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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

GROUP FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	80,713	78,859
Gross profit	23,700	21,019
Profit for the period	4,644	4,065
Profit margin	5.8%	5.2%
Total comprehensive income for the period	4,947	3,201
Earnings per share		
Basic (HK cent)	0.54	0.47
Interim dividend per share (HK cent)	0.16	–

INTERIM RESULTS

The board of directors (the “**Board**”) of AP Rentals Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 together with its comparative figures for the corresponding period in 2023.

* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		Six months ended	
		30 September	
	<i>NOTES</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3A		
Goods and services		20,448	26,855
Leasing of equipment		60,265	52,004
		<hr/>	<hr/>
Total Revenue		80,713	78,859
Cost of sales and services		(57,013)	(57,840)
		<hr/>	<hr/>
Gross profit		23,700	21,019
Other income	4	1,918	1,287
Other gains and losses	5	2,262	3,098
(Impairment losses) reversal of impairment losses under expected credit loss model recognised on lease receivables and trade receivables, net		(929)	1,956
Administrative expenses		(20,231)	(19,911)
Selling and distribution expenses		(408)	(399)
Share of loss of a joint venture		(14)	(800)
Finance costs	6	(898)	(837)
		<hr/>	<hr/>
Profit before tax		5,400	5,413
Income tax expense	7	(756)	(1,348)
		<hr/>	<hr/>
Profit for the period	8	4,644	4,065
		<hr/>	<hr/>
Other comprehensive income (expense) for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		303	(864)
		<hr/>	<hr/>
Total comprehensive income for the period		4,947	3,201
		<hr/>	<hr/>
Earnings per share			
— Basic (<i>HK cent</i>)	9	0.54	0.47
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		171,445	165,925
Right-of-use assets		2,027	3,416
Prepayments and deposits paid for acquisition of property, plant and equipment	11	334	1,089
Rental deposits	11	650	650
Deposit placed for a life insurance policy		3,080	3,047
Interest in a joint venture		—	—
		177,536	174,127
Current Assets			
Inventories		23,242	22,453
Trade and other receivables, deposits and prepayments	11	46,964	43,273
Amount due from a joint venture		5,553	5,552
Pledged bank deposit		360	360
Cash and cash equivalents		91,100	93,661
		167,219	165,299
Current Liabilities			
Trade and other payables and accrued charges	12	36,402	37,315
Amount due to a joint venture		434	420
Contract liabilities		1,104	952
Receipts in advance		1,919	3,975
Tax liabilities		4,268	4,712
Borrowings — due within one year		48,528	38,085
Deferred income		350	429
Lease liabilities		1,690	3,120
		94,695	89,008
Net Current Assets		72,524	76,291
Total Assets less Current Liabilities		250,060	250,418

		As at 30 September 2024	As at 31 March 2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current Liabilities			
Borrowings		574	1,068
Deferred tax liabilities		21,011	20,645
Lease liabilities		406	399
		<u>21,991</u>	<u>22,112</u>
Net Assets		<u>228,069</u>	<u>228,306</u>
Capital and Reserves			
Issued capital	<i>13</i>	864	864
Reserves		<u>227,205</u>	<u>227,442</u>
Total Equity		<u><u>228,069</u></u>	<u><u>228,306</u></u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2024 has been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024.

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current and prior periods has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3A. REVENUE

For the six months ended 30 September 2024 (Unaudited)

The Group's revenue represents the net amounts received or receivable for equipment leased, goods sold and services provided in the normal course of business, net of discounts and returns.

An analysis of the Group's revenue is as follows:

	Trading <i>HK\$'000</i> (unaudited)	Leasing <i>HK\$'000</i> (unaudited)
Leasing of equipment	–	60,265
Sales of machinery and parts	3,626	–
Operating service income	–	12,434
Other service income	–	4,388
Total	3,626	77,087
Geographical Markets		
Hong Kong	3,567	67,912
Macau	45	2,591
The People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purpose of this announcement) ("PRC")	13	6
Singapore	1	6,578
Total	3,626	77,087
Timing of revenue recognition		
A point in time	3,626	2,450
Over time	–	14,372
Leasing income of equipment	–	60,265
Total	3,626	77,087

For management purpose, the Group is organised based on its business activities. The Group determines its operating segments based on these business activities that are regularly reviewed by the chief operating decision maker for the purpose of resources allocation and assessment of performance.

For the six months ended 30 September 2023 (Unaudited)

The Group's revenue represents the net amounts received or receivable for equipment leased, goods sold and services provided in the normal course of business, net of discounts and returns.

An analysis of the Group's revenue is as follows:

	Trading <i>HK\$'000</i> (unaudited)	Leasing <i>HK\$'000</i> (unaudited)
Leasing of equipment	–	52,004
Sales of machinery and parts	11,078	–
Operating service income	–	10,490
Other service income	–	5,287
Total	11,078	67,781
Geographical Markets		
Hong Kong	10,607	61,774
Macau	330	1,724
The People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purpose of this announcement) ("PRC")	–	106
Singapore	141	4,177
Total	11,078	67,781
Timing of revenue recognition		
A point in time	11,078	2,350
Over time	–	13,427
Leasing income of equipment	–	52,004
Total	11,078	67,781

For management purpose, the Group is organised based on its business activities. The Group determines its operating segments based on these business activities that are regularly reviewed by the chief operating decision maker for the purpose of resources allocation and assessment of performance.

3B. SEGMENT INFORMATION

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

Leasing — Leasing of equipment, and related operating and other services

Trading — Sales of machinery and parts

Segment information about these reportable and operating segments is presented below:

Segment revenue and results

For the six months ended 30 September 2024 (Unaudited)

	Leasing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Segment revenue from external customers	<u>77,087</u>	<u>3,626</u>	<u>80,713</u>
Results			
Segment results	<u>20,809</u>	<u>(598)</u>	20,211
Unallocated income			1,816
Unallocated expenses			(16,861)
Unallocated exchange gain			248
Share of results of a joint venture			<u>(14)</u>
Condensed consolidated profit before tax of the Group			<u>5,400</u>

For the six months ended 30 September 2023 (Unaudited)

	Leasing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Segment revenue from external customers	<u>67,781</u>	<u>11,078</u>	<u>78,859</u>
Results			
Segment results	<u>15,485</u>	<u>2,038</u>	17,523
Unallocated income			180
Unallocated expenses			<u>(12,290)</u>
Condensed consolidated profit before tax of the Group			<u>5,413</u>

Segment results represent the profit earned by each segment without allocation of interest income and certain sundry income, exchange gain or loss and central administration expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance.

The chief operating decision maker makes decisions accounting to operating results of each segment. No analysis of segment assets and liabilities are presented as the information is not regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance.

Other segment information

For the six months ended 30 September 2024 (Unaudited)

	Leasing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results:				
Share of loss of a joint venture	–	–	14	14
Impairment losses under expected credit loss model recognised on lease receivables and trade receivables, net	874	–	55	929
Write-down on inventories	–	474	–	474
Depreciation of property, plant and equipment	21,445	96	418	21,959
Depreciation of right-of-use assets	1,632	71	64	1,767
Gain on disposal of property, plant and equipment	<u>2,009</u>	<u>–</u>	<u>–</u>	<u>2,009</u>

For the six months ended 30 September 2023 (Unaudited)

	Leasing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results:				
Share of loss of a joint venture	–	–	800	800
Reversal of impairment losses under expected credit loss model recognised on lease receivables and trade receivables, net	(1,625)	(331)	–	(1,956)
Depreciation of property, plant and equipment	22,249	536	385	23,170
Depreciation of right-of-use assets	1,911	46	55	2,012
Gain on disposal of property, plant and equipment	<u>3,533</u>	<u>–</u>	<u>–</u>	<u>3,533</u>

Geographical information

For the six months ended 30 September (Unaudited)

The Group's revenue from external customers is mainly derived from customers located in Hong Kong, Macau, PRC and Singapore, which is determined based on the location of customers.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
External revenue:		
Hong Kong	71,479	72,381
Macau	2,636	2,054
PRC	19	106
Singapore	6,579	4,318
	<u>80,713</u>	<u>78,859</u>

The Group's non-current assets based on the geographical location of the group companies owning these assets are as follows:

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current assets:		
Hong Kong	162,779	156,680
Macau	1,471	1,955
PRC	2,746	5,077
Singapore	6,810	6,718
	<u>173,806</u>	<u>170,430</u>

Note: Non-current assets excluded rental deposits paid, deposit placed for a life insurance policy and interests in a joint venture.

4. OTHER INCOME

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from		
— bank deposits	1,697	1,057
— deposit placed for a life insurance policy	51	49
Subsidies related to acquisition of assets (<i>note</i>)	70	70
Sundry income	100	111
	<u>1,918</u>	<u>1,287</u>

Note: It represented an amortised amount of HK\$69,600 (for the six months ended 30 September 2023 (the “1H2024”): HK\$69,600) (being amortised on straight-line basis over the remaining useful life of the equipment) from the fund received from the Construction Innovation and Technology Fund for acquisition of a crane mounted on a new motor vehicle. The amount has been treated as deferred income. The amount is amortized and transferred to income over the useful lives of the relevant asset.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Exchange gain (loss), net	248	(435)
Gain on disposal of property, plant and equipment	2,009	3,533
Others	5	—
	<u>2,262</u>	<u>3,098</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on borrowings	849	722
Interest on lease liabilities	49	115
	<u>898</u>	<u>837</u>

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	1,122	1,531
Deferred tax	(366)	(183)
	<u>756</u>	<u>1,348</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. However, the two-tiered profits tax rates regime is implemented from 1 April 2018 onwards. The profits tax rate for the first HK\$2 million of profits of corporations is lower to 8.25%. Profits above that amount is subject to the tax rate of 16.5%.

For the subsidiary registered in Singapore which is subject to Singapore income tax at 17% (2023: 17%), no provision for Singapore income tax had been made as it had no assessable profits for both periods.

8. PROFIT FOR THE PERIOD

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	<u>4,676</u>	<u>3,940</u>
Other staff costs:		
— Salaries, allowances and other benefits	26,079	24,126
— Retirement benefits scheme contributions	<u>1,031</u>	<u>821</u>
	<u>27,110</u>	<u>24,947</u>
Total staff costs	<u>31,786</u>	<u>28,887</u>
Auditor's remuneration	881	986
Cost of inventories recognised as expenses, including write-down of inventories of HK\$474,000 (1H2024: Nil)	2,513	5,986
Depreciation of property, plant and equipment	21,959	23,170
Depreciation of right-of-use assets	<u>1,767</u>	<u>2,012</u>

9. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>4,644</u>	<u>4,065</u>
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>864,000,000</u>	<u>864,000,000</u>

No diluted earnings per share are presented for both periods as there were no potential ordinary shares in issue.

Note: The calculation of the basic earnings per share for the both periods were based on the profit attributable to the owners of the Company using the weighted average number of ordinary shares in issue during both periods.

10. DIVIDEND

Dividend recognized as distribution of the company during the six months ended 30 September 2024 represented final dividend for the year ended 31 March 2024 of HK0.6 cent per share, totally HK\$5,184,000 (for the year ended 31 March 2023: HK\$5,616,000) in aggregate.

Subsequent to the reporting period, an interim dividend of HK0.16 cent (1H2024: Nil) per share for the reporting period ended 30 September 2024, in an aggregate amount of HK\$1,382,400 (1H2024: Nil), was declared by the board of directors of the Company.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Lease receivables from:		
— outsiders	53,193	50,891
— a related company (<i>note</i>)	212	212
Less: Allowance for expected credit losses	<u>(15,889)</u>	<u>(15,036)</u>
	<u>37,516</u>	<u>36,067</u>
Trade receivables from contracts with customers	2,350	2,605
Less: Allowance for expected credit losses	<u>(362)</u>	<u>(286)</u>
	<u>1,988</u>	<u>2,319</u>
Rental deposits paid	650	650
Other deposits and prepayments	<u>7,794</u>	<u>5,976</u>
	<u>47,948</u>	<u>45,012</u>
Analysed as:		
Current	46,964	43,273
Non-current — Prepayments and deposits paid for acquisition of property, plant and equipment	334	1,089
Non-current — rental deposits paid	<u>650</u>	<u>650</u>
	<u>47,948</u>	<u>45,012</u>

Note: A related company is a company in which Mr. Lau Pong Sing and Ms. Chan Kit Mui, Lina have beneficial interest.

The Group allows an average credit period of 0 to 90 days to its leasing customers and an average credit period of 0 to 90 days for trading customers. Before accepting any new customer, the Group makes enquiries to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually. Lease receivables and trade receivables that are neither past due nor impaired are due from creditworthy customers.

The following is an aged analysis of lease receivables and trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period:

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Within 30 days	16,281	16,197
31 to 60 days	4,163	10,035
61 to 90 days	6,872	2,453
91 to 180 days	9,054	4,885
Over 180 days	3,134	4,816
	39,504	38,386

12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	8,306	5,452
Accrued expenses and other payables	14,604	15,377
Payables for acquisition of property, plant and equipment	13,492	16,486
	36,402	37,315

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within 30 days	4,533	2,616
31 to 60 days	492	841
61 to 90 days	162	414
91 to 180 days	562	197
Over 180 days	2,557	1,384
	<u>8,306</u>	<u>5,452</u>

The normal credit period on trade payables is ranging from 0 to 180 days (as at 31 March 2024: 0 to 180 days).

13. ISSUED CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each		
At 31 March 2024 and 30 September 2024	<u>10,000,000,000</u>	<u>10,000</u>
Issued:		
At 31 March 2024 and 30 September 2024	<u>864,000,000</u>	<u>864</u>

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

The Group strives to serve its valuable customers better with the provision of the equipment rental-related solutions and value-added services. For the six months ended 30 September 2024 (“**1H2025**”), the Group recorded a net profit, which amounted to approximately HK\$4.6 million (for the six months ended 30 September 2023 (“**1H2024**”): HK\$4.1 million).

For 1H2025, the Group recorded revenue of approximately HK\$80.7 million, representing an increase of approximately 2.4% as compared to that of approximately HK\$78.9 million for 1H2024. For 1H2025, the Group recorded gross profit of approximately HK\$23.7 million, representing an increase of approximately 12.8% as compared to that of approximately HK\$21.0 million for 1H2024. The gross profit margin for 1H2025 was approximately 29.4% (1H2024: approximately 26.7%). Please refer to the section headed “Financial Review” of this announcement for further details of the Group’s performance in 1H2025. The performance of the Group in 1H2025 reflects the importance of the equipment rentals and the provision of related value-added services.

Profit attributable to owners of the Company was approximately HK\$4.6 million in 1H2025 (1H2024: approximately HK\$4.1 million).

Basic earnings per share attributable to owners of the Company for 1H2025 was HK0.54 cent (1H2024: HK0.47 cent).

BUSINESS OVERVIEW

During 1H2025, the equipment demands for leasing of equipment from construction work increased. The net increase in demands was mainly due to: (i) the increase in leasing income for leasing equipment in relation to the third runway project and the improvement work of the Hong Kong International Airport (the “**Third Runway & Airport Improvement Work**”); (ii) the increase in leasing income for leasing equipment in Singapore due to increase in demands for leasing equipment for its construction industry; but (iii) there was a decrease in leasing income for leasing equipment in the Kai Tak area, including but not limited to the Kai Tak Sports Park project (the “**Kai Tak Area**”) in 1H2025 due to the fact that most of the large construction work in the Kai Tak Area were approaching completion.

The Group also recorded increase in leasing income for leasing equipment for event business because the Group has been involved in a number of mega events which took place in Hong Kong in 1H2025, such as Hong Kong Sevens and ART CENTRAL 2024, albeit the total amount was not material when comparing to the total revenue of the Group.

However, the Group also recorded huge decrease in revenue from the sale of machinery and spare parts in 1H2025 because (i) the Group devoted more effort for increasing the revenues from leasing equipment, which contributed to higher gross profits for the Group; and (ii) the Group reduced its sale of spare parts to customers in the People's Republic of China (the “**PRC**”).

The Group continuously increased its business activities for providing better and comprehensive solutions in the provision of power to the market using the concept of the Smart System in Mobile Electricity (“**SSME**”) through the Company's indirect wholly-owned subsidiary, AP Power Limited (“**AP Power**”). This aims at increasing the professionalism of the Group's services in leasing and the provision of solutions to the market, which has made its contribution in the increase in leasing income in Hong Kong in 1H2025.

Despite increasing demand for leasing equipment by the construction companies in Hong Kong (due to the continuous investment made by the government of the Hong Kong Special Administrative Region of the People's Republic of China), the overall economic sentiment was deteriorating in 1H2025, especially for retail industry. Furthermore, the competition in the construction industry in Hong Kong is keen which leads to low net profits and some construction companies and their subcontractors may even incur net loss. In the end, the cashflow of the construction companies and their subcontractors were affected. Thus, the Group is also facing the problem on collecting the account receivables in Hong Kong and the average collection period of the Group was prolonged and more impairment losses under expected credit loss model recognised on lease receivables and trade receivables (the “**ECL Provision**”) were provided in 1H2025.

For Macau, the demands in leasing equipment increased and so the leasing revenue of AP Equipment Leasing and Engineering Limited (“**AP Macau**”), an indirect wholly-owned subsidiary of the Company, increased when compared to that of 1H2024 due to the fact that the demand from private and government construction sites in Macau increased in 1H2025.

For Singapore, AP Equipment Rentals (Singapore) Pte. Limited (“**AP Singapore**”), a wholly-owned subsidiary of the Company, recorded increase in revenues in leasing of equipment and operating service income in 1H2025 because the construction industry in Singapore continues its growth in 1H2025.

For the PRC, 亞積邦建設工程機械(上海)有限公司 (AP Rentals (Shanghai) Limited*), (“**AP Shanghai**”), an indirect wholly-owned subsidiary of the Company, has recorded a decrease in the revenue from the leasing of equipment since AP Shanghai focused on the disposing of its equipment to its fellow subsidiaries in Hong Kong and Singapore (which are wholly-owned subsidiaries of the Company) in 1H2025.

* For identification purposes only

For details, please refer to the section headed “Financial Review” of this announcement.

OUTLOOK

The Group will continuously grasp every opportunity regarding demands for leasing equipment in key projects, namely, the Third Runway and Airport Improvement Work and projects located in the northern part of the New Territories in the second half of the financial year ending 31 March 2025 (the “**2H2025**”) so as to overcome the adverse effect on the completion of the large scale construction work in the Kai Tak Area.

In Hong Kong, the Group will continuously expedite its investment in the mobile power supplies and its related services with SSME concept in 2H2025, which will be packaged as the ultimate solution for the customers in power supplies that also addresses the increasing concerns from the community on environmental protection and social responsibilities aspects. The Group will provide more value-added services to the customers relating to “green concept” including but not limited to, providing some raw data related to the emission from the machines leased by the customers, use of biofuels and provision of more efficient, reliable and cost-effective modes in providing electricity to the customers. AP Power will implement these strategies in the coming years.

The Chief Executive’s 2024 Policy Address has addressed several key strategies, which will benefit the construction industry and tourism in Hong Kong in the coming future, namely:

- (i) taking forward the Northern Metropolis as growth engine;
- (ii) promoting development of the Hong Kong-Shenzhen Innovation and Technology Park in the Loop; and
- (iii) promoting sports development and build Hong Kong into a centre for mega international sports events.

These investments will definitely benefit the whole construction industry in Hong Kong and the Group believes that it can make good contribution in the Northern Metropolis development and the Hong Kong-Shenzhen Innovation and Technology Park in the Loop and will enjoy some returns in the long run.

For the promotion of Hong Kong into a centre for mega international sports events, the Group has already enjoyed the returns through leasing equipment for the mega events and is expected to enjoy more returns in 2H2025.

However, the persistent wage arrears disputes in the construction industry in Hong Kong have alerted the Group on possible deterioration of the cashflow of the construction companies in Hong Kong.

In Macau, AP Macau will continue to focus on government related work so as to increase the leasing revenues in 2H2025.

For the PRC, the Group will focus on trading business in 2H2025 since most of its leasing machines have been disposed in 1H2025.

The construction industry in Singapore is still booming. The Group would try its best to maintain the increasing trend in its revenues and may consider making further investment in the leasing equipment of AP Singapore so as to cater for the increasing demands in Singapore in 2H2025.

FINANCIAL REVIEW

Revenue

For 1H2025, the Group recorded an increase in revenue of approximately HK\$1.9 million, with the total revenue amounting to approximately HK\$80.7 million for 1H2025, representing an increase of approximately 2.4% as compared to that of approximately HK\$78.9 million for 1H2024. The increase in revenue mainly resulted from the increase in all segments of business of the Group except for the trading of machinery and parts and repairing and service income.

(i) Leasing of equipment

During the period under review, the Group's leasing income from rental services, which involved the rental of construction, electrical and mechanical engineering and event and entertainment equipment in Hong Kong, Macau and Singapore, increased to approximately HK\$60.3 million in 1H2025 as compared to that of approximately HK\$52.0 million in 1H2024.

As mentioned above, the revenue attributable to the Group's rental business increased in 1H2025 due to the net increase in demands from the construction work as disclosed in the section headed "Business Overview" of this announcement.

Leasing income of equipment accounted for approximately 74.7% of the Group's total revenue for 1H2025 (1H2024: approximately 65.9%).

(ii) Operating service income

The Group offers equipment operating services by providing equipment operators to operate the equipment at the job sites of its customers. For 1H2025, revenue from equipment operating services increased by approximately 18.5% to approximately HK\$12.4 million (1H2024: approximately HK\$10.5 million), and accounted for approximately 15.4% of the Group's total revenue for 1H2025 (1H2024: approximately 13.3%). The increase was due to increase in demand for the leasing of equipment in the construction industry in Hong Kong and Singapore, which required operators to operate.

(iii) Other service income

The Group's other service income, which arises from rental arrangements including repair and maintenance, delivery and installation services during the rental period, recorded a decrease and amounted to approximately HK\$4.4 million for 1H2025 (1H2024: approximately HK\$5.3 million). The Group's other service income accounted for approximately 5.4% of the Group's total revenue for 1H2025 (1H2024: approximately 6.7%). The decrease was mainly contributed by the decrease in repairing and service income.

(iv) Sales of machinery and spare parts

The revenue from sales of machinery and spare parts decreased by approximately 67.3% from approximately HK\$11.1 million for 1H2024 to approximately HK\$3.6 million for 1H2025 mainly due to the decrease in sales of spare parts to customers in the PRC and the decrease in sale of machinery since the Group was devoting more of its effort in fostering the businesses of leasing of equipment, provision of solutions and business related to the Green concept in 1H2025.

The Group's sales of machinery and spare parts accounted for approximately 4.5% of the Group's total revenue for 1H2025 (1H2024: approximately 14.0%).

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK\$57.0 million for 1H2025, representing a period-on-period decrease of approximately 1.4% (1H2024: approximately HK\$57.8 million). Cost of sales and services mainly comprised machinery hiring expenses, staff costs for the Group's equipment operators, technicians and truck drivers, cost of inventories recognised as expenses and depreciation.

The Group has continuously made its investment on leasing equipment through purchases of leasing equipment in 1H2025. However, the Group has also disposed of some leasing equipment with lower utilisation rates during 1H2025 and some equipment have been fully depreciated in 1H2025, so the depreciation cost in 1H2025 decreased to approximately HK\$21.5 million (1H2024: approximately HK\$22.8 million). Staff costs under the cost of sales and services increased by approximately HK\$2.9 million mainly due to the increase of wage of the operators for operating the leasing equipment since the demand for operating service increased in 1H2025 and annual review of wages. Cost of inventories recognised as expenses decreased by approximately 58.0% due to (i) the decrease in revenues of machinery and parts trading in 1H2025; but (ii) the write-down on inventories amounting to approximately HK\$0.5 million in 1H2025 (1H2024: Nil).

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by approximately 12.8% from approximately HK\$21.0 million for 1H2024 to approximately HK\$23.7 million for 1H2025 and the Group's gross profit margin was approximately 29.4% for 1H2025 (1H2024: approximately 26.7%). The increase in gross profit margin was mainly due to the increase in revenue of the leasing of equipment but the relevant depreciation expense was reduced in 1H2025.

Other Income

The Group recorded other income amounting to approximately HK\$1.9 million in 1H2025 (1H2024: approximately HK\$1.3 million), which represented an increase of approximately 49.0% from 1H2024. The Group also recorded an interest income from bank deposits amounting to approximately HK\$1.7 million in 1H2025 (1H2024: approximately HK\$1.1 million) due to increase in cash balances during 1H2025 when comparing with the cash balances as at 30 September 2023 and increase in interest rates for fixed deposits in Hong Kong.

Other Gains and Losses

Other gains and losses amounted to approximately HK\$2.3 million in 1H2025 (1H2024: approximately HK\$3.1 million), representing a decrease of approximately 27.0% over 1H2024. The Group recorded exchange gain, net of approximately HK\$0.2 million in 1H2025 (1H2024: exchange loss, net of approximately HK\$0.4 million). The Group also recorded a decrease in gain on disposal of property, plant and equipment from approximately HK\$3.5 million in 1H2024 to approximately HK\$2.0 million in 1H2025 due to the fact that the Group has devoted more of its effort in leasing and provision of solution businesses in 1H2025 and thus affecting the trading and disposal activities.

Impairment Losses under Expected Credit Loss Model Recognised on Lease Receivables and Trade Receivables, Net

As at 30 September 2024, the receivables of the Group increased due to the increase in its revenue income, especially in equipment leasing income and operating service income and prolonged average receivables collection period in 1H2025. The impairment losses under ECL Provision for the Group increased to approximately HK\$0.9 million in 1H2025 (1H2024: reversal of impairment losses under ECL Provision of approximately HK\$2.0 million). For more details, please refer to the section headed “Business Overview” of this announcement.

Administrative Expenses

For 1H2025, administrative expenses amounted to approximately HK\$20.2 million (1H2024: approximately HK\$19.9 million), representing an increase of approximately 1.6% over that of 1H2024. The increase in administrative expenses was mainly due to the increase in travelling and entertainment expenses as the Group has increased its business activities for fostering its growth in 1H2025.

Selling and Distribution Expenses

For 1H2025, selling and distribution expenses amounted to approximately HK\$0.4 million (1H2024: approximately HK\$0.4 million). The increase was due to the promotion of the concept of the “green energy” towards the market.

Share of loss of a joint venture

Wing Hing-APE Solutions JV Limited (the “**WAJV**”), a joint venture held by AP Equipment Solutions Limited, an indirect wholly-owned subsidiary of the Company, reported a loss of approximately HK\$28.0 thousand. The Group shared a loss of approximately HK\$14.0 thousand in WAJV in 1H2025 (1H2024: approximately HK\$0.8 million). The contracts held by the WAJV have been completed in the year ended 31 March 2024 and so the shared loss of the Group reduced.

Finance Cost

Finance costs mainly comprised interest on the Group's borrowings and lease liabilities, which amounted to approximately HK\$0.9 million in 1H2025 (1H2024: approximately HK\$0.8 million). The increase in finance costs was due to the increase in borrowings as at 30 September 2024 (approximately HK\$49.1 million) as compared to the borrowings as at 30 September 2023 (approximately HK\$34.1 million).

Profit and Total Comprehensive Income for 1H2025

The Group recorded profit attributable to owners of the Company of approximately HK\$4.6 million for 1H2025 (1H2024: approximately HK\$4.1 million), representing a profit margin of approximately 5.8% (1H2024: approximately 5.2%). The increase in profit attributable to owners of the Company in 1H2025 was due to the reasons stated under the section headed "Group Overview" of this announcement. The total comprehensive income for 1H2025 was approximately HK\$4.9 million (1H2024: approximately HK\$3.2 million).

Capital Expenditure

The Group's capital expenditures in 1H2025 primarily comprised expenditures on leasing machinery, vehicles and office equipment, amounting to a total of approximately HK\$27.6 million (for the year ended 31 March 2024: approximately HK\$30.4 million). The vast majority of the capital expenditures were used to fund the expansion of the Group's owned rental fleet, which accounted for approximately 91.1% of the total capital expenditure of the Group for 1H2025.

Liquidity and Financial Resources Review

The Group financed its operations through a combination of cash flow from operations and borrowings. As at 30 September 2024, the Group had cash balances and cash equivalents of approximately HK\$91.1 million (as at 31 March 2024: approximately HK\$93.7 million) that were mainly denominated in Hong Kong Dollars, Japanese Yen, Euro, Macau Pataca ("MOP"), Singapore Dollars, United States Dollars and Chinese Yuan, and had borrowings and lease liabilities of approximately HK\$51.2 million (as at 31 March 2024: approximately HK\$42.7 million) that were denominated in Hong Kong Dollars.

As at 30 September 2024, the Group had banking facilities of approximately HK\$80.4 million (as at 31 March 2024: approximately HK\$85.4 million), of which approximately HK\$69.9 million (as at 31 March 2024: approximately HK\$57.1 million) had been drawn down, and approximately HK\$10.5 million (as at 31 March 2024: approximately HK\$28.3 million) were unutilised.

As at 30 September 2024, the gearing ratio of the Group was nil (as at 31 March 2024: nil), which was calculated based on the net debt divided by total equity. Net debt is defined as the sum of the interest bearing liabilities, which include borrowings, bank overdraft, lease liabilities, minus the cash and cash equivalents.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from operations and borrowings.

Foreign Exchange Risk

Certain transactions of the Group are denominated in currencies which are different from the functional currencies of the Group, namely, Hong Kong Dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its purchases from suppliers are generally denominated in Hong Kong Dollars, Japanese Yen, Euro, Singapore Dollars, Chinese Yuan and United States Dollars. Payments received by the Group from its customers are mainly denominated in Hong Kong Dollars, MOP, Singapore Dollars, Chinese Yuan and United States Dollars.

The Group does not have a foreign currency hedging policy. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

Contingent Liabilities

As at 30 September 2024, the Group had no material contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associated companies and joint ventures during 1H2025.

Significant Investments

As at 30 September 2024, the Group did not have any significant investments.

Capital Commitments and Future Plans for Material Investments or Capital Assets

As at 30 September 2024, the Group had capital commitments of approximately HK\$2.4 million (as at 31 March 2024: approximately HK\$19.8 million) to acquire leasing equipment for the Group.

The acquisition of leasing equipment will be funded by the Group's internal resources and banking facilities.

Pledge of Assets

As at 30 September 2024, deposit placed for a life insurance policy of approximately HK\$3.1 million (as at 31 March 2024: approximately HK\$3.0 million), leasing equipment of approximately HK\$4.0 million as at 30 September 2024 (as at 31 March 2024: approximately HK\$4.5 million), and bank deposits of approximately HK\$0.4 million (as at 31 March 2024: approximately HK\$0.4 million) have been pledged to secure the Group's borrowings of approximately HK\$49.1 million (as at 31 March 2024: approximately HK\$38.4 million).

Segment Information

Segment information is presented for the Group as disclosed in note 3A and 3B to the condensed consolidated interim financial information above.

Human Resources and Employees' Remuneration

As at 30 September 2024, the Group had 135 employees (as at 31 March 2024: 133 employees), of which 123 employees were in Hong Kong (as at 31 March 2024: 120 employees), 3 employees were in Macau (as at 31 March 2024: 4 employees), 6 employees were in Singapore (as at 31 March 2024: 6 employees) and 3 employees were in PRC (as at 31 March 2024: 3 employees). Employees' remuneration packages are determined with reference to market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also provides medical insurance, makes contributions to provident funds and provides other benefits to its employees. The total staff cost including remuneration, other benefits and contributions to retirement schemes for the directors of the Company and other staff of the Group for 1H2025 amounted to approximately HK\$31.8 million (1H2024: approximately HK\$28.9 million). The increase in staff cost was mainly due to the annual salary review of staff and the increase in wage expense for operators due to the increase in income of operating service.

The Group's technical staff attend seminars jointly conducted by manufacturers and the Group to acquire product knowledge to ensure that they are equipped with the necessary skills and knowledge to perform their duties. Such seminars include training regarding equipment structures, operational features, operator safety training and equipment repair. In addition to the training jointly conducted by manufacturers and the Group, the Group's technical staff also attend external training courses and obtain relevant certificates.

Share Option Scheme

To attract and retain the most suitable personnel for the development of the Group, the Group has adopted the share option scheme (the “**Scheme**”) on 17 March 2016. Share options may be granted to eligible employees of the Group as a long-term incentive. From the date of the adoption of the Scheme and up to 30 September 2024, no share option has been granted or agreed to be granted under the Scheme.

OTHER INFORMATION

Corporate Governance Practices

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

In 1H2025, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules, save and except for the deviation from code provision C.2.1.

Code provision C.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. The roles of chairman and chief executive officer of the Company are both performed by Mr. Lau Pong Sing. The Board believes that vesting of the roles of both chairman and chief executive officer in the same individual provides the Company with strong and consistent leadership, efficient usage of resources and allows for effective planning, formulation and implementation of the Company’s business strategies which will enable the Company to sustain the development of its business efficiently.

Corporate governance practices of the Company in 1H2025 are in line with those practices set out in the Corporate Governance Report in the Company’s annual report for the year ended 31 March 2024.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. The Company has made specific enquiries to all directors of the Company regarding any non-compliance with the Model Code. All the directors of the Company confirmed that they have complied with the required standard set out in the Model Code in 1H2025.

Purchase, Sale or Redemption of the Company’s Listed Securities

In 1H2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Review by audit committee

The unaudited interim results of the Group for 1H2025 and the corresponding accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

Interim Dividend

The Board has resolved to declare an interim dividend of HK0.16 cent per share for the reporting period ended 30 September 2024 (the “**Interim Dividend**”), representing a total payout of approximately HK\$1.4 million, payable on Friday, 20 December 2024, to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 11 December 2024, being the record date for determining shareholders’ entitlement to the Interim Dividend.

Closure of register of members

The register of members of the Company will be closed from Monday, 9 December 2024 to Wednesday, 11 December 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 6 December 2024.

Publication of Interim Report

The interim report of the Company for 1H2025 containing all the information required by the Listing Rules will be disseminated to its shareholders and published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.apholdingshk.com) in due course.

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

Hong Kong, 22 November 2024

As at the date of this announcement and following the change of Directors, the Board comprises three Executive Directors, namely Mr. Lau Pong Sing, Ms. Chan Kit Mui, Lina and Mr. Lau Tsz Fung, 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 Ms. Lam Sau Fung.