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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Lap Kei Engineering (Holdings) Limited (the “**Company**”) is pleased to announce the audited consolidated financial information of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**us**”) for the year ended 31 December 2025 (the “**Year**”) together with the comparative figures for the year ended 31 December 2024. The financial information set out below has been approved by the Board.

SUMMARY

	For the year ended 31 December		
	2025	2024	
	<i>HK\$'000</i>	<i>HK\$'000</i>	Change %
Revenue	280,760	415,332	(32.4)%
Gross profit	36,443	23,056	58.1%
Profit attributable to owners of the Company	15,685	2,072	657.0%
Profit per share (<i>HK cents</i>)	1.08	0.14	

- The Group's revenue amounted to approximately HK\$280.8 million for the year ended 31 December 2025, representing a decrease of approximately HK\$134.5 million or approximately 32.4% as compared with the year ended 31 December 2024.
- The profit attributable to owners of the Company is approximately HK\$15.7 million for the year ended 31 December 2025, representing an increase of approximately 657.0% from the profit attributed to owners of the Company at approximately HK\$2.1 million for the year ended 31 December 2024.
- The Board proposed final dividend of HK\$0.02 per share (2024: HK\$0.01), in an aggregate amount of HK\$28,905,000 for the Year (2024: HK\$14,505,000) to the shareholders of the Company, which is subject to shareholders' approval at the forthcoming annual general meeting.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	280,760	415,332
Cost of revenue		<u>(244,317)</u>	<u>(392,276)</u>
Gross profit		36,443	23,056
Other income and other gains or losses		3,152	2,260
Administrative expenses		(21,570)	(22,361)
Impairment loss recognised under expected credit loss (“ECL”) model, net of reversal		(849)	(393)
Finance costs		<u>(1)</u>	<u>(24)</u>
Profit before income tax	5	17,175	2,538
Income tax expense	6	<u>(1,490)</u>	<u>(466)</u>
Profit for the year		<u>15,685</u>	<u>2,072</u>
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements of provision for long service payments		<u>(30)</u>	<u>56</u>
Other comprehensive income for the year		<u>(30)</u>	<u>56</u>
Total comprehensive income for the year		<u>15,655</u>	<u>2,128</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
– Basic and diluted	8	<u>1.08</u>	<u>0.14</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		11,777	10,962
Intangible assets		–	55
Deferred tax assets		498	1,551
		<u>12,275</u>	<u>12,568</u>
Current assets			
Trade and other receivables	9	84,120	152,642
Contract assets	10	100,767	129,863
Pledged bank deposits		5,478	5,284
Bank balances		68,686	58,721
		<u>259,051</u>	<u>346,510</u>
Current liabilities			
Trade and other payables	11	118,326	204,769
Contract liabilities	12	1,539	2,538
Tax payable		52	–
Provision for onerous contracts		–	624
		<u>119,917</u>	<u>207,931</u>
Net current assets		<u>139,134</u>	<u>138,579</u>
Total assets less current liabilities		<u>151,409</u>	<u>151,147</u>
Non-current liabilities			
Provision for long service payments		1,160	974
Deferred tax liabilities		385	–
		<u>1,545</u>	<u>974</u>
Net assets		<u><u>149,864</u></u>	<u><u>150,173</u></u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
EQUITY		
Share capital	14,452	14,646
Reserves	135,412	135,527
	<hr/>	<hr/>
Total equity	149,864	150,173
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 Law 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 Company acts as an investment holding company.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS Accounting Standards**”) as issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

3. ADOPTION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Amendments to HKAS 21 Lack of Exchangeability

The adoption of amended HKFRS Accounting Standards has no material impact on the Group’s consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration expected to be entitled by the Group from provision of building services engineering work and maintenance, repair and other services.

(i) Disaggregation of revenue from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Type of services		
Building services engineering work	267,842	402,315
Maintenance, repair and other services	12,918	13,017
	<u>280,760</u>	<u>415,332</u>

Timing of revenue recognition on all services are transferred over time. All revenue from contracts with customers are arising from Hong Kong during the year and prior year.

(ii) Transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) for contracts with customers that remain outstanding as at the end of the reporting period and the expected timing of recognising revenue is set out below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Provision of building services engineering work		
– Within one year	140,123	271,235
– More than one year but not more than two years	2,039	13,992
	<u>142,162</u>	<u>285,227</u>

All the Group's maintenance, repair and other services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations under those contracts is not disclosed.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Company, in order for CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- | | |
|---|--|
| (i) Building services engineering work | – Provision of building services engineering work including mechanical ventilation and air-conditioning system, electrical system, plumbing and drainage system, fire 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 |

The Group's CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

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

For the year ended 31 December 2025

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	<u>267,842</u>	<u>12,918</u>	<u>280,760</u>
Segment results	<u>33,217</u>	<u>3,226</u>	<u>36,443</u>
Other income and other gains or losses			3,152
Administrative expenses			(21,570)
Impairment loss recognised under ECL model, net of reversal			(849)
Finance costs			<u>(1)</u>
Profit before income tax			<u><u>17,175</u></u>

For the year ended 31 December 2024

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	<u>402,315</u>	<u>13,017</u>	<u>415,332</u>
Segment results	<u>18,914</u>	<u>4,142</u>	23,056
Other income and other gains or losses			2,260
Administrative expenses			(22,361)
Impairment loss recognised under ECL model, net of reversal			(393)
Finance costs			<u>(24)</u>
Profits before income tax			<u><u>2,538</u></u>

Segment results mainly represented gross profit earned by each segment.

Geographic information

The Group's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location of the relevant entities' operation.

Information about major customers

Revenue from customers in respect of building services engineering work during the years ended 31 December 2025 and 2024 individually contributing over 10% of the Group's revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	55,724	–
Customer B	44,072	155,073
Customer C	42,114	N/A ¹
	<u>55,724</u>	<u>155,073</u>

¹ Revenue from the customer is less than 10% of the total revenue of the Group for the prior year.

No single customer in respect of maintenance, repair and other services contributed 10% or more to the Group's revenue for each of the years ended 31 December 2025 and 2024.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Directors' emoluments (excluding provision for long service payments)	13,944	9,410
Other staff costs:		
– Salaries and other allowances	50,104	52,043
– Retirement benefits scheme contributions	1,622	1,779
– Provision for long service payments	148	133
Total staff costs	<u>65,818</u>	<u>63,365</u>
Auditor's remuneration	900	1,000
Amortisation on intangible assets	55	58
Cost of materials recognised as expense	73,498	113,254
Depreciation of property, plant and equipment	2,895	2,660
Impairment loss recognised/(reversed) on trade receivables	61	(168)
Impairment loss recognised on contract assets	788	561
	<u>849</u>	<u>393</u>
Bank interest income	(1,774)	(1,877)
Gain on disposal of property, plant and equipment	(1,070)	(176)
Provision for onerous contracts (<i>note (a)</i>)	–	624
Rental expense on short-term leases in respect of warehouse, office premises and car parks (<i>note (b)</i>)	1,968	1,958
	<u>1,968</u>	<u>1,958</u>

Notes:

- (a) Included in cost of revenue in the consolidated statement of profit or loss and other comprehensive income.
- (b) The Group regularly entered into short-term leases for warehouse, office premises and car parks.

6. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	52	–
Deferred tax	<u>1,438</u>	<u>466</u>
	<u><u>1,490</u></u>	<u><u>466</u></u>

The Group is subject to Hong Kong Profits Tax. Hong Kong Profits Tax was provided for a subsidiary at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for current year.

No Hong Kong Profits Tax was provided for the Company's subsidiaries in Hong Kong for the prior year as they either have estimated tax losses brought forward to offset against the estimated assessable profits or did not derive any assessable profits.

7. DIVIDEND

Proposed final dividend of HK\$0.02 per share, in an aggregate amount of HK\$28,905,000 is subject to approval at the forthcoming annual general meeting. Final dividend of HK\$14,505,000 for the financial year 31 December 2024 was approved and paid during the financial year 31 December 2025.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2025 is based on the profit for the year of HK\$15,685,000 (2024: HK\$2,072,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2025 of 1,452,561,233 (2024: 1,486,637,678).

The Group has no dilutive potential ordinary shares in issue during the years ended 31 December 2025 and 2024.

9. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	61,536	84,403
Less: allowance for credit loss	<u>(1,533)</u>	<u>(1,472)</u>
	60,003	82,931
Deposit paid	17,475	63,794
Other receivables	277	890
Prepayments	<u>6,365</u>	<u>5,027</u>
	<u>24,117</u>	<u>69,711</u>
Total trade and other receivables	<u><u>84,120</u></u>	<u><u>152,642</u></u>

The Group allows a credit period ranging from 0 to 90 days (2024: 0 to 45 days) to its customers for trade receivables.

The following is an aging analysis of trade receivables net of allowance for credit loss presented based on invoice dates at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	30,253	42,162
31–60 days	3,698	28,402
61–90 days	11,412	7,435
> 90 days	14,640	4,932
	<u>60,003</u>	<u>82,931</u>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$29,750,000 (2024: HK\$40,769,000), which are past due as at the end of the reporting period. Out of the past due balances, aggregate carrying amount of HK\$10,309,000 (2024: HK\$4,729,000) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

10. CONTRACT ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract assets	103,209	131,517
Less: allowance for credit loss	(2,442)	(1,654)
	<u>100,767</u>	<u>129,863</u>

Analysed as current:

Unbilled revenue of building services engineering work	59,075	82,471
Unbilled revenue of maintenance, repair and other services	–	525
Retention receivables of building services engineering work	41,692	46,867
	<u>100,767</u>	<u>129,863</u>

The retention receivables are to be settled, based on the expiry of the defect liability period, at the end of the reporting period:

Retention receivable of building services engineering work		
Within one year	25,110	28,028
After one year	16,582	18,839
	<u>41,692</u>	<u>46,867</u>

Changes in contract assets during the year ended 31 December 2025 were mainly due to the decrease in: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) the size and number of contracts in respect of building services engineering work that the relevant services were completed but yet billed to customers or certified by the external surveyors at the end of the reporting period.

Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from 1 to 2 years from the date of the completion of the respective project. The Group does not hold any collateral over these balances.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

11. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables (<i>note a</i>)	59,559	71,874
Retention payables (<i>note b</i>)	6,175	11,752
Accrued sub-contracting and material costs	31,071	104,415
Accrued staff costs	19,158	15,093
Other payables and accruals	2,363	1,635
	<u>118,326</u>	<u>204,769</u>

Notes:

- (a) The credit period on trade payables range from 30 to 60 days (2024: 30 to 60 days).

The aging analysis of trade payables is presented based on the invoice dates at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	27,654	46,814
31–60 days	2,405	5,798
61–90 days	1,167	485
> 90 days	28,333	18,777
	<u>59,559</u>	<u>71,874</u>

- (b) Based on the terms and conditions agreed in relation to the release of retention monies to subcontractors and taking into account the status of rectification work, the retention payables as at the end of the reporting period are to be settled as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
On demand or within one year	3,922	7,248
After one year	2,253	4,504
	<u>6,175</u>	<u>11,752</u>

12. CONTRACT LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Advances from customers of building services engineering work, current	<u>1,539</u>	<u>2,538</u>

The Group classifies contract liabilities as current because the Group expected to settle them in its normal operating cycle.

Movement in contract liabilities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At beginning of year	2,538	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,538)	–
Increase in contract liabilities as a result of billing in advance of building services engineering work	<u>1,539</u>	<u>2,538</u>
At end of year	<u>1,539</u>	<u>2,538</u>

Typical payment terms on contracts for building services engineering work and maintenance, repair and other services which impact on the amount of contract liabilities recognised are as follows:

When the Group receives upfront payment or cash advances before the services are provided, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the cash advances.

13. PLEDGE OF ASSETS

At the end of the reporting period, the Group has obtained banking facilities of HK\$73,700,000 (2024: HK\$83,700,000) which are secured by the properties owned by Mr. Wong and by the Group's pledged assets. The carrying amounts of the assets pledged by the Group to banks are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Property, plant and equipment	4,632	4,858
Pledged bank deposits	<u>5,478</u>	<u>5,284</u>
	<u>10,110</u>	<u>10,142</u>

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; and (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.

Looking forward, the Directors consider that the future opportunities and challenges being faced by the Group will continue to be affected by the development of the property market in Hong Kong as well as factors affecting labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the Hong Kong building services industry.

As at 31 December 2025, the Group had 26 projects on hand (including projects in progress and projects that are about to commence) with total outstanding contract value of approximately HK\$142.2 million.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$415.3 million for the year ended 31 December 2024 to approximately HK\$280.8 million for the Year, representing a decrease of approximately 32.4%. Such decrease was mainly due to the decrease in the number of projects undertaken by the Group during the Year as compared with that for the year ended 31 December 2024.

Cost of Sales

Our cost of sales decreased from approximately HK\$392.3 million for the year ended 31 December 2024 to approximately HK\$244.3 million for the Year, representing a decrease of approximately 37.7%. Such decrease was mainly attributable to the decrease in our subcontracting charges and material costs due to the decrease in the number and contract size of projects undertaken by the Group during the Year, as a result of the decrease in revenue of the Group during the Year. The decrease in cost of sales outweighs the decrease in revenue due to more effective cost management during the year, as the Group experienced a lower equipment and material costs from the Group's suppliers.

Gross Profit

Gross profit of the Group was approximately HK\$36.4 million for the Year as compared to the gross profit of the Group of approximately HK\$23.1 million for the year ended 31 December 2024. The increase in gross profit was mainly driven by the decrease in cost of sales for the Year, which outweighed the decrease in revenue.

The gross profit margin was approximately 13.0% for the Year as compared to the gross profit margin of the Group of approximately 5.6% for the year ended 31 December 2024 as the extent of decrease in cost of sales is higher than that in revenue for the Year. During the year, as there was a more effective cost management of the Group, the Group experienced a relatively lower equipment and material costs from the Group's suppliers. Therefore, it decreased the Group's costs of sales, which resulted in higher gross profit margin compared with that of last year.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 3.6% from approximately HK\$22.4 million for the year ended 31 December 2024 to approximately HK\$21.6 million for the Year. Administrative expenses primarily consisted of rental expenses and staff costs. The decrease was mainly attributable to the decrease in staff costs during the Year.

Other Income and Other Gains or Losses

Other income and other gains or losses increased significantly by approximately HK\$0.9 million, or 39.1%, from approximately HK\$2.3 million for the year ended 31 December 2024 to approximately HK\$3.2 million for the Year. The increase in other income and other gains or losses was mainly due to the increase in gain on disposal of property, plant and equipment during the year.

Income Tax Expense

Income tax expense of the Group was approximately HK\$1.5 million for the Year while income tax expense of the Group was approximately HK\$0.5 million for the year ended 31 December 2024. The change was mainly due to the increase in profit before income tax during the Year.

Profit for the Year and Net Profit Margin

Profit for the Year substantially increased by approximately 657.0% from approximately HK\$2.1 million for the year ended 31 December 2024 to approximately HK\$15.7 million for the Year. Such increase was primarily attributable to the effect of the increase in gross profit margin and lower administrative expenses. The net profit margin for the Year was approximately 5.6% (2024: approximately 0.5%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had total assets of approximately HK\$271.3 million (2024: HK\$359.1 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$121.5 million (2024: HK\$208.9 million) and approximately HK\$149.9 million (2024: HK\$150.2 million), respectively.

The Group does not have any interest-bearing loans and borrowings as at 31 December 2025 and 2024, and current ratio as at 31 December 2025 was approximately 2.2 times (2024: 1.7 times).

GEARING RATIO

The gearing ratio of the Group as at 31 December 2025 was nil (2024: nil).

The gearing ratio is calculated based on the total loans and borrowings divided by total equity as at 31 December 2025 and 2024, respectively.

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 Year. No financial investment other than cash and bank deposits were held by the Group as at 31 December 2025. 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 31 December 2025, the Group pledged its bank deposits of approximately HK\$5.5 million (2024: HK\$5.3 million) and charge on property having a carrying value of approximately HK\$4.6 million (2024: HK\$4.9 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. Save as disclosed above, the Group had no other pledge or charge on assets as at 31 December 2025.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong dollars, which is the presentation currency of the Group. For the Year, there was no significant exposure to foreign exchange rate fluctuations and the Group has not maintained any hedging policy against foreign currency risk. The management will consider hedging significant currency exposure should the need arise. During the Year, the Group did not enter into any transactions or financial instruments for hedging purposes.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 September 2015 and transferred to the Main Board of the Stock Exchange on 12 February 2018.

As at 31 December 2025, the Company’s issued share capital was HK\$14,452,300 (2024: HK\$14,646,000) and the number of its issued Shares was 1,445,230,000 of HK\$0.01 each (2024: 1,464,600,000). The Group repurchased its own ordinary shares on the Stock Exchange of a total of 19,370,000 shares, during the Year. For further details in relation to the repurchase of shares, please refer to the paragraph headed “Purchase, sale or redemption of listed securities” in this announcement below.

COMMITMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

The Group had no operating lease commitments as at 31 December 2025 (2024: nil). The Group had no future plans for material investments or capital assets as at 31 December 2025 (2024: nil).

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 4 to the consolidated financial statements of this announcement.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group did not have any material capital commitments (2024: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of 119 employees (2024: 113 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$65.8 million for the Year (2024: HK\$63.4 million).

The Group promotes individuals based on their 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). On top of basic salaries, discretionary 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. The Group also offered induction trainings as well as on the job continuous trainings to staff members regularly.

SIGNIFICANT INVESTMENTS HELD

Save the investment in its subsidiaries by the Company, the Group did not hold any significant investments during the Year.

CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

The Company's corporate governance practices are based on adopting the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Listing Rules. During the Year, to the best knowledge of the Board, the Company complied with all the applicable code provisions of the CG Code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Following the specific enquiry made by the Company, the Directors confirmed that they have complied with the required standards as set out in the Model Code and the Company were not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors under the Model Code during the Year.

ANNUAL GENERAL MEETING ("AGM")

The AGM is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc.

At the AGM, the Directors (including independent non-executive Directors) are available to attend to questions raised by the shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the shareholders concerning the audit procedures and the auditor's report.

The forthcoming AGM of the Company (the "2026 AGM") will be held on Thursday, 14 May 2026, the notice of which shall be issued in accordance with the articles of association, the Listing Rules and other applicable laws and regulations.

DIVIDEND

The Board proposed a final dividend of HK\$0.02 per share, in an aggregate amount of HK\$28,905,000 for the year ended 31 December 2025 to the shareholders of the Company whose names are on the register of members of the Company on Thursday, 28 May 2026 subject to the approval by the shareholders at the 2026 AGM to be held on Thursday, 14 May 2026 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company made on market repurchase of a total of 19,370,000 ordinary shares in the Company on the Stock Exchange with an aggregate consideration (before transaction costs) of approximately HK\$1,426,000. The transaction costs, including brokerages, stamp duties and transaction levies, etc, involved in the repurchase amounted to approximately HK\$33,000. All repurchased shares were subsequently cancelled. Details of shares repurchased during the Year 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) <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
March 2025	1,880,000	0.075	0.075	141
April 2025	12,230,000	0.075	0.075	917
September 2025	5,260,000	0.070	0.068	368
	<u>19,370,000</u>			<u>1,426</u>

After the share repurchase completed as shown in the table above and the cancellation of the shares, the total number of issued shares of the Company was reduced to 1,445,230,000 shares. The Board was of the view that the share repurchase would demonstrate the Company's confidence in its own business outlook and prospects, which would, ultimately, benefit the Company and create value to the Shareholders.

Save and except disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. The company did not hold or sell any treasury shares during the year.

AUDITOR

The consolidated financial statements for the Year have been audited by Messrs. BDO Limited ("BDO"). BDO shall retire in the 2026 AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO as auditors of the Company will be proposed at the 2026 AGM. The Company has not changed its external auditor during the Year and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 8 May 2026 to Thursday, 14 May 2026, both dates inclusive, the period during which no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the 2026 AGM, shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 7 May 2026.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2026 AGM. The record date for entitlement to the proposed final dividend is Thursday, 28 May 2026. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 27 May 2026 to Thursday, 28 May 2026, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 26 May 2026. The payment of final dividend will be made on or about Thursday, 18 June 2026.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Year have been received and reviewed by the Audit Committee. The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for the Year comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO ON THIS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by BDO, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by BDO on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.lapkeieng.com and the website of the Stock Exchange at www.hkex.com.hk. The 2025 annual report of the Company will be issued and made available on the above websites according to the Listing Rules in April 2026.

APPRECIATION

The Board would like to extend its sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. We would also like to take this opportunity to thank all management members and staff members for their hard work and dedication throughout the Year.

For and on behalf of the Board
Lap Kei Engineering (Holdings) Limited
Chan Chun Sing
Company Secretary

Hong Kong, 26 March 2026

As at the date of this announcement, 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.