstanding as at 31 March 2018 and no option was exercised or cancelled or lapsed during FY2018.

#### ELIGIBLE PARTICIPANTS OF THE SHARE OPTION SCHEME

Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and members of our Group, to subscribe for the Shares. Eligible persons of the Share Option Scheme include, among others, any executive, any employee (including full-time or part-time employee), director (including an independent non-executive Director), shareholder of any member of our Group and an associate of any of the aforementioned persons (the "Eligible Persons").

#### TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME TOGETHER WITH THE PERCENTAGE OF THE ISSUED SHARES THAT IT REPRESENTS AS AT THE DATE OF THIS ANNUAL REPORT

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 40,000,000 Shares (equivalent to 10% of the total number of Shares in issue as at the date of this annual report). The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit.

#### MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT UNDER THE SHARE OPTION SCHEME

Subject to the following paragraph, the maximum number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5.0 million, such further grant of the options shall be subject to prior approval of the shareholders with such person and his associates abstaining from voting in favour at the general meeting.

## REPORT OF THE DIRECTORS

Any grant of options to any Director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Director who or whose associate is the grantee of an option).

### **PERIOD WITHIN WHICH THE SHARES MUST BE TAKEN UP UNDER THE SHARE OPTION SCHEME**

An offer for the grant of options must be accepted within 21 days from the day on which such offer was made.

### **MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED**

Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceed a period of 10 years from the date on which the options are accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

### **AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION AND THE PERIOD WITHIN WHICH PAYMENTS OR CALLS MUST OR MAY BE MADE OR LOANS FOR SUCH PURPOSES MUST BE REPAYED**

Options granted shall be taken up upon payment of HK\$1 as consideration for the grant of option. The payment or remittance of HK\$1.00 shall be made within 21 days from the offer date or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules.

### **BASIS OF DETERMINING THE EXERCISE PRICE**

The subscription price for the Shares is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer (which must be a business day); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date and (iii) the nominal value of a Share.

### **REMAINING LIFE OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 23 February 2017. No share options were granted, forfeited or expired during FY2018. As at the date of this annual report, there were a total of 40,000,000 Shares, representing 10% of the issued shares of the Company, available for issue under the Share Option Scheme.

### **CONNECTED TRANSACTIONS**

Our Group has entered into two transactions with connected persons of the Company, namely (i) the transactions with Maysun Jewellery Manufacturing Company Limited with respect to the provision of registered office and correspondence address services to Hing Ming Gondola (HK) Company Limited; and (ii) the transactions with Mr. Au Cho Wah with respect to the provision of examination and testing services for suspended working platforms as a Competent Examiner to our Group. Details of such transactions are set out in the section headed "Connected Transactions" in the Prospectus. As disclosed in the Prospectus, such transactions constitute de minimis continuing connected transactions as from the Listing Date and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.



## REPORT OF THE DIRECTORS

### RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by our Group during FY2018 set out in note 31 to the consolidated financial statements included transaction that constitute connected or continuing connected transactions for which the disclosure requirements under Chapter 20 of the GEM Listing Rule have been complied with. Such transactions constitute de minimis continuing connected transactions as from the Listing Date and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company's holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the FY2018 or at any time during FY2018.

### MANAGEMENT CONTRACTS

No contracts (except for the executive Directors' service contracts) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2018.

### COMPETING BUSINESS

During FY2018, the Directors were not aware of any business apart from the Group's business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) 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 except those disclosed under the section headed "Non-Competition Undertaking" below.

### NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and our controlling shareholders, Mr. Tang Hing Keung, Ms. Au Fung Yee and Hing Gut Limited (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into a deed of non-competition in favour of our Company (for itself and as trustee for and on behalf of each other member of our Group) on 27 February 2017 (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-Competition remains effective, he/she/it shall not, and shall procure his/her/its close associates (other than any member of our Group) not to, carry on, participate in, hold, engage in, be interested in, acquire or operate, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our Controlling Shareholders — Non-Competition undertaking" of the Prospectus.

The Company has received an annual written confirmation from each controlling shareholder of the Company in respect of him/her/it and his/her/its close associates in compliance with the Deed of Non-Competition. The independent non-executive Directors have also reviewed and were satisfied that each of the controlling shareholders of the Company had complied with the Deed of Non-Competition.

## REPORT OF THE DIRECTORS

### PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate Directors' liability insurance coverage.

The relevant provisions in the Articles of Association and the Directors' liability insurance were in force during FY2018 and as at the date of this annual report.

### REMUNERATION POLICY

The remuneration policy of the employees of our Group has been set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The remuneration of the Directors is recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Company has adopted the Share Option Scheme as an incentive to Eligible Persons.

### RETIREMENT BENEFIT SCHEME

Details of our Group's retirement benefit scheme are set out in note 25 to the consolidated financial statements.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float throughout FY2018 and thereafter up to the date of this annual report as required under the GEM Listing Rules.

## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS

The percentages of our Group's turnover and purchases attributable to major customers and suppliers during FY2018 and FY2017 are as follows:

	FY2018 %	FY2017 %
Percentage of turnover		
From the largest customer	23.7	40.3
From the five largest customers in aggregate	77.2	80.8
Percentage of purchase		
From the largest supplier	45.9	50.4
From the five largest suppliers in aggregate	82.9	78.6

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued Shares) had any interest in the five largest customers nor suppliers during FY2018.

### CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code") during FY2018.

Details of the principal corporate governance practices of our Group are set out in the section headed "Corporate Governance Report" on pages 27 to 39 of this annual report.

The compliance officer of the Company is Mr. Tang Ming Hei whose biographical details are set out on page 11 of this annual report. The company secretary of the Company is Ms. Lam Yuen Lan who is also the Company's financial controller. The biographical details of Ms. Lam Yuen Lan are set out on page 14 of this annual report.

### INTERESTS OF COMPLIANCE ADVISER

As at 31 March 2018, 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 were required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### TAX RELIEF

Our Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the Shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

## REPORT OF THE DIRECTORS

### REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Chiu Chi Wing (chairman of the Audit Committee), Mr. Kwan Woon Man Boris and Ms. Li Kai Lai Miranda. It has reviewed with the management the accounting principles and practices adopted by our Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of our Group for FY2018.

### INDEPENDENT AUDITOR

The consolidated financial statements of our Group have been audited by BDO Limited, which will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. There has been no change in independent auditors of the Company since the Listing Date.

On behalf of the Board

**Tang Hing Keung**  
**Hing Ming Holdings Limited**  
*Chairman and Chief Executive Officer*

Hong Kong, 21 June 2018

## CORPORATE GOVERNANCE REPORT

Our Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ values through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of our Group so as to achieve effective accountability.

### CORPORATE GOVERNANCE PRACTICES

The Company has adopted and, save for the deviation from code provision A.2.1 of the CG Code as disclosed in this annual report, has complied with all applicable code provisions as set out in the CG Code during FY2018.

### SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the required standard of dealings in the securities (the “**Required Standard of Dealings**”) 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. Following a specific enquiry made by our Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during FY2018.

### BOARD OF DIRECTORS

#### RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF OUR BOARD

Our Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of our Group. Our Board sets our Group’s values and standards and ensures that the requisite financial and human resources support is in place for our Group to achieve its objectives. The functions performed by our Board include but are not limited to formulating our Group’s business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing our Group’s corporate governance practices and all other functions reserved to our Board under the Articles of Association. Our Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The responsibilities of these Board committees include monitoring our Group’s operational and financial performance, and ensuring that appropriate internal control and risk management systems are in place. Our Board may from time to time delegate certain functions to the management of our Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by our Board and assigned to it from time to time.

The Directors have full access to information of our Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company’s expense.

### COMPOSITION

The Company is committed to maintaining a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors (the “**INEDS**”) so that there is a strong independent element on our Board, enabling our Board to exercise effective independent judgment.

# CORPORATE GOVERNANCE REPORT

As at the date of this annual report, our Board comprises the following eight Directors, of which the non-executive Directors and the INEDs in aggregate represent over 60% of our Board members:

## EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

Ms. Au Man Yi

## NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

## INEDs

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Ms. Li Kai Lai Miranda

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The family relationship among the executive Directors and the non-executive Directors is as follows:

Name of Directors	Relationship with			
	Mr. Tang Hing Keung	Mr. Tang Ming Hei	Ms. Au Fung Yee	Mr. Au Lop Wah Edmond
<b>Executive Directors</b>				
Mr. Tang Hing Keung	—	Father	Husband	Brother-in-law
Mr. Tang Ming Hei	Son	—	Son	Nephew
<b>Non-executive Directors</b>				
Ms. Au Fung Yee	Wife	Mother	—	Younger sister
Mr. Au Lop Wah Edmond	Brother-in-law	Uncle	Elder brother	—

Save as disclosed aforesaid, there was no financial, business, family or other material relationship among the Directors during FY2018 and up to the date of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to our Board. Through active participation in our Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

## CORPORATE GOVERNANCE REPORT

Throughout FY2018, the Company had three INEDs, meeting the requirements set out in Rules 5.05 and 5.05A of the GEM Listing Rules that the number of INEDs must represent at least one-third of our Board members, and that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules during FY2018 and up to the date of this annual report.

### DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of our Company's operations and business and is fully aware of his/her director's responsibilities under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. Each of the Directors named under the paragraph headed "Composition" above attended the training seminar arranged by the Company's Hong Kong legal advisers on directors' responsibilities before their appointments.

The Company will from time to time fund and arrange suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to our Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors in FY2018 is summarised as follows:

Name of Directors	Type of trainings
Mr. Tang Hing Keung	A and B
Mr. Tang Ming Hei	A and B
Ms. Au Man Yi (appointed on 16 January 2018)	A and B
Ms. Au Fung Yee	A and B
Mr. Au Lop Wah Edmond	A and B
Mr. Kwan Woon Man Boris	A and B
Mr. Chiu Chi Wing	A and B
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	A and B
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

### DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on the Directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Board.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETINGS

The Directors can attend Board meetings in person or through other means of electronic communication in accordance with the Articles of Association. Our Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the Board meeting. To enable the Directors to be properly briefed on issues arising at each of our Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the “**Company Secretary**”) is responsible for recording and keeping all Board meetings’ minutes. Draft and final versions of the Board meetings’ minutes will be circulated to all Directors for their comments and records respectively within a reasonable time after each Board meeting and the final version is open for the Directors’ inspection.

During FY2018, six Board meetings were held. The attendance of the respective Directors at the Board meetings during FY2018 are set out below:

<b>Name of Directors</b>	<b>Attendance/Number of meetings</b>
<b>Executive Directors</b>	
Mr. Tang Hing Keung	6/6
Mr. Tang Ming Hei	6/6
Ms. Au Man Yi (appointed on 16 January 2018)	1/1
<b>Non-executive Directors</b>	
Ms. Au Fung Yee	6/6
Mr. Au Lop Wah Edmond	6/6
<b>Independent Non-executive Directors</b>	
Mr. Kwan Woon Man Boris	6/6
Mr. Chiu Chi Wing	6/6
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	6/6
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

Apart from the above Board meetings, the chairman of our Board (the “**Chairman**”), being the chief executive officer of the Company (the “**Chief Executive Officer**”), held a meeting with all the non-executive Directors (including the INEDs) without the presence of the other executive Directors.

On 21 June 2018, the Board held a meeting to consider and approve, amongst other matters, the consolidated financial statements of the Group for FY2018 (the “**Consolidated Financial Statements**”).

## BOARD DIVERSITY POLICY

During FY2018, our Board has reviewed the Board diversity policy which sets out all measurable objectives to achieve and maintain diversity on our Board to enhance effectiveness of our Board.



## CORPORATE GOVERNANCE REPORT

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that our Board has a balance of skills, experiences and varying perspectives appropriate for the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of our Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

### CHAIRMAN AND CHIEF EXECUTIVE

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. Mr. Tang Hing Keung is the Chairman and the Chief Executive Officer. 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 the Chairman and the 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.

### BOARD COMMITTEES

Our Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. Our Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for our Board committees are posted on the respective websites of the Stock Exchange and the Company.

### 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. It comprises three INEDs, namely Mr. Chiu Chi Wing, Mr. Kwan Woon Man Boris and Ms. Li Kai Lai Miranda. Mr. Chiu Chi Wing is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to our Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and handling any questions regarding their resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditors to supply non-audit services and reporting to our Board, and identifying and making recommendations on any matters where action or improvement is needed;

## CORPORATE GOVERNANCE REPORT

- monitoring the integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgments contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by our Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing our Group's financial and accounting policies and practices;
- reviewing the external auditors' management letter, any material queries raised by the auditors to management about the accounting records, financial accounts or systems of control and management's response;
- ensuring that our Board will provide a timely response to the issues raised in the external auditors' management letters; and
- considering other topics as defined by our Board.

The Audit Committee held four meetings during FY2018 whereat the Audit Committee, among other matters, reviewed the Group's annual consolidated financial statements, interim and quarterly reports; discussed the internal control of the Group; met with the independent external auditors and reviewed report from the independent external auditors regarding their audit on the Group's annual consolidated financial statements. Details of the attendance of members of the Audit Committee meetings during FY2018 are as follows:

<b>Name of Members</b>	<b>Number of attendance/ Number of meetings</b>
Mr. Chiu Chi Wing	4/4
Mr. Kwan Woon Man Boris	4/4
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	4/4
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

On 21 June 2018, the Audit Committee held a meeting to, amongst others, review the Consolidated Financial Statements and recommend the same to be presented to the Board for consideration and approval.

### REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 February 2017 with written terms of reference in compliance with code provision B.1 of the CG Code and Rules 5.34 to 5.36 of the GEM Listing Rules. The Remuneration Committee comprises three INEDs, namely Ms. Li Kai Lai Miranda, Mr. Kwan Woon Man Boris and Mr. Chiu Chi Wing. Ms. Li Kai Lai Miranda is the chairman of the Remuneration Committee.

## CORPORATE GOVERNANCE REPORT

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to our Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration proposals by reference to our Board's corporate goals and objectives;
- making recommendations to our Board on the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to our Board on the remuneration of the non-executive Directors;
- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in our Group;
- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;
- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and
- ensuring that no Director or any of his/her associates (as defined in the GEM Listing Rules) is involved in deciding his/her own remuneration.

During FY2018, the Remuneration Committee held three meetings for, among other matters, reviewing and making recommendations to our Board for consideration certain remuneration-related matters of the Directors and senior management.

The attendance of each INED at the Remuneration Committee meetings during FY2018 is as follows:

<b>Name of INEDs</b>	<b>Number of attendance/ Number of meetings</b>
Mr. Kwan Woon Man Boris	3/3
Mr. Chiu Chi Wing	3/3
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	3/3
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

On 21 June 2018, the Remuneration Committee held a meeting to, amongst others, consider certain remuneration-related matters of the Directors and senior management.

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Nomination Committee was established on 23 February 2017 with written terms of reference in compliance with code provision A.5 of the CG Code. It comprises three INEDs, namely Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Ms. Li Kai Lai Miranda. Mr. Kwan Woon Man Boris is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement the Company's corporate strategy, with due regard to the Company's board diversity policy;
- identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs;
- making recommendations to our Board on the appointment or re-appointment of the Directors and the succession planning for the Directors, in particular, the Chairman and the Chief Executive Officer; and
- reviewing the Company's board diversity policy, as appropriate, and reviewing the measurable objectives that the Board has set for implementing the Company's board diversity policy.

During FY2018, the Nomination Committee held three meetings for, among other matters, reviewing the structure, size and composition of our Board, assessing the independence of the INEDs and making recommendations to our Board for consideration the re-appointment of the retiring Directors at the 2017 AGM and the appointment of a new executive Director.

The attendance of each INED at the Nomination Committee meetings during FY2018 is as follows:

<b>Name of INEDs</b>	<b>Number of attendance/ Number of meetings</b>
Mr. Kwan Woon Man Boris	3/3
Mr. Chiu Chi Wing	3/3
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	3/3
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

On 21 June 2018, the Nomination Committee held a meeting to, amongst others, assess the independence of the INEDs and make recommendations to our Board for considering the re-appointment of the retiring Directors at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE FUNCTIONS

Our Board is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing on the Listing Date or if later, the relevant appointment date.

Each of the non-executive Directors and the INEDs has entered into a letter of appointment with the Company for an initial fixed term of three years commencing on the Listing Date or if later, the relevant appointment date.

Save as disclosed aforesaid, none of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Principle A.4 of the CG Code stipulates that there should be a formal, considered and transparent procedure for the appointment of new Directors, and all Directors should be subject to re-election at regular intervals. All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

## CORPORATE GOVERNANCE REPORT

Any Director appointed by our Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by our Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

By virtue of Articles 83 and 84 of the Articles of Association, Mr. Tang Hing Keung, Ms. Au Man Yi, Ms. Au Fung Yee, Mr. Au Lop Wah Edmond and Ms. Li Kai Lai Miranda will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for FY2018 are set out in note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" of this annual report for FY2018 by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,000,000	2

### INDEPENDENT AUDITOR'S REMUNERATION

For FY2018, BDO Limited ("BDO") was engaged as our Group's independent auditor to provide annual audit services.

The remuneration paid/payable to BDO for FY2018 is set out below:

Services	Fee paid/payable HK\$
Audit services — Annual audit	600,000
Non-audit services	—
Total	600,000

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of our Group for FY2018.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, BDO has stated in the independent auditor's report its reporting responsibilities on our Group's consolidated financial statements for FY2018.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. Our Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. Our Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Internal audit function of the Company has been carried out under the leadership of our Board and the Audit Committee.

During FY2018, our Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of our Group covering all material controls, including financial, operational and compliance as well as risk management. Our Board considers that our Group's risk management and internal control are adequate and effective.

## DISCLOSURE OF INSIDE INFORMATION

Our Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- our Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- our Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- our Group has strictly prohibited unauthorised use of confidential or inside information; and
- our Group has established and implemented procedures for responding to external enquiries about our Group's affairs, so that only the executive Directors, the Company Secretary and the financial controller of the Company are authorised to communicate with parties outside our Group.

## COMPANY SECRETARY

During FY2018, Mr. Chan Kam Man ("**Mr. Chan**") acted as the Company Secretary up to 15 January 2018. During FY2018, he has duly complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules. The Company has appointed Ms. Lam Yuen Lan ("**Ms. Lam**") as the Company Secretary with effect from 16 January 2018. She is a member of the Hong Kong Institute of Certified Public Accountants.

As the former and present Company Secretaries respectively, Mr. Chan reported and Ms. Lam has been reporting to the Chairman who is also the Chief Executive Officer. All members of our Board had/have access to his/her advice and services. The appointment and removal of the Company Secretary will be subject to our Board's approval.

# CORPORATE GOVERNANCE REPORT

## 2017 AGM

The 2017 AGM was held on 18 August 2017. The Company announced the poll results of the 2017 AGM in the manner prescribed under the GEM Listing Rules. The respective chairman of the Board and the Nomination Committee has attended the AGM held on 18 August 2017 to ensure effective communication with the Shareholders. The attendance record of the Directors at the 2017 AGM is set out below:

Name of Directors	Number of general meeting attended/held
<b>Executive Directors</b>	
Mr. Tang Hing Keung	1/1
Mr. Tang Ming Hei	1/1
<b>Non-executive Directors</b>	
Ms. Au Fung Yee	1/1
Mr. Au Lop Wah Edmond	1/1
<b>Independent Non-executive Directors</b>	
Mr. Kwan Woon Man Boris	1/1
Mr. Chiu Chi Wing	0/1
Mr. Tang Man Ho Michael (resigned on 9 May 2018)	0/1
Ms. Li Kai Lai Miranda (appointed on 9 May 2018)	N/A

## SHAREHOLDERS' RIGHTS

### PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing the Shareholders to make proposals or move resolutions at the AGMs under the M&A or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

According to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to require an EGM to be called by our Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently 2nd Floor, 625 King's Road, North Point, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.



## CORPORATE GOVERNANCE REPORT

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask our Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, our Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition our Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of our Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

### PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO OUR BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within our Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

### COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

### CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during FY2018.

The M&A is available on the respective websites of the Stock Exchange and the Company.

# INDEPENDENT AUDITOR'S REPORT



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香港干諾道中111號  
永安中心25樓

## TO THE SHAREHOLDERS OF HING MING HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Hing Ming Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 44 to 87, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

### IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES

Refer to note 5 and 18 to the consolidated financial statements and the accounting policies in note 4(f)(ii) to the consolidated financial statements.

As at 31 March 2018, the Group had trade receivables of approximately HK\$14.6 million. No provision on impairment loss has been made over these balances. The impairment assessment of the Group's trade receivable is a key audit matter due to the judgment involved.

#### *How our audit addressed the key audit matter:*

Our audit procedures in relation to the directors' impairment assessment included:

- enquiring with management of the Group whether there is any impairment indicator for trade receivables and assessing whether there is evidence of management bias on impairment assessment of trade receivables by considering the consistency of judgement made by the management year on year through discussion with the management to understand their rationale;
- reviewing subsequent settlements of the trade receivables;
- testing the aging analysis of the trade receivables, on a sample basis, to the source documents; and
- assessing the reasonableness of recoverability of trade receivables with reference to the evaluation of collectability, ageing analysis of the receivables, the ultimate realization of these outstandings, the current creditworthiness, past collection history of and the Group's current and potential future business relationship with each customer.

### OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee ("Audit Committee") assists the directors in discharging their responsibility in this regard.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **BDO Limited**

*Certified Public Accountants*

### **Chan Wing Fai**

Practising Certificate Number P05443

Hong Kong, 21 June 2018

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	7	<b>53,034</b>	44,867
Cost of sales and services rendered		<b>(25,605)</b>	(20,333)
<b>Gross profit</b>		<b>27,429</b>	24,534
Other income	8	<b>1,906</b>	17
Administrative expenses		<b>(10,354)</b>	(7,782)
Listing expenses		—	(10,489)
Finance costs	9	<b>(477)</b>	(668)
<b>Profit before income tax expense</b>	10	<b>18,504</b>	5,612
Income tax expense	11	<b>(3,130)</b>	(2,800)
<b>Profit and total comprehensive income for the year</b>		<b>15,374</b>	2,812
<b>Earnings per share</b>			
— Basic and diluted	14	<b>HK3.84 cents</b>	HK0.92 cent

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	53,265	25,602
<b>Current assets</b>			
Inventories	17	3,151	579
Trade receivables	18	14,602	14,014
Prepayments, deposits and other receivables	19	7,123	1,668
Income tax recoverable		415	—
Cash and cash equivalents	20	47,623	80,202
		<b>72,914</b>	<b>96,463</b>
<b>Current liabilities</b>			
Trade payables	21	218	33
Other payables and accruals	22	3,432	2,414
Income tax payable		—	1,123
Finance lease payables	23	3,172	2,979
Bank borrowings	24	—	10,693
		<b>6,822</b>	<b>17,242</b>
<b>Net current assets</b>		<b>66,092</b>	<b>79,221</b>
Total assets less current liabilities		<b>119,357</b>	<b>104,823</b>
<b>Non-current liabilities</b>			
Finance lease payables	23	1,450	4,622
Deferred tax liabilities	32	4,691	2,359
		<b>6,141</b>	<b>6,981</b>
<b>Net assets</b>		<b>113,216</b>	<b>97,842</b>
<b>Capital and reserves</b>			
Share capital	26	4,000	4,000
Reserves		109,216	93,842
<b>Total equity</b>		<b>113,216</b>	<b>97,842</b>

On behalf of the directors

**TANG Hing Keung**  
Director

**AU Man Yi**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK\$'000 (Note 26)	Share premium HK\$'000 (Note 27(a))	Other reserve HK\$'000 (Note 27(b))	Retained earnings HK\$'000 (Note 27(c))	Total HK\$'000
<b>At 1 April 2016</b>	6,000	—	—	21,206	27,206
Profit and total comprehensive income for the year	—	—	—	2,812	2,812
Arising from the reorganisation	(6,000)	—	6,000	—	—
Issue of shares under share offer	1,000	74,000	—	—	75,000
Share issues expenses	—	(7,176)	—	—	(7,176)
Capitalisation issue of shares	3,000	(3,000)	—	—	—
<b>At 31 March 2017 and 1 April 2017</b>	4,000	63,824	6,000	24,018	97,842
Profit and total comprehensive income for the year	—	—	—	15,374	15,374
<b>At 31 March 2018</b>	4,000	63,824	6,000	39,392	113,216



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Cash flow from operating activities</b>			
Profit before income tax expense		18,504	5,612
Adjustments for:			
Bank interest income	8	(130)	(2)
Finance costs	9	477	668
Gain on disposal of property, plant and equipment	10	(13)	—
Written off of property, plant and equipment	10	94	21
Written off of trade receivables	10	11	429
Impairment loss on trade receivables	10	224	63
Depreciation	15	4,576	2,842
Listing expenses		—	10,489
		<b>23,743</b>	20,122
Increase in inventories		(868)	(785)
Increase in trade receivables		(823)	(2,971)
(Increase)/decrease in prepayments, deposits and other receivables		(5,455)	644
Increase/(decrease) in trade payables		185	(40)
Increase in other payables and accruals		1,018	169
<b>Cash generated from operations</b>		<b>17,800</b>	17,139
Income tax paid		(2,336)	(1,981)
<b>Net cash generated from operating activities</b>		<b>15,464</b>	15,158
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(34,144)	(14,151)
Proceeds from disposal of property, plant and equipment		120	—
Interest received		130	2
<b>Net cash used in investing activities</b>		<b>(33,894)</b>	(14,149)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Cash flows from financing activities</b>			
Finance lease interest paid		(393)	(300)
Bank interest paid		(84)	(368)
Proceeds from finance lease payables		—	9,198
Repayment of finance lease payables		(2,979)	(1,597)
Repayment of bank borrowings		(10,693)	(4,981)
Payment of new shares listing costs		—	(17,665)
Proceeds from issue of share upon placing		—	75,000
<b>Net cash (used in)/generated from financing activities</b>		<b>(14,149)</b>	59,287
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,579)</b>	60,296
<b>Cash and cash equivalents at beginning of year</b>		<b>80,202</b>	19,906
<b>Cash and cash equivalents at end of year</b>	20	<b>47,623</b>	80,202

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April 2016. Its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 March 2017. The address of the Company's registered office is P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 2nd Floor, 625 King's Road, North Point, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in trading, installation and renting of suspended working platforms and other construction equipments.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Hing Gut Limited ("Hing Gut"), a company incorporated in the British Virgin Islands (the "BVI").

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (A) ADOPTION OF NEW/REVISED HKFRSs — EFFECTIVE 1 APRIL 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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

### ***Amendments to HKAS 7 — Disclosure Initiative***

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement, note 29.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

### (B) NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments (Standard) <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments (Basis of conclusion) <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKAS 19	Employee Benefits <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Except as described below, the directors do not anticipate that the application of the new and revised HKFRSs will have material impact on the Group’s financial performance and position and/or on the disclosures to the Group’s consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

*(Continued)*

### (B) NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

*(Continued)*

#### **HKFRS 9 — Financial Instruments**

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors anticipate that the application of HKFRS 9 in the future will have an impact on amounts reported in respect of the Group’s financial performance and financial assets (e.g. impairment on trade receivables and loan receivables) resulting from early provision of credit losses using the expected loss impairment model under HKFRS 9 instead of incurred loss model under HKAS 39. Currently, the directors are in the midst of assessing the financial impact of the application of HKFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

#### **HKFRS 15 — Revenue from Contracts with Customers**

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS18 “Revenue”, HKAS 11 “Construction Contracts” and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

### (B) NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

(Continued)

#### **HKFRS 15 — Revenue from Contracts with Customers** (Continued)

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach take under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported on revenue as the timing of revenue recognition may be affected by the new standard, and more disclosures relating to revenue is required. Currently, the directors are in the midst of assessing the financial impact of the application of HKFRS 15 and a reasonable estimate of the effect will be available once the detailed review is completed.

#### **HKFRS 16 — Leases**

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2018, the amount of operating lease commitment of the Group was approximately HK\$2,268,000 as disclosed in Note 30. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Company’s financial performance but it is expected that certain portion of these lease commitments will be required to be recognised in the statement of financial position as right-to-use assets and lease liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 3. BASIS OF PREPARATION

### (A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) issued by the Hong Kong Institute of Certified Public Accountants and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

### (B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis.

### (C) USE OF ESTIMATE AND JUDGMENTS

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

### (D) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, except when otherwise indicated.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### (A) BUSINESS COMBINATION AND BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group’s previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (A) BUSINESS COMBINATION AND BASIS OF CONSOLIDATION *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### (B) SUBSIDIARIES

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (C) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (C) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Plant and machinery	10 years
Motor vehicles	5 years
Furniture and equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

When an item of machinery is classified as held for resale, it is not depreciated and is accounted for as held for sale, as further explained in the accounting policy for "Inventories".

### (D) INVENTORIES

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (E) LEASING

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (E) LEASING *(Continued)*

#### ***The Company as lessor***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income is recognised in accordance with Note 4(h). Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### ***The Company as lessee***

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

### (F) FINANCIAL INSTRUMENTS

#### ***(i) Financial assets***

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

#### **Loans and receivables**

These assets, including trade receivables, deposits and other receivables and cash and cash equivalents, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (F) FINANCIAL INSTRUMENTS *(Continued)*

#### *(ii) Impairment loss on financial assets*

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

#### **For loans and receivables**

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial assets is reduced through the use of all allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *(iii) Financial liabilities*

Financial liabilities, including trade payables, accruals, amount due to directors, amount due to a related company and bank borrowing are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in statement of comprehensive income.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (F) FINANCIAL INSTRUMENTS *(Continued)*

#### *(iv) Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### *(v) Equity instruments*

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### *(vi) Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or where the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

### (G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### (H) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows:

- Trading of equipment and spare parts are recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.
- Rental and related service is recognised on an utilisation time basis.
- Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (I) INCOME TAXES

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they related to items recognised directly in equity in which case the taxes are also recognised directly in equity.

### (J) GOVERNMENT GRANT

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

### (K) FOREIGN CURRENCY

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (L) EMPLOYEE BENEFIT OBLIGATIONS

#### *(i) Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

#### *(ii) Short-term employee benefits*

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### *(iii) Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

### (M) PROVISION AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (N) JOINT ARRANGEMENTS

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (N) JOINT ARRANGEMENTS *(Continued)*

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

### (O) RELATED PARTIES

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (O) RELATED PARTIES *(Continued)*

(b) *(Continued)*

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### (P) IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### (Q) SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The only operating segment of the Group is the rental and related services and trading of equipment and spare parts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

### INCOME TAXES

The Group is subject to Hong Kong income taxes. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### IMPAIRMENT LOSS ON TRADE RECEIVABLES

The Group adopts a standardised credit period granted to the customers by reference to the internal credit rating of the customers. Provision for impairment of trade receivables is made when there is objective evidence (such as significant financial difficulties of the debtor or substantial budget overrun of the debtor) that the Group would not be able to collect the amounts due under the original terms of the invoice.

The Group reviews the collectability of the trade receivables on a case-by-case basis to determine if any write off for trade receivables is necessary. If any trade receivable is overdue for more than 12 months, this debt is highlighted by the accounting staff for assessment by the Directors and/or senior management about the recoverability of such overdue trade receivable. The assessment is done based on, among other things, the evaluation of collectability, ageing analysis of the receivables, the ultimate realization of these outstandings, the current creditworthiness, past collection history of and the Group's current and potential future business relationship with each customer. If the Directors and/or senior management consider the recoverability of such debt is doubtful, such debt is written off.

If any debt previously written off is recovered subsequently, the amount is recognised in the Group's profit or loss as "other income".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 6. SEGMENT INFORMATION

The chief operating decision maker is identified as executive directors of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance. During the years, the executive directors have considered the only operating segment of the Group is rental and related services and trading of equipment and spare parts.

### GEOGRAPHICAL INFORMATION

The following is an analysis of the Group's revenue by the geographical locations of customers.

	2018 HK\$'000	2017 HK\$'000
Hong Kong	49,105	40,210
Thailand	2,998	4,121
Macau	445	382
Others	486	154
	<b>53,034</b>	<b>44,867</b>

All of the Group's non-current assets are located in Hong Kong.

### INFORMATION ABOUT MAJOR CUSTOMERS

Turnover from customers contributing over 10% of total revenue of the Group is as follows:

	2018 HK\$'000	2017 HK\$'000
Client A	12,574	18,106
Client B	12,486	8,708
Client C	7,699	N/A
Client D	6,517	N/A
Client E	N/A	6,469

N/A: Transactions during the year did not exceed 10% of the Group's revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 7. 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 year and is summarised as follows:

	2018 HK\$'000	2017 HK\$'000
Rental and related services	42,445	33,364
Trading of equipment and spare parts	10,589	11,503
Total	53,034	44,867

## 8. OTHER INCOME

	2018 HK\$'000	2017 HK\$'000
Service fees	724	—
Exchange gain, net	659	—
Bank interest income	130	2
Recovery of write off of trade receivables	95	—
Government grant (note)	91	—
Sundry income	207	15
Total	1,906	17

Note:

Government grant mainly represents supporting funds by Government to Hong Kong Special Administrative Region for phasing out a non van-type light goods vehicle which aged more than 16 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest on finance lease	393	368
Interest on bank borrowings	84	300
Total	477	668

## 10. PROFIT BEFORE INCOME TAX EXPENSE

	2018 HK\$'000	2017 HK\$'000
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	600	550
Cost of inventories sold and material consumed	5,306	5,476
Write off of trade receivables	11	429
Impairment loss on trade receivables	224	63
Exchange (gain)/loss, net	(659)	62
Depreciation of property, plant and equipment	4,576	2,842
Write off of property, plant and equipment	94	21
Gain on disposal of property, plant and equipment	(13)	—
Minimum lease payments under operating lease		
— storage and repairing workshop	1,252	1,209
Staff costs (including directors' remuneration) (note 12(a))		
Salaries, wages and other benefits	14,044	11,056
Retirement costs	582	540

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 11. INCOME TAX EXPENSE

The income tax expense in the consolidated statement of comprehensive income represents:

	2018 HK\$'000	2017 HK\$'000
<b>Current tax — Hong Kong profits tax</b>		
Provision for the year	798	2,477
<b>Deferred tax</b>		
Current year (note 32)	2,332	323
Income tax expense	3,130	2,800

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% (2017: 16.5%) of the estimated assessable profits for the year.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of comprehensive income as follows:

	2018 HK\$'000	2017 HK\$'000
Profit before income tax expense	18,504	5,612
Tax calculated at Hong Kong profits tax rate of 16.5% (2017: 16.5%)	3,053	926
Tax effect of income not taxable for tax purpose	(21)	(2)
Tax effect of expenses not deductible for tax purposes	415	1,863
Tax effect of temporary difference not recognised	(300)	11
Tax effect on tax loss not recognised	3	22
Statutory tax concession	(20)	(20)
Income tax expense	3,130	2,800

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

### 12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

#### (A) DIRECTORS' REMUNERATION

Details of the directors' remuneration are disclosed as follows:

	Fees HK\$'000	Salaries and other Benefits HK\$'000	Discretionary bonuses paid and payable HK\$'000	Contribution to defined contribution pension plans HK\$'000	Total HK\$'000
<b>Year ended 31 March 2018</b>					
<i>Executive directors:</i>					
Mr. Tang Hing Keung ("Mr. H.K. Tang")	—	824	—	17	841
Mr. Tang Ming Hei	—	344	—	17	361
Ms. Au Man Yi (note (i))	—	74	—	1	75
<i>Non-executive directors:</i>					
Ms. Au Fung Yee ("Ms. Au")	150	—	—	—	150
Mr. Au Lop Wah Edmond	150	—	—	—	150
<i>Independent non-executive directors:</i>					
Mr. Kwan Woon Man Boris	100	—	—	—	100
Mr. Chiu Chi Wing	100	—	—	—	100
Mr. Tang Man Ho Michael (note (ii))	100	—	—	—	100
	600	1,242	—	35	1,877

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

### (A) DIRECTORS' REMUNERATION *(Continued)*

	Fees HK\$'000	Salaries and other Benefits HK\$'000	Discretionary bonuses paid and payable HK\$'000	Contribution to defined contribution pension plans HK\$'000	Total HK\$'000
<b>Year ended 31 March 2017</b>					
<i>Executive directors:</i>					
Mr. Tang Hing Keung	—	496	—	17	513
Mr. Tang Ming Hei	—	304	—	15	319
<i>Non-executive directors:</i>					
Ms. Au Fung Yee	7	—	—	—	7
Mr. Au Lop Wah Edmond	7	—	—	—	7
<i>Independent non-executive directors:</i>					
Mr. Kwan Woon Man Boris	5	—	—	—	5
Mr. Chiu Chi Wing	5	—	—	—	5
Mr. Tang Man Ho Michael (note (ii))	5	—	—	—	5
	29	800	—	32	861

(i) Ms. Au Man Yi was appointed on 16 January 2018.

(ii) Mr. Tang Man Ho Micheal resigned on 9 May 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

### (B) FIVE HIGHEST-PAID INDIVIDUALS

The five highest paid individuals of the Group included one director (2017: two) whose emoluments are reflected in the analysis presented above.

The analysis of the emoluments to the remaining four (2017: three) individuals is set out below:

	2018 HK\$'000	2017 HK\$'000
Salaries and allowances	1,707	1,276
Contribution to defined contribution pension plans	51	48
Discretionary bonuses paid and payables	—	—
	<b>1,758</b>	<b>1,324</b>

Their remuneration fell within the following bands:

	2018	2017
Nil to HK\$1,000,000	4	3

During the year, no director or any of the highest-paid individuals waived or agreed to waive any emoluments (2017: Nil). No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

## 13. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2018 (2017: Nil).

## 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the year ended 31 March 2018 of HK\$15,374,000 (2017: HK\$2,812,000) and the weighted average of ordinary shares of 400,000,000 (2017: 304,383,562) in issue during the year.

Diluted earnings per share is the same as the basic earnings per share as there is no dilutive ordinary shares in existence during the years ended 31 March 2018 and 2017.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 15. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000
<b>Cost</b>				
At 1 April 2016	23,339	4,030	409	27,778
Additions	15,203	—	59	15,262
Written off	—	—	(70)	(70)
Transferred to inventories	(3,079)	—	—	(3,079)
At 31 March and 1 April 2017	35,463	4,030	398	39,891
Additions	33,974	105	65	34,144
Disposals	(98)	(532)	—	(630)
Written off	(114)	—	(51)	(165)
Transferred to inventories	(5,962)	—	—	(5,962)
At 31 March 2018	63,263	3,603	412	67,278
<b>Accumulated depreciation</b>				
At 1 April 2016	12,037	2,170	254	14,461
Depreciation	2,254	539	49	2,842
Written off	—	—	(49)	(49)
Transferred to inventories	(2,965)	—	—	(2,965)
At 31 March and 1 April 2017	11,326	2,709	254	14,289
Depreciation	4,017	513	46	4,576
Disposals	(2)	(521)	—	(523)
Written off	(37)	—	(34)	(71)
Transferred to inventories	(4,258)	—	—	(4,258)
At 31 March 2018	11,046	2,701	266	14,013
<b>Net book value</b>				
At 31 March 2018	52,217	902	146	53,265
At 31 March 2017	24,137	1,321	144	25,602

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 16. INVESTMENTS IN SUBSIDIARIES

The particulars of the Company's subsidiaries as at 31 March 2018 are as follows:

Name	Country and date of incorporation/ establishment and form of business structure	Description of shares held	Attributable equity interest		Principal activities and place of operations
			direct	indirect	
Trend Novel Limited ("Trend Novel")	British Virgin Islands, 8 April 2016, limited liability company	Ordinary, Hong Kong Dollars ("HK\$") 0.01	100%	—	Investment holding, Hong Kong
Hing Ming Gondola (HK) Company Limited ("Hing Ming HK")	Hong Kong, 22 September 1997, limited liability company	Ordinary	—	100%	Trading, installation and renting of suspended working platforms and other construction equipments, Hong Kong
Hing Ming Equipment Company Limited	Hong Kong, 29 January 2018, limited liability company	Ordinary	—	100%	Construction consulting and project management, Hong Kong
Hing Ming Construction Equipment Company Limited	Hong Kong, 15 February 2018, limited liability company	Ordinary	—	100%	Construction consulting and project management, Hong Kong

## 17. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Inventories for resale	3,151	579

## 18. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	14,062	14,014

The Group's trading terms with its existing customers are mainly on credit. The credit period is 30 days or based on the terms agreed in the sale and rental agreements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 18. TRADE RECEIVABLES *(Continued)*

An ageing analysis of the Group's trade receivables net of impairment and based on invoice date, is as follows:

	2018 HK\$'000	2017 HK\$'000
Within 1 month	4,385	5,016
More than 1 month but not more than 3 months	4,850	6,462
More than 3 months but not more than 6 months	924	1,294
More than 6 months but not more than a year	2,721	1,036
More than a year	1,722	206
	<b>14,062</b>	14,014

The ageing analysis of Group's trade receivables, based on due date, is as follows:

	2018 HK\$'000	2017 HK\$'000
Neither past due nor impaired	4,371	2,693
Past due but not impaired:		
Less than 1 month past due	3,783	5,875
1 to 3 months past due	1,101	2,939
4 to 6 months past due	1,960	1,625
More than 6 months but less than 12 months	1,669	676
More than 1 year	1,718	206
	<b>14,602</b>	14,014

Trade receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Prepayments	580	292
Deposits (note)	6,096	1,376
Other receivables	447	—
	<b>7,123</b>	1,668

Note:

The deposits represents deposits for purchase of property, plant and equipment, rentals and utilities.

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 21. TRADE PAYABLES

	2018 HK\$'000	2017 HK\$'000
Trade payables	218	33

The credit period ranges from approximately 0 to 90 days.

An ageing analysis of the Group's trade payables, based on invoice date, is as follows:

	2018 HK\$'000	2017 HK\$'000
Within 1 month	125	22
More than 1 month but not more than 3 months	—	11
More than 6 month but not more than 1 year	93	—
	<b>218</b>	33

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

### 22. ACCRUALS AND DEPOSITS RECEIVED

	2018 HK\$'000	2017 HK\$'000
Accrual expenses	1,953	1,628
Customers' deposits received	1,479	786
	<b>3,432</b>	<b>2,414</b>

### 23. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Within one year	3,372	3,372	3,172	2,979
In the second to fifth years, inclusive	1,475	4,847	1,450	4,622
Less: future finance costs	4,847 (225)	8,219 (618)	4,622 —	7,601 —
Present value of lease obligations	<b>4,622</b>	7,601	<b>4,622</b>	7,601
Less: Amounts due for settlement within 12 months (shown under current liabilities)			<b>(3,172)</b>	(2,979)
Amounts due for settlement after 12 months			<b>1,450</b>	4,622

The Group leases certain property, plant and equipment under finance leases (Note 15). The lease term is 3 years, with effective interest rate of approximately 6.3% (2017: 6.3%) per annum for the year ended 31 March 2018. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance leases are guaranteed by the subsidiary of the Group, Hing Ming HK.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 24. BANK BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Bank borrowing due for repayment within one year (note (i))	—	3,124
Bank borrowing due for repayment after one year which contain a repayment on demand clause (notes (i) & (ii))	—	7,569
	—	10,693

Notes:

- (i) The bank borrowings are secured by secured by the subsidiary of the Group, Hing Ming HK, and a property of the Directors, Mr. H.K. Tang and Ms. Au (2017: secured by the subsidiary of the Group, Hing Ming HK, and a property of the Directors, Mr. H.K. Tang and Ms. Au). Interest is charged at a prime rate minus ranged from 1.75% to 2.75% (2017: prime rate minus range from 1.75% to 2.75%).
- (ii) The current liabilities include bank borrowings of HK\$nil (2017: HK\$7,569,000) that are not scheduled to repay within one year. It is classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion.
- (iii) The company repaid all bank borrowings on 25 May 2017.

Analysis based on scheduled repayment terms set out in the loan agreements, into:

	2018 HK\$'000	2017 HK\$'000
On demand or within one year	—	3,124
More than one year, but not exceeding two years	—	1,752
More than two years, but not exceeding five years	—	4,413
More than five years	—	1,404
	—	10,693

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause. Further details of the Group's management of liquidity risk are set out in note 34(c).

Certain of the Group's term loan agreement contain clauses which give the lender the right at the lender's sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 25. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

## 26. SHARE CAPITAL

	2018 Number	2018 HK\$'000	2017 Number	2017 HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each				
At the beginning of the year	10,000,000,000	100,000	—	—
Upon incorporation	—	—	38,000,000	380
Increase of authorised shares (note (a))	—	—	9,962,000,000	99,620
At the end of the year	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the year	400,000,000	4,000	—	—
Upon incorporation (note (a))	—	—	1	—
Allotment of shares (note (b))	—	—	99	—
Capitalisation issue of shares (note (c))	—	—	299,999,900	3,000
Issue of shares under share offer (note (d))	—	—	100,000,000	1,000
At the end of the year	400,000,000	4,000	400,000,000	4,000

Note:

- (a) The Company was incorporated in the Cayman Islands on 8 April 2016, with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 each. On the same day, one subscriber Share with a par value of HK\$0.01 was allotted and issued as fully paid to the initial subscriber. On the same day, the said one Share was transferred to Hing Gut at par value of HK\$0.01.
- (b) On 23 February 2017, Mr. H.K. Tang and Ms. Au (as transferors), Trend Novel (as transferee), Hing Gut, the Company and Hing Ming HK entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Trend Novel acquired the entire issued share capital of Hing Ming HK, which comprised (i) 5,400,000 ordinary shares held by Mr. H.K. Tang; and (ii) 600,000 ordinary shares held by Ms. Au. The shares were transferred to Trend Novel in consideration of the allotment and issue of 99 Shares, credited as fully paid, to Hing Gut.
- (c) Pursuant to the listing, the Directors authorised to capitalise an amount of HK\$2,999,999 standing to the credit of the share premium account of the Company and by applying such sum towards to pay up in full at par of 299,999,900 shares for allotment and issue to the sole shareholder, namely Hing Gut.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 26. SHARE CAPITAL *(Continued)*

Note: *(Continued)*

- (d) Under a share offer took place during the year ended 31 March 2017, 100,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.75 per share for a total cash consideration (before share issuance expenses) of HK\$75,000,000.
- (e) Before the completion of the Reorganisation, the share capital balance in the consolidated statement of financial position as at 31 March 2016 represented the combined share capital of the entities now comprising the Group.

## 27. RESERVES

Details of the movements on the Group's reserves for the years ended 31 March 2018 and 2017 are presented in the consolidated statement of changes in equity. Movements on the Company's reserves are as follows:

### THE COMPANY

	Share premium HK\$'000 (note (a))	Accumulated losses HK\$'000 (note (c))	Total HK\$'000
At 1 April 2016	—	—	—
Loss for the year	—	(154)	(154)
Issue of shares under share offer	74,000	—	74,000
Share issues expenses	(7,176)	—	(7,176)
Capitalisation issue of shares	(3,000)	—	(3,000)
At 31 March 2017	63,824	(154)	63,670
Loss for the year	—	(766)	(766)
At 31 March 2018	63,824	(920)	62,904

**(a) Share premium**

Amount subscribed for share capital in excess of nominal value, less of share issuing costs.

**(b) Other reserve**

The other reserve of the Group represents the difference between the total equity of those subsidiaries and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new shares from the Company.

**(c) Accumulated losses**

The amount represents cumulative net gains and losses in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 28. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	16	—
<b>Current assets</b>		
Other receivables		41
Cash and cash equivalents		22,445
Amount due from a subsidiary		44,652
		<b>67,138</b>
<b>Current liabilities</b>		
Other payables		234
		<b>234</b>
Total assets less current liabilities		<b>66,904</b>
<b>Net liabilities</b>		
		<b>66,904</b>
<b>EQUITY</b>		
Share capital	26	4,000
Share premium	27	63,824
Accumulated losses	27	(920)
		<b>66,904</b>

On behalf of the directors

**TANG Hing Keung**  
Director

**TANG Ming Hei**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 29. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

	<b>Finance lease payables (note 23)</b>	<b>Bank borrowings (note 24)</b>
	HK\$000	HK\$000
At 1 April 2017	<b>7,601</b>	10,693
Changes from cash flows:		
Repayment of finance lease payables	<b>(2,979)</b>	—
Repayment of bank borrowings	—	(10,693)
Finance lease interest paid	<b>(393)</b>	—
Interest paid	—	(84)
Total changes from financing cash flows:	<b>4,229</b>	(84)
Other charge:		
Finance lease interest paid	<b>393</b>	—
Interest expenses	—	84
At 31 March 2018	<b>4,622</b>	—

## 30. OPERATING LEASE COMMITMENTS AS A LESSEE

The Group leased a storage and repairing workshop under operating lease arrangements which were negotiated for terms ranging from 1 to 2 years and the leases do not include contingent rentals.

The total future minimum lease payments payable under non-cancellable operating lease are due as follows:

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Not later than one year	<b>1,296</b>	873
Later than one year	<b>972</b>	—
	<b>2,268</b>	873

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 31. RELATED PARTY TRANSACTIONS

### (A) RELATED PARTY TRANSACTIONS

Save as elsewhere in the Financial Information, the Group had the following material transactions with related parties during the year:

Related party relationship	Names of related parties	Types of transactions	Transaction amount	
			2018 HK\$'000	2017 HK\$'000
Common director and beneficial owner	Harvest Team International Limited ("Harvest Team (HK)") (incorporated in Hong Kong)	Rental of motor vehicle paid (note (i))	—	9

Notes:

- (i) The above transaction was paid to Harvest Team (HK). Mr. H.K. Tang, the director of the Group, is the director and beneficial owner of the above Company.

### (B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in Note 12(a), is as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries, allowances and benefits in kind	2,099	1,609
Retirement scheme contributions	51	58
	<b>2,150</b>	<b>1,667</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 32. DEFERRED TAX

Details of the deferred tax liabilities and assets recognised and movements during the current year and prior years:

	<b>Accelerated tax depreciation</b>
	HK\$
At 1 April 2016	2,036
Charge to profit or loss for the year (note 11)	323
At 31 March 2017 and 1 April 2017	2,359
Charge to profit or loss for the year (note 11)	2,332
At 31 March 2018	4,691

## 33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities.

	<b>2018 Carrying amount HK\$'000</b>	<b>2018 Fair value HK\$'000</b>	2017 Carrying amount HK\$'000	2017 Fair value HK\$'000
<b>Financial assets</b>				
Loans and receivables:				
Trade receivables	14,602	14,602	14,014	14,014
Deposits and other receivables	6,543	6,543	1,376	1,376
Cash and cash equivalents	47,623	47,623	80,202	80,202
	<b>68,768</b>	<b>68,768</b>	95,592	95,592
<b>Financial liabilities</b>				
Measured at amortised cost:				
Trade payables	218	218	33	33
Accrued liabilities	1,953	1,953	1,628	1,628
Finance lease payables	4,622	4,622	7,601	7,601
Bank borrowings	—	—	10,693	10,693
	<b>6,793</b>	<b>6,793</b>	19,955	19,955

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 34. FINANCIAL RISK MANAGEMENT

The Group's financial assets that derive directly from its operations are trade and other receivables, and cash and cash equivalents. Principal financial liabilities of the Group include trade and other payables, amounts due to a related company/directors, finance lease payables and bank borrowings. The main purpose of these financial liabilities is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk, and currency risk. The Group does not enter into or trade financial instruments for speculative purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

### (A) CREDIT RISK

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has a certain concentration of credit risk, the balance due from the Group's largest customer group amounted to 23% and 36% of the total trade receivables at 31 March 2018 and 2017, respectively. The balances due from the Group's five largest customers amounted to 77% and 75% of the total trade receivables at 31 March 2018 and 2017, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 34. FINANCIAL RISK MANAGEMENT *(Continued)*

### (B) INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and bank borrowings. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The following table details the interest rate profile of the Group's financial assets and liabilities as at the end of the reporting period based upon which the Group's management evaluates the interest rate risk:

	2018		2017	
	Effective interest rate (% per annum)	HK\$'000	Effective interest rate (% per annum)	HK\$'000
<b>Financial assets</b>				
Floating rate receivables				
— Cash at bank	0.001% to 0.01%	47,623	0.001% to 0.01%	80,202
<b>Financial liabilities</b>				
— Floating rate borrowings	2.5%–3.5%	—	2.5%–3.5%	10,693
— Fixed finance lease payables	6.3%	4,622	6.3%	7,601

At 31 March 2018 and 2017, it is estimated that a general increase/decrease at 10 basis points in interest rates, with all other variables held constant, would have insignificant effect on the Group's result for the year.

### (C) LIQUIDITY RISK

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financial obligations, and also in respect of its cash flow management. The cash management of all operating entities is centralised, including the raising of funds to cover expected cash demands. The Group's objective is to maintain sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

### 34. FINANCIAL RISK MANAGEMENT *(Continued)*

#### (C) LIQUIDITY RISK *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowing, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK\$'000	Total contractual cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
<b>As at 31 March 2018</b>						
Trade payables	218	218	218	—	—	—
Accrued liabilities	1,953	1,953	1,953	—	—	—
Finance lease payables	4,622	4,846	3,372	1,474	—	—
	<b>6,793</b>	<b>7,017</b>	<b>5,543</b>	<b>1,474</b>	<b>—</b>	<b>—</b>

	Carrying amount HK\$'000	Total contractual cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
<b>As at 31 March 2017</b>						
Trade payables	33	33	33	—	—	—
Accrued liabilities	1,628	1,628	1,628	—	—	—
Finance lease payables	7,601	8,219	3,372	3,372	1,475	—
Bank borrowings	10,693	11,370	11,370	—	—	—
	<b>19,955</b>	<b>21,250</b>	<b>16,403</b>	<b>3,372</b>	<b>1,475</b>	<b>—</b>

#### (D) CURRENCY RISK

##### *Transactions in foreign currencies and the Group's risk management policies*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables and cash and cash equivalents which are denominated in EUR and USD. During the year, the Group has not adopted any hedging strategy in the long run but management continuously monitors the foreign exchange risk exposure on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 34. FINANCIAL RISK MANAGEMENT *(Continued)*

### (D) CURRENCY RISK *(Continued)*

#### *Transactions in foreign currencies and the Group's risk management policies (Continued)*

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the prevailing closing rates at the end of each of the year, are as follows:

	EUR'000	USD'000
<b>At 31 March 2018</b>		
Financial assets	9,006	1,397
Financial liabilities	81	3
<b>At 31 March 2017</b>		
Financial assets	3,429	1,147
Financial liabilities	48	—

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates of EUR to which the Group has significant exposure at the end of each reporting period.

	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK\$'000
<b>As 31 March 2018</b>		
EUR	5%	446
EUR	(5)%	(446)
<b>As 31 March 2017</b>		
EUR	5%	169
EUR	(5)%	(169)

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the financial year and held constant throughout the year. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

## 34. FINANCIAL RISK MANAGEMENT *(Continued)*

### (D) CURRENCY RISK *(Continued)*

A reasonable change in foreign exchange rates for EUR and USD in the next twelve months is assessed to result in immaterial change in the Group's profit after tax, retained earnings and other components of equity.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions denominated in foreign currency. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

### (E) FAIR VALUE

The carrying amounts of the financial assets and financial liabilities carried at amortisation cost in the Financial Information approximate their fair values due to the relative short term maturity of these financial instruments.

## 35. CAPITAL MANAGEMENT

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity attributable to owners of the Group as capital. The amount of capital as at 31 March 2018 and 2017 amounted to approximately HK\$113,216,000 and HK\$97,842,000 respectively.

## 36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 June 2018.

## FOUR YEARS' FINANCIAL SUMMARY

### For the year ended 31 March

	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
<b>RESULTS</b>				
Revenue	44,455	45,017	44,867	<b>53,034</b>
Profit before income tax expense	12,131	12,002	5,612	<b>18,504</b>
Income tax expense	(2,299)	(2,440)	(2,800)	<b>(3,130)</b>
Profit and total comprehensive income for the year	9,832	9,562	2,812	<b>15,374</b>

### As at 31 March

	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
<b>ASSETS AND LIABILITIES</b>				
Total assets	33,500	47,861	122,065	<b>126,179</b>
Total liabilities	(15,856)	(20,655)	(24,223)	<b>(12,963)</b>
Net assets	17,644	27,206	97,842	<b>113,216</b>