AP RENTALS HOLDINGS LIMITED
亞積邦租賃控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1496)

PROFIT WARNING

This announcement is made by AP Rentals Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company ("**Shareholders**") and potential investors that based on the preliminary review of the unaudited consolidated management accounts (the "**March 2020 Management Accounts**") of the Group for the year ended 31 March 2020 ("**FY2020**"), the Group is expected to record a net loss in the range of approximately HK$16.0 million to approximately HK$20.0 million as compared to the net loss of approximately HK$2.6 million for year ended 31 March 2019 ("**FY2019**").

The Board considers that the expected increase in net loss is mainly attributable to:

1. the change in the mix of the revenue lines in FY2020 as compared to that of FY2019, which is mainly a result of:

   (i) the decrease in leasing of machinery by around 9.0%, which is mainly due to:

   - the poor economic sentiment due to the trade war between the United States of America and China;
   - completion of large casino projects in Macau;
   - the demand for the key project, the Third Runway of the Hong Kong International Airport, being far below that expected due to the unexpected delay of its progress; and
   - the outbreak of COVID-19 since January 2020 which had halted the Group's leasing business in the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement) ("**PRC**") in February 2020 and affected those in March 2020;

* *For identification purposes only*

- the above reasons thus leading to reduction in demand for leasing of machinery and then price competition;

(ii) the decrease in operating service income of around 23.0%, which is due to the shrinking in demand for operators upon the completion of various key projects in Hong Kong, including the Express Rail Hong Kong section and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities, and the shift of the Group's focus due to its inherent risk in employing and managing the operators;

(iii) the decrease in other service income of around 34.0%, which is due to the shrinking in demand for maintenance service from a public utility company in Hong Kong and from the Group's customers working for the various key projects as mentioned in paragraph (ii) above; and

(iv) an increase in sales of machinery and spare parts by around 162.0% was recorded in FY2020 when compared to that of FY2019, as the Group sold more machines overseas.

2. a decline of around 38.0% in the overall gross profit margin as compared to that of FY2019, which is mainly a result of:

(i) price competition due to the reasons mentioned in paragraph 1(i) above;

(ii) the impairment of the aged construction equipment in the Group's stock after considering the deterioration of the global economy due to the outbreak of COVID-19; and

(iii) increase in depreciation expenses due to continuous investment in advanced machines and the acquisition of 亞積邦建設工程機械(上海)有限公司 (AP Rentals Shanghai Limited*), which became a wholly-owned subsidiary of the Company upon completion of the acquisition. 亞積邦建設工程機械(上海)有限公司 (AP Rentals Shanghai Limited*) is principally engaging in the construction equipment rental services business in the PRC;

3. the increase in expected credit loss of the Group because the default risk has increased globally due to the outbreak of COVID-19; and

4. no commission income for provision of service to Kanamoto (HK) Co., Ltd, which is a wholly-owned subsidiary of one of the Company's shareholders, Kanamoto Co., Ltd, in FY2020 (FY2019: approximately HK$1.7 million).

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the March 2020 Management Accounts and the information currently available to the Company. Such information has not been audited or reviewed by the Company's auditor. Further details of the Group's performance will be disclosed in the annual results announcement of the Company for the year ended 31 March 2020 in accordance with the Listing Rules, which is expected to be published before the end of June 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 May 2020

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