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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 “**September 2023 Management Accounts**”) of the Group for the six months ended 30 September 2023 (“**1H2024**”), the Group is expected to record a net profit in the range of approximately HK\$3.7 million to approximately HK\$4.2 million as compared to the net profit of approximately HK\$7.4 million for six months ended 30 September 2022 (“**1H2023**”).

The Board considers that the expected decrease in net profit is mainly attributable to the net effect of:

1. Despite the fact that the Group recorded an increase in leasing income of leasing equipment from other construction projects and from the event business in Hong Kong, there was a net decrease in the total leasing income of equipment due to (i) a decrease in demand for leasing of equipment from the construction works in the Kai Tak area, including but not limited to the Kai Tak Sports Park project; and (ii) there was leasing income of leasing equipment amounting to approximately HK\$7.3 million, which was related to the construction and operation of the community isolation facilities built and operated by the Hong Kong government due to the Covid-19 pandemic in 1H2023, but there was no such leasing income generated in 1H2024;
2. No government subsidies were received from the governments of Hong Kong and Macau in 1H2024 (1H2023: approximately HK\$2.1 million in the case of Hong Kong and approximately MOP0.5 million, which was equivalent to approximately HK\$0.5 million in the case of Macau, which were both related to the Covid-19 pandemic in 1H2023 and represented the wage subsidies provided by the governments of Hong Kong and Macau for supporting the employment and helping business tide over financial difficulties due to the Covid-19 pandemic);

* For identification purposes only

3. Gain on disposal of property, plant and equipment amounted to approximately HK\$3.5 million in 1H2024 as compared to that of approximately HK\$5.6 million in 1H2023, since aged trucks were disposed in 1H2023, which contributed to the major part of the gain on disposal of property, plant and equipment in 1H2023;
4. Increase in staff costs in 1H2024 which were mainly due to (i) increase in the wage of operators due to the increase in demand from equipment operating services; (ii) increase of directors' remuneration; and (iii) annual salary increment for the staff so as to keep abreast of the human resources market in Hong Kong and Singapore;
5. Exchange loss was recorded in 1H2024, whereas there was an exchange gain in 1H2023 due to the purchase of leasing machines which were recorded as account payable in Euro and Japanese Yen, and Euro and Japanese Yen depreciated in 1H2023;
6. No impairment losses recognised on property, plant and equipment were recorded in 1H2024 (1H2023: approximately HK\$1.8 million, which was made for the machines used in the third runway project of Hong Kong International Airport); and
7. Reversal of the impairment losses under expected credit loss model recognised on lease receivables and trade receivables, net ("**ECL Provision**") in 1H2024 (1H2023: impairment losses under ECL Provision, approximately HK\$8.6 million due to increase in ECL Provision made under individual assessment for some accounts related to the customers working for projects on the third runway of Hong Kong International Airport and under collective assessment for remaining customers due to the increase in expected default risk, which might be caused by the increase in interest rates and inflation rates globally) due to the fact that the amount of accounts receivables decreased and the recovery rates improved in 1H2024.

The Company is still in the process of preparing the interim results of the Group for 1H2024. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available to the Company, including the September 2023 Management Accounts, which has neither been audited or reviewed by the auditor of the Company, nor confirmed by the audit committee of the Company, and may be subject to adjustments. Further details of the Group's performance for 1H2024 will be disclosed in the interim results announcement of the Company for the six months ended 30 September 2023, which is expected to be published on 28 November 2023.

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, 24 November 2023

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.