



# HING MING HOLDINGS LIMITED 興銘控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8425

# 2019

INTERIM REPORT

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

## INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2019 together with the relevant comparative unaudited figures for the corresponding period in 2018 and the relevant explanatory notes as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three and six months ended 30 September 2019*

	<i>Notes</i>	Three months ended 30 September		Six months ended 30 September	
		2019 (unaudited) <i>HK\$000</i>	2018 (unaudited) <i>HK\$'000</i>	2019 (unaudited) <i>HK\$000</i>	2018 (unaudited) <i>HK\$'000</i>
Revenue	3	12,303	11,835	30,204	21,266
Cost of sales and services rendered		(7,864)	(6,281)	(19,210)	(11,644)
<b>Gross profit</b>		<b>4,439</b>	5,554	<b>10,994</b>	9,622
Other income		111	175	246	219
Administrative expenses		(2,077)	(2,400)	(4,144)	(4,919)
Finance costs		(222)	(131)	(362)	(200)
<b>Profit before income tax expense</b>	5	<b>2,251</b>	3,198	<b>6,734</b>	4,722
Income tax expense	6	(571)	(753)	(3,085)	(1,093)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>1,680</b>	2,445	<b>3,649</b>	3,629
<b>Earnings per share</b>					
— Basic and diluted	8	<b>HK0.42 cent</b>	HK0.61 cent	<b>HK0.91 cent</b>	HK0.91 cent

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	As at 30 September 2019 (unaudited) <i>Notes</i>	As at 31 March 2019 (audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>		
Property, plant and equipment	83,995	81,135
Deposits paid for purchase of property, plant and equipment	5,686	8,399
	<b>89,681</b>	89,534
<b>Current assets</b>		
Inventories	594	2,858
Trade receivables	9 17,038	14,362
Prepayments, deposits and other receivables	11,163	3,008
Cash and cash equivalents	29,523	37,583
	<b>58,318</b>	57,811
<b>Current liabilities</b>		
Contract liabilities	1,011	2,683
Trade and other payables	10 2,310	2,872
Obligations under finance leases	5,225	6,462
Tax payables	1,598	–
	<b>10,144</b>	12,017

	<b>As at 30 September 2019 (unaudited) <i>Notes</i>      <b>HK\$'000</b></b>	As at 31 March 2019 (audited) <i>HK\$'000</i>
<b>Net current assets</b>	<b>48,174</b>	45,794
<b>Total assets less current liabilities</b>	<b>137,855</b>	135,328
<b>Non-current liabilities</b>		
Obligations under finance leases	<b>4,567</b>	7,176
Deferred tax liabilities	<b>10,933</b>	9,446
	<b>15,500</b>	16,622
<b>Net Assets</b>	<b>122,355</b>	118,706
<b>Capital and Reserves</b>		
Share capital	<b>4,000</b>	4,000
Reserves	<b>118,355</b>	114,706
<b>Total Equity</b>	<b>122,355</b>	118,706

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019 (audited)	4,000	63,824	6,000	44,882	118,706
Profit and total comprehensive income for the period	-	-	-	3,649	3,649
<b>At 30 September 2019 (unaudited)</b>	<b>4,000</b>	<b>63,824</b>	<b>6,000</b>	<b>48,531</b>	<b>122,355</b>
At 1 April 2018 (audited)	4,000	63,824	6,000	39,392	113,216
Profit and total comprehensive income for the period	-	-	-	3,629	3,629
At 30 September 2018 (unaudited)	4,000	63,824	6,000	43,021	116,845

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash from operating activities	<u>1,439</u>	10,646
Net cash used in investing activities	<u>(8,005)</u>	(29,434)
Net cash (used in)/from financing activities	<u>(1,494)</u>	13,280
<b>Net decrease in cash and cash equivalents</b>	<b>(8,060)</b>	(5,508)
<b>Cash and cash equivalents at beginning of the period</b>	<u>37,583</u>	47,623
<b>Cash and cash equivalents at end of the period</b>	<u><b>29,523</b></u>	42,115

# NOTES

## 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April 2016. The issued shares of the Company (the “**Shares**”) were initially listed on GEM of the Stock Exchange (the “**Listing**”) on 15 March 2017 (the “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room A4, 2/F., Tsim Sha Tsui Mansion, 83-87 Nathan Road, Kowloon, 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 equipment.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (A) Statement of compliance

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2019 (the “**2019 Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

A summary of the significant accounting policies adopted by the Group is set out below.

### (B) Basis of preparation

The measurement basis used in the preparation of the 2019 Interim Financial Statements is the historical cost basis.

The preparation of the 2019 Interim Financial Statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (B) Basis of preparation (continued)

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

The 2019 Interim Financial Statements have not been audited by the Company's independent auditor, but have been reviewed by the audited committee of the Board (the "Audit Committee").

The 2019 Interim Financial Statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Group, and all values are rounded to the nearest thousands, except when otherwise indicated.

### (C) Changes in accounting policies

The significant accounting policies that have been used in the preparation of the 2019 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of the new and revised HKFRSs.

In the current period, the Group has adopted a number of new and revised HKFRSs, amendments to Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are relevant to the Group and effective for annual accounting periods beginning on or after 1 January 2019. Except for the adoption of HKFRS 16 "Leases", the adoption of other new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the 2019 Interim Financial Statements.

HKFRS 16 replaces HKAS 17 "Leases" and related interpretations. The new standard affects primarily the accounting for the Group's operating leases. Under HKAS 17, the Group's office and operating premises leases were previously classified as operating leases and the lease payments were recognised as an expense on a straight-line basis over the lease term. On adoption of HKFRS 16, the Group recognises and measures a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset are recognised in profit or loss. The Group's assets and liabilities increase and the timing of expense recognition is also be impacted as a result.

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the corresponding reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (C) Changes in accounting policies (continued)

The reconciliation of operating lease commitments to lease liabilities is set out below:

	<b>At 1 April 2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>
Operating lease commitments	972
Less: Recognised exemption – short-term leases	<u>(972)</u>
Total lease liabilities	<u>–</u>

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group's results and financial position. The preparation of the 2019 Interim Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2019 Interim Financial Statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 March 2019.

## 3. REVENUE

Revenue, which is also the Group's turnover, represents income received and receivable from rental and related services and trading of equipment and spare parts during the six months ended 30 September 2019 and is summarised as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Rental and related services	<b>11,843</b>	10,110	<b>20,724</b>	19,380
Trading of equipment and spare parts	<b>460</b>	1,725	<b>9,480</b>	1,886
Total	<b>12,303</b>	11,835	<b>30,204</b>	21,266

## 4. SEGMENT INFORMATION

The chief operating decision maker is identified as the executive directors of the Company. The Group has identified the 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 six months ended 30 September 2019, the executive directors have considered the only operating segment of our Group is rental and related services and trading of equipment and spare parts.

## 5. PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before income tax expense is arrived at after charging/(crediting):				
Auditor's remuneration	109	150	219	300
Cost of inventories sold and materials consumed	275	347	5,879	488
Write-off of trade receivables	–	2	–	2
Exchange (gain)/loss, net	1	(1)	1	(6)
Depreciation of property, plant and equipment	2,504	2,548	5,351	3,910
Gains on disposals of property, plant and equipment	–	(220)	–	(163)
Minimum lease payments under operating lease				
— Storage and repairing workshop	306	306	648	648
Staff costs (including Directors' remuneration)				
— Salaries, wages and other benefits	2,907	3,369	5,721	6,627
— Retirement costs	115	142	235	288

## 6. INCOME TAX EXPENSE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Hong Kong profits tax</b>				
Current tax	323	91	1,598	91
Overprovided in prior years	–	(1,476)	–	(1,476)
<b>Deferred tax</b>	248	2,138	1,487	2,478
Income tax expense	571	753	3,085	1,093

## 6. INCOME TAX EXPENSE (CONTINUED)

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% (2018: 16.5%) of the estimated assessable profits for the six months ended 30 September 2019.

## 7. DIVIDEND

The Board does not declare the payment of any dividend for the six months ended 30 September 2019 (2018: Nil).

## 8. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
<b>Earnings:</b>				
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	<b>1,680</b>	2,445	<b>3,649</b>	3,629
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (Note)	<b>400,000</b>	400,000	<b>400,000</b>	400,000
Basic earnings per share	<b>HK0.42 cent</b>	HK0.61 cent	<b>HK0.91 cent</b>	HK0.91 cents

Note:

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the six months ended 30 September 2019 of HK\$3,649,000 (2018: HK\$3,629,000) and the weighted average of ordinary shares of 400,000,000 (2018: 400,000,000) in issue during the period.

Diluted earnings per share were the same as the basic earnings per share as there were no dilutive ordinary shares in existence during the six months ended 30 September 2019 and 2018.

## 9. TRADE RECEIVABLES

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Trade receivables	<b>17,038</b>	14,362

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.

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

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Within 1 month	<b>7,813</b>	7,040
More than 1 month but not more than 3 months	<b>3,475</b>	2,948
More than 3 months but not more than 6 months	<b>2,832</b>	1,783
More than 6 months but not more than a year	<b>929</b>	738
More than a year	<b>1,989</b>	1,853
	<b>17,038</b>	14,362

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.

## 10. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Trade payables	<b>100</b>	100
Accrual expenses	<b>2,210</b>	2,772
	<b>2,310</b>	2,872

All trade and other payables are expected to be settled within one year.

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

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Within 1 month	7	7
More than 1 month but not more than 3 months	–	–
More than 3 months	<b>93</b>	93
	<b>100</b>	100

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

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

### 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.

During the reporting period, the economic environment was challenging and the momentum of economic growth had significantly slowed down. Despite certain uncertainties in the local and global economy, our Group recorded an increase in revenue for the six months ended 30 September 2019, which increased by approximately 42.0% to approximately HK\$30.2 million as compared with revenue of approximately HK\$21.3 million for the six months ended 30 September 2018. Our Group will endeavor to improve its revenue performance on its core business by executing flexible strategies to face the market challenges and will continue to intensify the rental service of tower crane to capture the market demands.

Looking forward, our Group will continue to adopt a positive yet prudent approach in its business strategies aiming to enhance the Group's profitability and shareholders' value in the long run.

## **FINANCIAL REVIEW**

### **Revenue**

Our Group recorded an increase in revenue for the six months ended 30 September 2019, which increased by approximately 42.0% to approximately HK\$30.2 million as compared with revenue of approximately HK\$21.3 million for the six months ended 30 September 2018. The increase was mainly due to (i) increase in revenue from trading of equipments and spare parts; and (ii) increase in revenue from rental service of tower crane, during the six months ended 30 September 2019.

### **Cost of sales and services rendered**

Cost of sales and services rendered mainly represents the cost of inventories sold and materials consumed, staff costs, rental of equipment and depreciation. Our Group's cost of sales and services rendered amounted to approximately HK\$19.2 million for the six months ended 30 September 2019, representing an increase of approximately 65.0% (six months ended 30 September 2018: approximately HK\$11.6 million). The increase was mainly due to the increase in depreciation of tower cranes for the six months ended 30 September 2019.

### **Gross profit and gross profit margin**

Our Group's gross profit increased by approximately 14.3% from approximately HK\$9.6 million for the six months ended 30 September 2018 to approximately HK\$11.0 million for the six months ended 30 September 2019, such increase in gross profit was mainly due to the increase in revenue during the period. The gross profit margin slightly decreased to approximately 36.4% for the six months ended 30 September 2019 (six months ended 30 September 2018: approximately 45.2%).

### **Other income**

Our Group recognised other income of approximately HK\$219,000 and approximately HK\$246,000 for the six months ended 30 September 2018 and 2019, respectively. The amount mainly represents bank interest income and remained stable during the period as compared to that of the same period last year.



## **Administrative expenses**

Our administrative expenses decreased by approximately HK\$775,000 or approximately 15.8% from approximately HK\$4.9 million for the six months ended 30 September 2018 to approximately HK\$4.1 million for the six months ended 30 September 2019. The decrease in administrative expenses was mainly due to the decrease in professional fees during the six months ended 30 September 2019.

## **Finance costs**

Our finance costs increased by approximately HK\$162,000 or approximately 81.0% from approximately HK\$200,000 for the six months ended 30 September 2018 to approximately HK\$362,000 for the six months ended 30 September 2019. The increase in finance costs was mainly due to the increase in total debts outstanding during the six months ended 30 September 2019 as compared to that of the same period last year.

## **Profit and total comprehensive income for the period**

Our Group recorded a profit of approximately HK\$3.6 million for the six months ended 30 September 2018 and a profit of approximately HK\$3.6 million for the six months ended 30 September 2019. The profit and total comprehensive income remained stable during the period as compared to that of the same period last year.

## **Liquidity and capital resources**

Our Group financed the operations through a combination of cash flow from operations, borrowings and finance leases. As at 30 September 2019, our Group had cash and cash equivalents of approximately HK\$29.5 million (31 March 2019: approximately HK\$37.6 million). The decrease in cash and cash equivalents was mainly due to purchase of property, plant and equipment during the six months ended 30 September 2019.

As at 30 September 2019, we had finance lease payables of approximately HK\$9.8 million (31 March 2019: HK\$13.6 million), which were all denominated in Hong Kong Dollars. The lease term is 3 years, with effective interest rate of approximately 6.3% (31 March 2019: approximately 6.2%) per annum for the six months ended 30 September 2019. Our gearing ratio, calculated based on the sum of the finance lease payables divided by the total equity at the end of the period/year and multiplied by 100%, stood at approximately 8.0% as at 30 September 2019 (31 March 2019: approximately 11.5%). 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 30 September 2019, 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\$0.3 million as at 30 September 2019 (31 March 2019: approximately HK\$1.0 million).

As at 30 September 2019, the Group did not have any significant capital commitments (30 September 2018: nil).

### **Contingent liabilities**

As at 30 September 2019, our Group had no material contingent liabilities (31 March 2019: 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.

## **Material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets**

Save for the business plan 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 30 September 2019.

## **Significant investments**

As at 30 September 2019, our Group did not hold any significant investments.

## **Charge on our Group's assets**

As at 30 September 2019, our Group had no charges on our Group's assets.

## **Employees and remuneration policies**

As at 30 September 2019, our Group employed 43 (31 March 2019: 53) full-time employees. Staff costs of our Group (including Directors' remuneration) were approximately HK\$6.0 million for the six months ended 30 September 2019 (2018: approximately HK\$6.9 million). The decrease in staff costs was mainly due to the decreases in headcount for the six months ended 30 September 2019. We determine the employees' remuneration based on factors such as qualification, responsibilities, contributions and years of experience. In addition to basic salary, discretionary bonus 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 principles of the remuneration policy are 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 for their contribution to our Group.

## DISCLOSURE OF INTERESTS

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

As at 30 September 2019, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which would be 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 he/she was 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 (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are set out as follows:

#### Long position in the ordinary Shares

Name of Directors	Nature of Interest	Number of Shares Held	Approximate Percentage of Total Issued Shares
Mr. Tang Hing Keung (Note)	Interest in a controlled corporation	210,000,000	52.5%
Ms. Au Fung Yee (Note)	Interest of spouse	210,000,000	52.5%

*Note:* The Company is owned as to 52.5% by Hing Gut, which is an investment holding company. Hing Gut is owned as to 90% by Mr. Tang Hing Keung and as to 10% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested and is deemed to be interested. Mr. Tang Hing Keung and Ms. Au Fung Yee are directors of Hing Gut.

## Long position in the ordinary shares of the associated corporation

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

*Note:* On 8 January 2019, the Company was notified that Hing Gut, a controlling shareholder of the Company, had pledged an aggregate of 210,000,000 ordinary shares in the issued share capital of the Company (the “**Pledged Shares**”) in favour of Kingston Finance Limited, an independent third party, as security for a loan provided by Kingston Finance Limited to one of the beneficial owners of Hing Gut. The Pledged Shares represent approximately 52.5% of the issued share capital of the Company as at the date of publication of this report. The aforesaid Pledged Shares does not fall within the scope of Rule 17.19 of the GEM Listing Rules.

Save as disclosed above, as at 30 September 2019, none of the Directors and the chief executive of the Company had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2019, so far as is known to the Directors, the following entity (other than the Directors or chief executive of the Company, whose interests or short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above) had interests or short positions in the Shares and the underlying Shares, which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of Interest	Number of Shares Held	Approximate Percentage of Total Issued Shares
Hing Gut ( <i>Notes 1, 2</i> )	Beneficial interest	210,000,000 (L)	52.5%

### Notes:

1. The Company is owned as to 52.5% by Hing Gut. Hing Gut is owned as to 90% by Mr. Tang Hing Keung and as to 10% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested and is deemed to be interested.
2. On 8 January 2019, the Company was notified that Hing Gut, a controlling shareholder of the Company, had pledged an aggregate of 210,000,000 ordinary shares in the issued share capital of the Company (the "**Pledged Shares**") in favour of Kingston Finance Limited, an independent third party, as security for a loan provided by Kingston Finance Limited to one of the beneficial owners of Hing Gut. The Pledged Shares represent approximately 52.5% of the issued share capital of the Company as at the date of publication of this report. The aforesaid Pledged Shares does not fall within the scope of Rule 17.19 of the GEM Listing Rules.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any persons who or entities which had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

## CORPORATE GOVERNANCE PRACTICES

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

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

Save for the deviation from code provision A.2.1 as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code during the six months ended 30 September 2019.

## SHARE OPTION SCHEME

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

As no share option has been granted since the adoption of the Share Option Scheme, there was no share option outstanding as at 30 September 2019 and no options were exercised or cancelled or lapsed during the six months ended that date.

## COMPETING BUSINESS

During the six months ended 30 September 2019, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates that had competed or might compete with the business of our Group and any other conflicts of interests which any such person had or might have with our Group.

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

Neither our Company nor any member of our Group purchased, sold or redeemed any of the listed securities of our Company during the six months ended 30 September 2019.

## 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 have complied with the Required Standard of Dealings during the six months ended 30 September 2019.



## 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 30 September 2019 is set out below:

### BUSINESS OBJECTIVES

### ACTUAL PROGRESS

Strengthen our market position in the suspended working platform industry

Our Group has acquired new motors and other necessary components for replacement of old temporary suspended working platforms.

Diversify our income stream and capture the market demand of rental services of tower crane

Our Group acquired additional tower cranes in order to capture the market demand of rental services of tower crane and meet the needs of our customers. Our Group retained two general technicians and a sales manager to support our operation in the tower crane rental business.

## USE OF PROCEEDS

Our 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 and the net proceeds raised from the share offer were approximately HK\$53.3 million after deducting the listing expenses.

The net proceeds from listing and up to 30 September 2019 had been applied as follows:

	<b>Planned use of net proceeds from the Share Offer</b>	<b>Net proceeds utilised up to 30 September 2019</b>	<b>Net proceeds unutilised as at 30 September 2019</b>
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Strengthen our market position in the suspended working platform industry	14.0	9.8	4.2
Diversify our income stream and capture the market demand of rental services of tower crane	35.2	35.2	–
General working capital	4.1	4.1	–
	<u>53.3</u>	<u>49.1</u>	<u>4.2</u>

As at the date of this interim report, our Directors do not anticipate any change to the plan. However, the Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market conditions to ascertain the business growth of our Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

## **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 section headed "Risk Factors" in the Prospectus.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any material event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this report.

## **CHANGE OF DIRECTOR**

Mr. Lu Zhaoqing retired as an executive Director and ceased to be the vice chairman of the Board with effect from 16 August 2019.

## AUDIT COMMITTEE

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

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

Hong Kong, 7 November 2019

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