

Lap Kei Engineering (Holdings) Limited 立基工程（控股）有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1690



2024

INTERIM REPORT

INTERIM RESULTS

The board of directors (the “**Board**”) of Lap Kei Engineering (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 (the “**Relevant Period**”), together with the corresponding comparative figures of 2023, as follows:

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

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	114,916	162,597
Cost of sales		(106,570)	(151,245)
Gross profit		8,346	11,352
Other income		2,911	1,303
Administrative expenses		(9,686)	(9,580)
Finance costs		—	(63)
Profit before taxation	4	1,571	3,012
Income tax expense	5	(259)	—
Profit and total comprehensive income for the period		1,312	3,012
Earnings per share			
— Basic (HK cents)	7	0.09	0.20

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	8	9,071	10,504
Intangible assets	9	83	113
Deferred tax assets	5	2,017	2,017
		11,171	12,634
Current assets			
Trade and other receivables	10	92,296	121,948
Contract assets		90,721	111,458
Pledged bank deposits		5,206	5,145
Bank balances and cash		80,292	45,756
		268,515	284,307
Current liabilities			
Trade and other payables	11	105,540	143,588
Bank borrowings		20,000	–
Tax payable		259	–
		125,799	143,588
Non-current liability			
Provision for long service payment		959	889
Net current assets		142,716	140,719
Total assets less current liabilities		153,887	153,353
Net assets		152,928	152,464
Capital and reserve			
Share capital	12	14,975	15,228
Reserves		137,953	137,236
		152,928	152,464

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i> (Note)	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024 (audited)	15,228	47,273	610	89,353	152,464
Shares repurchased and cancelled	(253)	(595)	–	–	(848)
Profit and total comprehensive income for the period	–	–	–	1,312	1,312
As at 30 June 2024 (unaudited)	14,975	46,678	610	90,665	152,928
As at 1 January 2023 (audited)	15,300	47,683	610	82,562	146,155
Profit and total comprehensive income for the period	–	–	–	3,012	3,012
As at 30 June 2023 (unaudited)	15,300	47,683	610	85,574	149,167

Note: Merger reserve represented the difference between the aggregated share capital of the relevant subsidiaries (which were transferred from Mr. Wong Kang Kwong (“**Mr. Wong**”) and Ms. So Nui Ho (“**Ms. So**”) to LKW Enterprise Limited (“**LKW Enterprise**”) pursuant to the reorganisation of the Group) in the prior years and the issued share capital of LKW Enterprise.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Net cash generated from operating activities	14,507	42,413
Net cash generated from/(used in) investing activities	877	(32,532)
Net cash generated from/(used in) financing activities	19,152	(10,063)
Net increase/(decrease) in cash and cash equivalents	34,536	(182)
Cash and cash equivalents at the beginning of the period	45,756	17,471
Cash and cash equivalents at the end of the period, represented by cash at banks and on hand	80,292	17,289

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Lap Kei Engineering (Holdings) Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 29 April 2015 under the Companies Act Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Golden Luck Limited (“**Golden Luck**”), which is a limited company incorporated in the British Virgin Islands. The address of the registered office is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 6, 6/F, Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Hong Kong.

The principal activity of the Company is investment holding. The Group’s principal activities are the provision of engineering services for building services systems and maintenance and repair services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Relevant Period (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Interim Financial Statements have been prepared under the historical cost convention and are presented in Hong Kong dollars, which is the same as the functional currency of the Company. The Interim Financial Statements are unaudited, but have been reviewed by the audit committee of the Company.

The preparation of the Interim Financial Statements requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation in the Interim Financial Statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

2. BASIS OF PREPARATION (CONTINUED)

Application of new and amendments to HKFRSs

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs effective for the financial year ending 31 December 2024.

In the current period, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2024:

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 adoption of these amendments to existing standards does not have a material impact to the Group's results of operations or financial position.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount. Information reported to the Company's Executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

- | | | | |
|------|--|---|--|
| (i) | Building services engineering work | — | provision of building services engineering work including ventilation and air-conditioning system, electrical system, plumbing and drainage system, fire services system and other related works |
| (ii) | Maintenance, repair and other services | — | provision of maintenance and repair services for building services system and replacement of parts |

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Building services engineering work		108,920	154,433
Maintenance, repair and other services		5,996	8,164
		114,916	162,597

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 June 2024

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	108,920	5,996	114,916
Segment results	7,577	769	8,346
Other income			2,911
Administrative expenses			(9,686)
Profit before taxation			1,571

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2023

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	154,433	8,164	162,597
Segment results	9,483	1,869	11,352
Other income			1,303
Administrative expenses			(9,580)
Finance cost			(63)
Profit before taxation			3,012

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	6,519	6,015
Other staff costs:		
Salaries and other allowances	23,607	22,138
Retirement benefit scheme contributions	453	557
Total staff costs	30,579	28,710
Auditor's remuneration	498	421
Amortisation on intangible assets	30	30
Depreciation of property, plant and equipment	1,271	1,128
Impairment loss reversed on trade receivables	(469)	(738)
Impairment loss reversed on contract assets	(1,602)	(219)
Bank interest income	(831)	(1)

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Hong Kong profits tax	259	—

Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the estimated assessable profit of the Group for the period as stated above. No Hong Kong profits tax was provided for the Company's subsidiaries in Hong Kong for the Relevant Period as they have estimated tax losses brought forward to offset against the estimated assessable profits.

6. DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

7. EARNINGS PER SHARE

The calculations of basic earnings per share for the six months ended 30 June 2024 and 2023 are based on the followings:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share	1,312	3,012
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,511,810	1,530,000

No diluted earnings per share was presented as there was no potential ordinary shares in issue during the Relevant Period.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Relevant Period, additions to property, plant and equipment amounted to HK\$Nil (six months ended 30 June 2023: HK\$2,780,000).

9. MOVEMENTS IN INTANGIBLE ASSETS

During the Relevant Period, amortisation on intangible assets amounted to approximately HK\$30,000 (six months ended 30 June 2023: HK\$30,000).

10. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables, net	40,301	55,403
Other receivables, deposits and prepayments	51,995	66,545
Total trade and other receivables	92,296	121,948

The Group allows a credit period of 30 days to its customers for its trade receivables.

The following is an ageing analysis of trade receivables presented based on invoice dates at the end of each reporting period:

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–30 days	13,254	18,300
31–60 days	9,045	21,991
61–90 days	10,563	10,437
Over 90 days	7,439	4,675
	40,301	55,403

11. TRADE AND OTHER PAYABLES

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	32,068	45,190
Other payables and accruals	73,472	98,398
Total trade and other payables	105,540	143,588

The credit period on trade payables is 30 days.

11. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–30 days	24,458	23,785
31–60 days	4,266	1,782
61–90 days	2,223	2,419
Over 90 days	1,121	17,204
	32,068	45,190

12. SHARE CAPITAL

The share capital of the Company as at 31 December 2023 and 30 June 2024 is as follows:

	Number of ordinary shares of HK\$0.01 each	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2023 and 30 June 2024	4,000,000,000	40,000
Issued and fully paid		
At 31 December 2023	1,522,770,000	15,228
Less: shares repurchased and cancelled for the Relevant Period	(25,250,000)	(253)
At 30 June 2024	1,497,520,000	14,975

13. RELATED PARTY DISCLOSURES

(i) Transactions

The Group entered into the following transactions with its related parties:

Related parties	Nature of transactions	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
LKW Company Limited (Note)	Rental paid/payable	265	265
Mr. Wong and Ms. So	Rental paid/payable	548	548

Note: LKW Company Limited is wholly-owned by Mr. Wong and Ms. So.

(ii) Compensation of key management personnel

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other allowances	6,258	5,754
Retirement benefit scheme contributions	27	27
	6,285	5,781

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of engineering services for building services systems in Hong Kong. The Group undertakes building services engineering works which are mainly related to the supply, installation and maintenance of (i) mechanical ventilation and air-conditioning (“**MVAC**”) system; (ii) electrical system; (iii) plumbing and drainage system; and (iv) fire services system.

The contracts the Group entered into with its customers are categorised into two types, namely (i) building services engineering projects for existing buildings and new buildings (the “**Building Services Engineering Projects**”); and (ii) maintenance, repair and other services (the “**Maintenance Projects**”), which mainly include provision of maintenance and repair services for building services system and replacement of parts.

For Building Services Engineering Projects, the Group is required to complete the engineering works in relation to the installation and/or upgrade of building services systems as set out in the scope of work under the contract. For Maintenance Projects, the Group is required to provide maintenance services for existing building services systems of a property or portfolio of properties over a fixed contract period. Such maintenance services include regular check and maintenance, and emergency call-out service for emergency repair.

With the Group’s experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors. The Group will continue to pursue the following key business strategies: (i) further developing the Group’s Building Services Engineering Business by undertaking more projects of larger scale; (ii) further expanding the Group’s service scope by making application for additional licences, permits or qualifications which may be required; and (iii) further strengthening the Group’s engineering department through recruiting additional qualified and experienced staff.

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately HK\$162.6 million for the six months ended 30 June 2023 to approximately HK\$114.9 million for the six months ended 30 June 2024, representing an decrease of approximately 29.3%. Such decrease was mainly due to decrease in the average contract sum of projects undertaken by the Group during the Relevant Period compared to that of the corresponding period of last year.

Cost of Sales

The cost of sales decreased from approximately HK\$151.2 million for the six months ended 30 June 2023 to approximately HK\$106.6 million for the six months ended 30 June 2024, representing a decrease of approximately 29.5%. Such decrease was mainly due to the reduction in the average contract sum of projects. Such decrease in cost of sales was in proportion to the decrease in revenue during the Relevant Period.

Gross Profit

Gross profit of the Group was approximately HK\$8.3 million for the six months ended 30 June 2024, while gross profit of the Group was approximately HK\$11.4 million for the six months ended 30 June 2023. Gross profit decreased by approximately 26.5% during the Relevant Period as compared to the corresponding period of previous year, because the Group entered into and commenced work on a few sizeable projects, which has a relatively similar profit margin compared to the corresponding period of previous year but the revenue amount dropped during the Relevant Period.

The overall gross profit margin was approximately 7.3% for the six months ended 30 June 2024, while gross profit margin of the Group was approximately 7.0% for the six months ended 30 June 2023. The gross profit margins remained relatively stable.

Administrative Expenses

Administrative expenses of the Group remained stable at approximately HK\$9.7 million for the six months ended 30 June 2024 as compared to approximately HK\$9.6 million for the six months ended 30 June 2023. The administrative expense increased by 1.1%. Administrative expenses primarily consisted of rental expenses and staff costs. The minor increase was attributable to the increase in administrative staff salary and other administrative expenses during the Relevant Period.

Profit and Total Comprehensive Income

The Group continued to record profit and total comprehensive income of approximately HK\$1.3 million of the six months ended 30 June 2024 compared to profit and total comprehensive income of approximately HK\$3.0 million for the six months ended 30 June 2023. Such decrease in the Group's result was primarily attributable to the combined effect of (i) the decrease in revenue by 29.3%, (ii) the corresponding decrease in cost of sales and (iii) the increase in other income by 123.4% compared to the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had total assets of approximately HK\$279.7 million (31 December 2023: approximately HK\$296.9 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$126.8 million (31 December 2023: approximately HK\$144.5 million) and approximately HK\$152.9 million (31 December 2023: approximately HK\$152.5 million), respectively. As at 30 June 2024, the Group had cash and bank balances of approximately HK\$80.3 million (as at 31 December 2023: HK\$45.8 million), which were principally denominated in Hong Kong Dollar. As at 30 June 2024, the Group had a bank borrowings of HK\$20 million, which had already repaid in full as at the date of this report.

Current ratio as at 30 June 2024 was approximately 2.1 times (31 December 2023: approximately 2.0 times).

As at 30 June 2024, the Group has obtained performance bonds in respect of building services engineering contracts from banks amounting to approximately HK\$64.6 million (31 December 2023: approximately HK\$34.7 million) respectively. The bonds are secured by leasehold land and building of approximately HK\$5.0 million (31 December 2023: leasehold land and building of approximately HK\$5.1 million) and pledged bank deposits of approximately HK\$5.2 million (31 December 2023: approximately HK\$5.1 million) as disclosed in the paragraph headed "Pledge of Assets" in this report below.

GEARING RATIO

The gearing ratio of the Group as at 30 June 2024 was 13.1% (31 December 2023: Nil), which is calculated by the total borrowings divided by total equity of the Group.

TREASURY POLICY

The Group has adopted a prudent financial management approach with an aim of preserving the value of the assets of the Group towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. Other than cash or bank deposits, the Group did not have other investments in securities or financial products for its treasury management purpose during the Relevant Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2024, the Group pledged its bank deposits of approximately HK\$5.2 million (31 December 2023: HK\$5.1 million) and charge on property of approximately HK\$5.0 million (31 December 2023: HK\$5.1 million) located at Workshop No. B9 on 6/F of Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Hong Kong to banks as collateral to secure bank facilities granted to the Group. The Group had unutilised facilities of HK\$69.1 million as of 30 June 2024 (31 December 2023: HK\$39.0 million).

Save for the above disclosed, the Group did not have any other charges on its assets as at 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were transacted in Hong Kong Dollars, which is the presentation currency of the Group. For the six months ended 30 June 2024, there was no significant exposure to foreign exchange rate fluctuations and the Group did not maintain any hedging policy or engage in hedging against the foreign currency risk. The management will consider hedging significant currency exposure should such need arise. During the Relevant Period, the Group did not enter into any hedging instrument or contracts or enter into any currency borrowing transactions for hedging purpose.

CAPITAL STRUCTURE

The share capital of the Group only comprises ordinary shares. As at 30 June 2024, the Company's issued share capital was HK\$14,975,200 (31 December 2023: HK\$15,227,700) and the number of its issued Shares was 1,497,520,000 of HK\$0.01 each (31 December 2023: 1,522,770,000). During the Relevant Period, the Group repurchased its own ordinary shares, totally 38,270,000 shares and out of which, 25,250,000 shares were cancelled in April 2024. During the Relevant Period, the Group did not hold or sell any treasury shares. For further information in relation to the repurchase of Shares during the Relevant Period, please refer to the paragraph headed "Purchase, sale or redemption of the Company's listed securities" in this report.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments in respect of plant and equipment or investment property as at 30 June 2024 (31 December 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as of 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 119 employees (31 December 2023: 132 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$30.6 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately HK\$28.7 million).

The Group promotes individuals based on their qualification, performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). Remuneration package would be reviewed on a regular basis based on the performance of the individual employee. On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

Among the retirement benefit, the Group made contributions to a Mandatory Provident Fund Scheme (the **"MPF Scheme"**) under the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administrated by the independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contribution to the MPF Scheme vests immediately.

There was no forfeited contribution under the MPF Scheme or other retirement benefit scheme which may be used by the Group to reduce the contribution payables as at 30 June 2024 and no amount was utilised to reduce the existing level of contributions during the six months ended 30 June 2024.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the six months ended 30 June 2024.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in the Shares, the Underlying Shares or Debentures

As at 30 June 2024, the interests and short positions of the Directors and Chief Executive of the Company in the shares, the underlying shares or debentures of the Company or any of 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	Capacity/ Nature of interest	Number of the Shares held/ interested in	Percentage of shareholding
Mr. Wong	Interest in controlled corporation (Note 1)	653,000,000	43.61%
	Beneficial owner	384,490,000	25.68%
	Interest of spouse (Note 2)	8,000,000	0.53%
Ms. So	Interest of spouse (Note 3)	1,037,490,000	69.28%
	Beneficial owner	8,000,000	0.53%
Mr. Tang Chun Man Joseph	Beneficial owner	160,000	0.01%
Mr. Lau Kwok Lok Geoffrey	Beneficial owner	300,000	0.02%

Notes:

1. Mr. Wong beneficially owns 99% of the issued share capital of Golden Luck. By virtue of the SFO, Mr. Wong is deemed to be interested in the same number of the Shares held by Golden Luck.
2. Mr. Wong is the spouse of Ms. So. Under the SFO, Mr. Wong is deemed to be interested in the same number of the Shares in which Ms. So is interested.
3. Ms. So is the spouse of Mr. Wong. Under the SFO, Ms. So is deemed to be interested in the same number of the Shares in which Mr. Wong is interested.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of the shares held/ interested in	Percentage of shareholding
Mr. Wong	Golden Luck	Beneficial owner	99	99%
Ms. So	Golden Luck	Beneficial owner	1	1%

Save as disclosed above, as at 30 June 2024, none of the Directors nor Chief Executive of the Company has registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares or Debentures

So far as the Directors are aware, as at 30 June 2024, the following persons (other than the Directors and Chief Executive of the Company) had or deemed or taken to have an interest or short position in the Shares or underlying Shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

Name of shareholder	Capacity/ Nature of interest	Number of the Shares held/interested in	Long/short position	Percentage of shareholding
Golden Luck	Beneficial owner	653,000,000	Long	43.61%

Save as disclosed above, as at 30 June 2024, no person, other than the Directors and Chief Executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares, the Underlying Shares or Debentures" above, had notified the Company of an interest or short position in the Shares, underlying Shares or debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

During the Relevant Period, so far as the Directors are aware, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the Listing Rules) had any business or interest that competes or may compete with the business of the Group, and the Directors are also not aware of any other conflict of interests which any such person has or may have with the Group.

DIRECTORS' MATERIAL INTEREST IN CONTRACTS

Save as disclosed in this report, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Relevant Period, the Company purchased a total of 38,270,000 ordinary shares on the Stock Exchange with an aggregate consideration (before transaction costs) of approximately HK\$2,846,410. The transaction costs, including brokerages, stamp duties and transaction levies, etc, involved in the said repurchase amounted to approximately HK\$10,000. As of the date of this report, 25,250,000 repurchased shares had been cancelled and 13,020,000 were yet to be cancelled but would be cancelled subsequently.

In July 2024, the Company purchased a total of 4,520,000 ordinary shares on the Stock Exchange with an aggregate consideration (before transaction costs) of approximately HK\$339,000. The transaction costs, including brokerages, stamp duties and transaction levies, etc, involved in the said repurchase amounted to approximately HK\$1,000. As of the date of this report, the said repurchased shares were yet to be cancelled but would be cancelled subsequently.

Details of the shares repurchased from 1 January 2024 up to the date of this report are set out as follows:

Month of repurchase	Number of Ordinary shares repurchased on the Stock Exchange	Price paid per share		Aggregate consideration paid (before transaction costs) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	20,100,000	0.075	0.065	1,485,190
February 2024	5,150,000	0.075	0.074	385,430
June 2024	13,020,000	0.075	0.074	975,790
July 2024	4,520,000	0.075	0.075	339,000
Total	42,790,000			3,185,410

After the share repurchase and completion of cancellation of all repurchased shares as shown in the table above, the total number of issued shares would be reduced to 1,479,980,000 shares.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on and adopted the principles and code provisions as set out in the Corporate Governance Code (the **"CG Code"**) as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules. During the Relevant Period, to the best knowledge of the Board, save as code provision C.2.1 of the CG Code as disclosed below, the Company has complied with the applicable code provisions of the CG Code.

Pursuant to the code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established.

During the Relevant Period and up to the date of this report, Mr. Wong has been both the Chairman of the Company and the Chief Executive of the Company. The Board considers that, in view of the experience and expertise of Mr. Wong, this structure could enhance efficiency in formulation and implementation of the Company's strategies, which is beneficial to the Group and shareholders as a whole. The Board will review the need of appointing suitable candidate to assume the role of Chief Executive when necessary.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the **"Code of Conduct"**) on terms no less exacting than the required standards of dealings concerning securities transactions by the Directors as set out in the Model Code for securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules. Having made specific enquiries of all the Directors, all the Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Relevant Period.

DIVIDEND

The Board resolved not to pay an interim dividend for the Relevant Period.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 10 September 2015 (the “**Scheme**”) with reference to the provisions of Chapter 17 of the Listing Rules. For further details in relation to the Scheme, please refer to the paragraph headed “Share Option Scheme” in the directors’ report of the annual report of the Company for the year ended 31 December 2023.

At the beginning and at the end of the Relevant Period, the mandate under which the options may be granted under the Scheme was 128,000,000 options, which may be exercisable into 128,000,000 shares, representing approximately 8.4% and 8.5% of the number of issued shares at the beginning and at the end of the Relevant Period, respectively. No share option has been granted, exercised, cancelled or lapsed since the adoption of the Scheme and up to the date of this report and there was no share option outstanding as at 30 June 2024.

Other than the Scheme, at no time during the six months ended 30 June 2024 and up to the date of this report was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EVENTS AFTER REPORTING PERIOD

There are no important events subsequent to the end of the Relevant Period and up to the date of the report which requires disclosure.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 10 September 2015 with its written terms of reference in compliance with paragraph D.3.3 of the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting process and the internal control and risk management systems of the Group, to nominate and monitor external auditors and to oversee the continuing connected transactions of the Company. The Audit Committee consists of three members, namely Mr. Chung Yuk Ming Christopher, Mr. Lau Kwok Lok, Geoffrey and Mr. Tam Chun Chung, all being independent non-Executive Directors. Mr. Tam Chun Chung currently serves as the chairman of the Audit Committee.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have not been reviewed or audited by the auditor of the Company but have been reviewed by the Audit Committee of the Company, which is of the opinion that the preparation of such statements complies with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

By Order of the Board
Lap Kei Engineering (Holdings) Limited
Wong Kang Kwong
Chairman and Executive Director

Hong Kong, 29 August 2024

As at the date of this report, the Executive Directors are Mr. Wong Kang Kwong, Ms. So Nui Ho and Mr. Tang Chun Man Joseph; and the independent non-Executive Directors are Mr. Chung Yuk Ming Christopher, Mr. Lau Kwok Lok, Geoffrey and Mr. Tam Chun Chung.