

# 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

ANNUAL REPORT



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# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### **Executive Directors:**

Mr. Wong Kang Kwong  
Ms. So Nui Ho  
Mr. Tang Chun Man Joseph

### **Independent non-executive Directors:**

Mr. Chung Yuk Ming Christopher  
Mr. Lau Kwok Lok Geoffrey  
Mr. Tam Chun Chung

## **BOARD COMMITTEES**

### **Audit Committee**

Mr. Tam Chun Chung (*Chairman*)  
Mr. Chung Yuk Ming Christopher  
Mr. Lau Kwok Lok Geoffrey

### **Remuneration Committee**

Mr. Lau Kwok Lok Geoffrey (*Chairman*)  
Mr. Chung Yuk Ming Christopher  
Mr. Tam Chun Chung

### **Nomination Committee**

Mr. Chung Yuk Ming Christopher (*Chairman*)  
Mr. Lau Kwok Lok Geoffrey  
Mr. Tam Chun Chung

## **COMPANY SECRETARY**

Mr. Chan Chun Sing (*Certified Public Accountant*)

## **AUTHORISED REPRESENTATIVES**

Mr. Wong Kang Kwong  
Mr. Chan Chun Sing (*Certified Public Accountant*)

## **INDEPENDENT AUDITOR**

BDO Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*

## **LEGAL ADVISER AS TO HONG KONG LAWS**

ONC Lawyers

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 6, 6/F, Block B  
Tonic Industrial Centre  
19 Lam Hing Street  
Kowloon Bay  
Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
Grand Cayman  
KY1-1111  
Cayman Islands

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANK**

Shanghai Commercial Bank Limited  
Shops G1-2, G/F.  
Metro City Plaza III  
The Metropolis  
8 Mau Yip Road  
Tseung Kwan O  
New Territories  
Hong Kong

The Hongkong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

## **COMPANY WEBSITE**

[www.lapkeieng.com](http://www.lapkeieng.com)  
(information of this website does not form part of  
this report)

## **STOCK CODE**

1690



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Lap Kei Engineering (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”, “**we**”, “**our**” or “**us**”), I am delighted to present the consolidated financial results of the Group for the year ended 31 December 2024.

## FINANCIAL RESULTS

The total revenue of the Group increased by approximately HK\$92.0 million or 28.5% from approximately HK\$323.3 million for the year ended 31 December 2023 to approximately HK\$415.3 million for the year ended 31 December 2024 (the “**Year**”). The Group continued to generate profit for the Year. However, the profit and total comprehensive income decreased from approximately HK\$7.4 million for the year ended 31 December 2023 to the profit and total comprehensive income of approximately HK\$2.1 million for the Year.

## BUSINESS REVIEW AND PROSPECT

During 2024, our business was inevitably affected by the keen price competition in the market, pressure of increasing operating costs, continuous cost reduction measures taken by the Group’s customers and the slowdown of growth in the economy in Hong Kong. In addition, geopolitical uncertainties and global economic volatility have further pressured the Hong Kong property market. Construction market in Hong Kong continues to experience adjustment under weakened property market sentiment. We expect that competition in construction market remains very keen in 2025.

## A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, clients, business partners, and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff members for their commitment and contributions throughout the years.

**Lap Kei Engineering (Holdings) Limited**

**Wong Kang Kwong**

*Chairman and Executive Director*

Hong Kong, 26 March 2025

# 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.

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 2024, the Group had 47 projects on hand (including projects in progress and projects that are about to commence) with total outstanding contract value of approximately HK\$285.2 million.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue increased from approximately HK\$323.3 million for the year ended 31 December 2023 to approximately HK\$415.3 million for the Year, representing an increase of approximately 28.5%. Such increase was mainly due to an increase in the number of projects undertaken by the Group during the Year as compared with that for the year ended 31 December 2023.

### **Cost of Sales**

Our cost of sales increased from approximately HK\$296.7 million for the year ended 31 December 2023 to approximately HK\$392.3 million for the Year, representing an increase of approximately 32.2%. Such increase was mainly attributable to the increase in our subcontracting charges and material costs due to the rise in the number and contract size of projects undertaken by the Group during the Year, which is in line with the increased in revenue of the Group during the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Profit

Gross profit of the Group was approximately HK\$23.1 million for the Year while gross profit of the Group was approximately HK\$26.6 million for the year ended 31 December 2023. The decrease in gross profit was mainly driven by the increase in cost of sales for the Year, which outweighed the increase in revenue.

The gross profit margin was approximately 5.6% for the Year while gross profit margin of the Group was approximately 8.2% for the year ended 31 December 2023 as the extent of increase in cost of sales is higher than that in revenue for the Year. During the Year, the Group experienced a relatively higher equipment and material costs from the Group's suppliers. Therefore, it increased the Group's costs of sales, which resulted in lower gross profit margin compared with that of last year.

## Administrative Expenses

Administrative expenses of the Group increased by approximately 18.1% from approximately HK\$18.9 million for the year ended 31 December 2023 to approximately HK\$22.4 million for the Year. Administrative expenses primarily consisted of rental expenses and staff costs. The increase was mainly attributable to the increase in staff salary and discretionary bonus during the Year.

## Other Income and Other Gains or Losses

Other income and other gains or losses increased significantly by approximately HK\$1.1 million, or 88.6%, from approximately HK\$1.2 million for the year ended 31 December 2023 to approximately HK\$2.3 million for the Year. The increase in other income and other gains or losses was mainly due to the increase in bank interest received from banks.

## Income Tax Expense

Income tax expense of the Group was approximately HK\$0.5 million for the Year while income tax expense of the Group was approximately HK\$1.6 million for the year ended 31 December 2023. The change was mainly due to the decrease in deferred tax assets arising from the utilisation of tax losses and the decrease in temporary differences of allowance for expected credit loss during the Year.

## Profit for the Year and Net Profit Margin

Profit for the Year decreased by approximately 72.1% from approximately HK\$7.4 million for the year ended 31 December 2023 to approximately HK\$2.1 million for the Year. Such decrease was primarily attributable to the effect of the decrease in gross profit margin and higher administrative expenses. The net profit margin for the Year was approximately 0.5% (2023: approximately 2.3%).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total assets of approximately HK\$359.1 million (2023: HK\$296.9 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$208.9 million (2023: HK\$144.5 million) and approximately HK\$150.2 million (2023: HK\$152.4 million), respectively.

The total interest-bearing loans and borrowings of the Group as at 31 December 2024 were nil (2023: HK\$nil), and current ratio as at 31 December 2024 was approximately 1.7 times (2023: 2.0 times).

# MANAGEMENT DISCUSSION AND ANALYSIS

## GEARING RATIO

The gearing ratio of the Group as at 31 December 2024 was nil (2023: nil).

The gearing ratio is calculated based on the total loans and borrowings divided by total equity as at 31 December 2023 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 2024. 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 2024, the Group pledged its bank deposits of approximately HK\$5.3 million (2023: HK\$5.1 million) and charge on property of approximately HK\$4.8 million (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.

## 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 2024, the Company's issued share capital was HK\$14,646,000 (2023: HK\$15,228,000) and the number of its issued Shares was 1,464,600,000 of HK\$0.01 each (2023: 1,522,770,000). During the Year, the Group repurchased its own ordinary shares, totally 58,170,000 (2023: 7,230,000) shares and were subsequently cancelled in April, October and December 2024 (2023: in October 2023). For further information in relation to the repurchase of Shares, please refer to the paragraph headed "Purchase, Sale or Redemption of Listed Securities" in the Directors' Report in this report.

## COMMITMENTS

The Group had no operating lease commitments as at 31 December 2024 (2023: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## **SEGMENTAL INFORMATION**

Segmental information is presented for the Group as disclosed on note 6 to the consolidated financial statements of this annual report.

## **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group did not have any material capital commitments (2023: 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 2024, the Group did not have any material contingent liabilities (2023: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group employed a total of 113 employees (2023: 132 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$63.4 million for the Year (2023: HK\$63.1 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's key risk exposures are summarised as follows:

- (i) The Group's past revenue and profit margin may not be indicative of the Group's future revenue and profit margin, in particular, the Group's revenue is derived substantially from building services engineering projects, which are non-recurrent in nature, and the Group may achieve lower-than-expected revenue if it fails to maintain continuity of the Group's order book for its new projects;
- (ii) The Group is dependent on its senior management and in-house engineers, hence inability to retain its staff may adversely affect the Group's business operations;
- (iii) Loss of authorised signatory and technical director for the Group's registrations maintained with the Buildings Department could materially and adversely affect the Group's business;
- (iv) Failure to accurately estimate and control the costs of the Group's projects may adversely affect the Group's financial performance;
- (v) The Group may not be able to maintain or increase its success rate of attaining engagement of projects tendered and quoted;
- (vi) Any delays in the Group's projects may affect the Group's cash flows and may have adverse impact on the Group's business and reputation;
- (vii) Failure to renew the Group's current registrations and licences may adversely affect the Group's business operations; and
- (viii) The Group is exposed to environmental liability.

For other risks and uncertainties being faced by the Group, please refer to the section headed "Risks Factors" in the prospectus of the Company dated 18 September 2015 (the "**Prospectus**").

# MANAGEMENT DISCUSSION AND ANALYSIS

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to prevention and reduction of pollution, water pollution control and waste disposal control.

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to promote efficient use of resources and adopt green technologies for emission reduction. For instance, the Group seeks to replace the equipment by the environmentally friendly machines in order to minimise overall exhaust emission.

During the Year, the Group did not record any material non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group. During the Year, the Group was not subject to any environmental claims, lawsuit, penalties or any disciplinary action.

For further information in relation to the environmental policies and performance of the Group, please refer to the Group's Environment, Social and Governance Report on page 38–44.

## KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGY OF THE GROUP

The KPIs of the Group for the Year are set out below:

Strategy	KPIs
Maximise value for the Shareholders	Gross profit margin = 5.6% (2023: 8.2%)
	Return on equity = 1.4% (2023: 4.8%)
Improve the Group's liquidity	Net cash generated from operating activities = HK\$18.7 million (2023: HK\$39.2 million)
	Current ratio = 1.7 times (2023: 2.0 times)

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES**

### **Customers**

The Group's customers mainly include main contractors who contract all or part of the engineering works for building services systems to other subcontractors, such as the Group, and landlords or occasionally property developers (or its consultants). During the Year, the Directors consider that the Group is not reliant on any single customer. The Group has had business relationship with most of the top customers ranging from one year to over 10 years which the Directors believe implying that the Group is one of the selected subcontractors on such customers' approved lists of subcontractors and the Group being invited to submit tender or quote from time to time.

### **Suppliers and Subcontractors**

During the Year, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the site works; (ii) material and equipment suppliers to supply materials and equipment used in the site work; and (iii) suppliers of other miscellaneous goods and services required for the Group's business operations.

The Group maintains an internal list of approved subcontractors, for each categories of building services engineering where the list is updated on a continuous basis. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant skill sets and experience, subject to their availability and fee quotations.

The Group generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on a few suppliers and subcontractors and did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the Year. The Group did not have any significant disputes with any of its top five suppliers and subcontractors during the Year.

### **Employees**

The Group recognises employees as valuable assets of the Group and during the Year, the Group has complied with the applicable labour laws and regulations and regularly reviewed the existing staff benefits for improvement. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing an attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary raises, discretionary bonuses and promotions based on the performance of each employee.

The Directors consider that the Group has maintained good relationship with its employees. The Group has not experienced any strikes, work stoppages or labour disputes which affected its operations during the Year. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the Year.



# MANAGEMENT DISCUSSION AND ANALYSIS

There was no forfeited contribution under the Mandatory Provident Fund Scheme and/or other retirement benefit scheme which may be used by the Group to reduce the contribution payable in the future years.

There was no forfeited contributions (2023: nil) utilised during the Year and there was no sum available as at 31 December 2024 to reduce future contributions.



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. WONG Kang Kwong (黃鏡光)**, aged 59, is the co-founder of the Group and one of the controlling shareholders of the Company. Mr. Wong was appointed as a Director of the Company on 29 April 2015 and was re-designated as an executive Director of the Company on 10 September 2015. He also serves as the chairman of the Board. He is primarily responsible for the overall business development, management and operation of the Group. Mr. Wong is also a director of Lap Kei Engineering Company Limited ("**Lap Kei**"). He is the spouse of Ms. So.

Mr. Wong has over 30 years of experience in building services engineering industry. He completed the course of cold storage and air-conditioning and the course of application design for air-conditioning and ventilation in the Hong Kong Institute of Air-conditioning in September 1983 and September 1990 respectively. In 1988, Mr. Wong established Lap Ki Engineering Works, a sole proprietorship established in Hong Kong, which is principally engaged in air-conditioning installation and repairing.

In December 1997, Mr. Wong founded Lap Kei with Ms. So and he has been handling the Group's business operation since then.

**Ms. SO Nui Ho (蘇女好)**, aged 54, is the co-founder of the Group and one of the controlling shareholders of the Company. Ms. So was appointed as a Director of the Company on 19 May 2015 and was re-designated as an executive Director of the Company on 10 September 2015. She is primarily responsible for the overall management of the Group's financial and administrative matters. Ms. So is also a director of Lap Kei and Wealth E & M Limited ("**Wealth E & M**"). She is the spouse of Mr. Wong.

Ms. So completed her secondary education and participated in the Hong Kong Certificate of Education Examination in 1988. She obtained a business studies diploma from Hong Kong School of Commerce in June 1989. Ms. So completed a one-year part-time evening post-secondary 5 course at Kwai Chung Technical Institute and was awarded a certificate in higher accounting in July 1991. She was awarded a certificate for passing accounting (third level) examination from the London Chamber of Commerce and Industry Examinations Board in 1992.

Ms. So has more than 25 years of experience in accounting, financing and administration. Prior to joining the Group, she served in the finance and administration department of an insurance company in Hong Kong from August 1993 to December 1996 and her last position held was an assistant supervisor. In December 1997, Ms. So founded Lap Kei with Mr. Wong and she has been handling the Group's financial and administrative matters since then.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. TANG Chun Man Joseph (鄧順文)**, aged 50, was appointed as an executive Director of the Company on 1 November 2018.

Mr. Tang holds a bachelor's degree of Arts (Honours) in Accountancy from the University of Bolton in United Kingdom. Mr. Tang obtained a diploma in computer programming from the School of Continuing and Professional Studies of the Chinese University of Hong Kong in October 2007. He has over 22 years of financial management experiences. He assisted in group financial management, accounting operations monitoring and treasury management. Before joining the Group during the period from December 1992 to March 1998, Mr. Tang worked in Hong Kong Aircraft Engineering Company Limited with his last position as accounts assistant. During the period from March 1998 to March 2002, he worked in Hsin Chong Group Holdings Limited (formerly known as Hsin Chong Construction Group Limited, delisted from the Stock Exchange in December 2019) with the last position as senior account clerk. From April 2002 to May 2016 and from January 2017 to October 2018, he worked in Synergis Management Services Limited, a wholly-owned subsidiary of Synergis Holdings Limited (currently known as ISP Holdings Limited) (stock code: 2340) with the last position as accounting manager.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHUNG Yuk Ming Christopher (鍾育明)**, aged 52, was appointed as an independent non-executive Director of the Company on 10 September 2015. He is the Technical Director and Authorized Signatory of 建和設計及營造有限公司, a Registered General Building Contractor, since August 2019.

Mr. Chung has over 30 years of experience in developer and contractor role in the real estate and construction industry. He obtained a bachelor's degree of science in building surveying from City University of Hong Kong in November 1995, a master's degree of science in urban planning from the University of Hong Kong in December 1999, and a bachelor's degree of laws from the Manchester Metropolitan University, the United Kingdom, (a long distance learning course) in July 2006. Mr. Chung has been a member of the Hong Kong Institute of Surveyors since July 2017, a Registered Construction Manager and a Council Member of Hong Kong Institute of Construction Managers since February 2016 and January 2019 respectively, a member of the Hong Kong Institute of Directors since October 2015, a professional member of the Royal Institution of Chartered Surveyors since August 2015, a member of the Royal Town Planning Institute since January 2009. He was appointed as a member of the Contractors Registration Committee for a period of two years commencing 1 January 2021.

Mr. Chung was an executive director of FDB Holdings Limited (stock code: 1826) (formerly known as Steering Holdings Limited, a company listed on GEM (stock code: 8248) and was transferred to the main board on 10 July 2017), the holding company of Fruit Design & Build Limited, from August 2016 to January 2018. He worked in China International Fund Limited from April 2007 to August 2010 and from October 2012 to March 2014, Right Year Investment Limited from September 2010 to August 2012 and Penta Ocean Construction Co., Ltd. from August 1995 to July 2005 with the last position being held as construction manager.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. LAU Kwok Lok Geoffrey (劉國樂)**, aged 67, was appointed as an independent non-executive Director of the Company on 31 May 2021. Mr. Lau has over 35 years of experience in building and facilities management in Hong Kong and Australia. He completed his studies in civil engineering at the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in 1982, then worked for a private construction company in Australia. He then joined the Hong Kong Baptist Hospital as an estate manager in 1995 to oversee the facilities management and development planning. He was subsequently promoted to the position of estate and projects manager in 2006 and to position as senior manager in estates and facilities management in 2007.

During his 23 years of employment with Hong Kong Baptist Hospital, Mr. Lau managed a wide range of construction, development and maintenance projects and he consistently assisted his employer in meeting the latest applicable international standards.

**Mr. TAM Chun Chung (譚振忠)**, aged 53, was appointed as an independent non-executive Director of the Company on 10 September 2015. He has been the joint company secretary of China Railway Group Limited (stock code: 390) since November 2007 and was an independent non-executive director of China Qidian Guofeng Holdings Limited (formerly known as Huiyin Household Appliances (Holdings) Co., Ltd., Huiyin Smart Community Co., Ltd. and Qidian International Co., Ltd.) (stock code: 1280) from March 2010 to January 2019.

Mr. Tam has more than 31 years of experience in the fields of accounting, auditing and compliance matters of listed companies in Hong Kong. He obtained a bachelor's degree of business administration from the Chinese University of Hong Kong in December 1994 and an Executive Master of Business Administration from the Chinese University of Hong Kong in November 2015. Mr. Tam was admitted as a member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in December 1997 and a fellow of the Association of Chartered Certified Accountants since November 2002.

Prior to joining China Railway Group Limited (stock code: 390), Mr. Tam served as a qualified accountant and the joint company secretary of Jilin Qifeng Chemical Fiber Co., Ltd. (delisted from the Stock Exchange in June 2017) from September 2005 to November 2007. During January 2000 to May 2005, he worked in the finance department in China Motion Telecom International Limited (currently known as Hua Yin International Holdings Limited and was then listed on the Stock Exchange (stock code: 989)) as an assistant manager, and was subsequently promoted to the position as a senior manager. Mr. Tam worked for KPMG from September 1994 to January 2000 and his last position held was an assistant manager.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

The following are the senior management team of our Group:

**Mr. LAU Hing Cheong (劉慶昌)**, aged 46, is a general manager of the Group. He joined the Group in May 2004 and he is primarily responsible for the overall management of site works, quality control and work safety supervision regarding the building services projects of the Group. He is also the authorised signatory in the category of ventilation works, and the category of minor works contractors Type E (Classes I, II, III) and Type H (Classes I, II) with the Buildings Department of the Group.

Mr. Lau has over 20 years of experience in the building services industry. He obtained a higher diploma in building services engineering, a bachelor's degree of engineering in building services engineering and a master of science in fire and safety engineering from the Hong Kong Polytechnic University in November 2000, October 2013 and September 2016, respectively. Mr. Lau has been a member of the Society of Operations Engineers since March 2016, a member of the Chartered Institute of Plumbing and Heating Engineering since February 2017, a chartered engineer of the Engineering Council (UK) since July 2018, a member of the Chartered Institution of Building Services Engineers and has been a Fellow of the Chartered Institute of Plumbing and Heating Engineering since September 2020. Mr. Lau first joined the Group as an engineer and was subsequently promoted to the position as a senior engineer, assistant project manager, project manager, senior project manager and promoted to general manager on 1 January 2023.

**Mr. HO Kai Sang (何啟生)**, aged 45, is a senior technical manager of the Group. He joined the Group on 30 June 2008 and he is primarily responsible for the overall management of site works, quality control regarding the building services projects of the Group.

Mr. Ho obtained a bachelor's degree of engineering (Honours) in building services engineering from City University of Hong Kong in July 2005. He has over 22 years of experience in the building services industry. He obtained a higher diploma in building services engineering from the City University of Hong Kong in May 2001. Mr. Ho joined the Group as an engineer, and was subsequently promoted to the position as a senior engineer, an assistant project manager, project manager, senior project manager and promoted to Senior Technical Manager on 1 January 2023.

**Mr. CHAN Chi Sing (陳志成)**, aged 49, is a project manager of the Group. He joined the Group on 1 March 1998 and he is primarily responsible for the tendering work of the building services projects of the Group.

Mr. Chan has over 25 years of experience in the building services industry. He obtained a higher diploma in building services engineering and a bachelor's degree of engineering in building services engineering from the Hong Kong Polytechnic University in November 1997 and October 2014 respectively. Mr. Chan joined the Group as an engineer, and was subsequently promoted to the position as a senior engineer, an assistant project manager and his current position as a project manager.



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## COMPANY SECRETARY

**Mr. CHAN Chun Sing (陳振聲)**, aged 46, is the company secretary of the Group. He is primarily responsible for the financial reporting, financial planning, financial control matters and company secretarial matters of the Group. He was the chief financial officer of the Group from February 2015 to December 2020 and has been the company secretary of the Group since 2 January 2018. He has been an independent non-executive director of Lai Si Enterprise Holding Limited (stock code: 2266) from January 2017 to January 2022 and Winson Holdings Hong Kong Limited (stock code: 6812) since 21 February 2017. He has been a Company secretary of Janco Holdings Limited (stock code: 8035) from October 2019 to June 2021. Mr. Chan has been a director of McMillan Woods (Hong Kong) CPA Limited since November 2019.

Mr. Chan has over 23 years of experience in the fields of accounting, auditing and compliance matters of listed companies in Hong Kong. He obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University in 2001. Mr. Chan further obtained an Executive Master of Business Administration from the Chinese University of Hong Kong in November 2015. Mr. Chan obtained a Postgraduate Certificate in Business Forensics in October 2022. Mr. Chan has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since April 2006. He is also an associate member of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute since June 2021.

Mr. Chan worked for Deloitte Touche Tohmatsu from September 2001 to July 2011 and his last position held was senior manager in the audit department. Mr. Chan also served as an independent non-executive director of Zhonghua Gas Holdings Limited (formerly known as Noble House (China) Holdings Limited) from December 2011 to October 2013 (stock code: 8246). Mr. Chan has been an executive director of Janco Holdings Limited (stock code: 8035) from October 2019 to December 2020. He joined a private company as chief financial officer from July 2013 to February 2014 and was appointed as executive director from March 2014 to April 2015. He was designated as non-executive director from May 2015 to March 2017.

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for 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 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 has complied with all the applicable code provisions of the CG Code except code provision C.2.1 with details below.

## **CHAIRMAN AND CHIEF EXECUTIVE**

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 officer should be clearly established.

During the Year and up to the date of this report, Mr. Wong Kang Kwong has been both the chairman of the Company and the chief executive officer of the Company. The Board considers that 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 officer when necessary.

## **BOARD OF DIRECTORS**

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "**Board Committees**"). Further details of the Board Committees are set out below in this annual report.

## **Corporate Governance Functions**

The Board is responsible for performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which include the following:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

# CORPORATE GOVERNANCE REPORT

## Composition of the Board

Up to the date of this annual report, the Board comprises six Directors, including three executive Directors and three independent non-executive Directors (the “**INEDs**”). The composition of the Board is set out as follow:

### Executive Directors

Mr. Wong Kang Kwong  
Ms. So Nui Ho  
Mr. Tang Chun Man Joseph

### Independent non-executive Directors

Mr. Chung Yuk Ming Christopher  
Mr. Lau Kwok Lok Geoffrey  
Mr. Tam Chun Chung

In compliance with rules 3.10(1) and 3.10(2) of the Listing Rules, the Board consisted of three INEDs during the Year, with at least one INED, namely Mr. Tam Chun Chung, possesses appropriate professional qualifications or accounting or related financial management expertise. During the Year and as of the date of this report, the number of INEDs represents more than one-third of the Board as required under rule 3.10A of the Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

The Company has entered into a letter of appointment with each of the INEDs under which each INED is appointed for a specific term. Each of the letter of appointment is for a fixed term of one year initially commencing from the Listing Date and renewable automatically for successive term of one year unless terminated by either party in accordance with the terms thereof. As at 31 December 2024, Mr. Chung Yuk Ming Christopher and Mr. Tam Chun Chung have served as an INED for more than 9 years from 10 September 2015. Although both Mr. Chung and Mr. Tam have served as an INED for more than 9 years, the Board with the recommendation of the nomination committee, considered that both Mr. Chung and Mr. Tam remained independent and suitable as the INEDs.

Pursuant to Article 84 of the articles of association of the Company (the “**Articles**”), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company of each of the INEDs to confirm their independence pursuant to rule 3.13 of the Listing Rules. In this connection, the Company has received confirmations from all of the three INEDs that he was independent according to the independent criteria under rule 3.13 of the Listing Rules and there has been no circumstances which would render them not to be independent as contemplated under the Listing Rules. Based on the confirmations received, upon the recommendation of the nomination committee, the Company considers all the INEDs to be independent under the Listing Rules.

Saved as disclosed below and in the section “Biographical Details of Directors and Senior Management” in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

# CORPORATE GOVERNANCE REPORT

## Board and General Meetings

During the Year, four Board meetings were held. The annual general meeting of the Company in 2023 was held on 11 May 2024 (the “**2024 AGM**”).

The attendance record of each Director at the Board meeting and the 2024 AGM is set out in the table below:

	Number of Attendance/ number of Board meetings	Attendance of the 2024 AGM
<b>Executive Directors</b>		
Mr. Wong Kang Kwong	4/4	✓
Ms. So Nui Ho	4/4	✓
Mr. Tang Chun Man Joseph	4/4	✓
<b>Independent non-executive Directors</b>		
Mr. Chung Yuk Ming Christopher	4/4	✓
Mr. Tam Chun Chung	4/4	✓
Mr. Lau Kwok Lok Geoffrey	4/4	✓

## RELATIONSHIPS BETWEEN THE BOARD

Mr. Wong Kang Kwong and Ms. So Nui Ho are spouses. The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report. Save as disclosed in this report, there is no other family, business or other material relationship among the Directors.

## THE REMUNERATION POLICY OF DIRECTORS

Quality and committed staff are valuable assets contributing to the Group’s success. To ensure the ability to attract and retain talents, the Group’s remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group’s remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors’ remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company’s performance and the qualifications, skills, experience and educational background of the Directors.

The Directors’ remuneration is reviewed annually and are subject to shareholders’ approval.



# CORPORATE GOVERNANCE REPORT

## 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.

## DIRECTORS’ CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Year, the Company has, among other things, provided and all Directors have attended at least one training course on the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

The individual training record of each Director during the Year is summarised below:

Name of Director	Attending training course(s) relevant to updates of the Listing Rules and corporate governance	Reading materials relevant to corporate governance
<b>Executive Directors</b>		
Mr. Wong Kang Kwong	✓	✓
Ms. So Nui Ho	✓	✓
Mr. Tang Chun Man Joseph	✓	✓
<b>Independent non-executive Directors</b>		
Mr. Chung Yuk Ming Christopher	✓	✓
Mr. Tam Chun Chung	✓	✓
Mr. Lau Kwok Lok Geoffrey	✓	✓

# CORPORATE GOVERNANCE REPORT

## **INDEPENDENCE VIEWS TO THE BOARD**

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

### **Board Composition**

The Board endeavours to ensure the appointment of at least three INEDs and at least one-third of the Board members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).

Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to other Board committees as far as practicable to ensure independent views are available.

### **Independence Assessment**

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs.

Each INEDs is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

### **Decision Making**

All Directors (including INEDs) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including INEDs) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

# CORPORATE GOVERNANCE REPORT

## **BOARD DIVERSITY POLICY**

Pursuant to the CG Code, the Board has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach of which our Board could achieve a higher level of diversity. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitiveness and believes that greater diversity of directors is good for corporate governance and is committed:

- (i) to attract and retain candidate(s) for Board with a combination of competencies from the widest possible pool of available talents;
- (ii) to maintain a Board with diversity perspectives at all levels, in particular, those are aligning with the Company’s strategy and objectives;
- (iii) to assess regularly the diversity profile of the Board and, where applicable, senior management prepared for Board positions under the succession planning of the Company and the progress on achieving diversity objectives, if any;
- (iv) to ensure that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates can be considered;
- (v) to set up appropriate procedures for development of a broader and more diverse pool of skilled and experienced senior management that would be prepared for Board positions; and
- (vi) to ensure that changes to the Board’s composition can be managed without undue disruption.

While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. A balanced composition of skills, experience and expertise offered by different Directors enables the Board to discharge its duties effectively and support the sustainable growth of the Company in the long run.

As at the date of this report, the Board comprises six Directors. One of them is a woman, three of the Directors are INEDs who are independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, professional background and skills, including professional accountant and chartered surveyor.

The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

# CORPORATE GOVERNANCE REPORT

## **Board Diversity**

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one female member at all times as its measurable objective and may further increase in the next five years. During the Year and as at the date of this Report, the Board comprised one female Board member, in which case the Board considered gender diversity and the measurable objective have been achieved. The Board also sets a non-gender diversity measurable objective that it should comprise at least one Director who is of non-engineering professional qualifications or expertise. During the Year, this measurable objective has been achieved. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

## **Workforce Diversity**

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2024, the Group had a total of 113 staff members (including members of the senior management but excluding independent non-executive Directors). The gender composition of the staff members (including members of the senior management but excluding independent non-executive Directors) was approximately 88.5% male staff members and 11.5% female staff members.

Since the Company engages in the engineering business, in which case workers and technicians who specialise in engineering are predominantly male, the Board considered that gender diversity of the workforce of the Group has been consciously maintained during the Year, given the nature of business which the Group engages. However, the Group plans to gradually increase the percentage of female staff member for achieving a better balance of gender diversity in the foreseeable future.



# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established. An audit committee (the “**Audit Committee**”) has been established on 10 September 2015 with its terms of reference in compliance with paragraphs D.3.3 and D.3.7 of the CG Code; a remuneration committee (the “**Remuneration Committee**”) has been established on 10 September 2015 with its terms of reference in compliance with paragraph E.1.2 of the CG Code; and a nomination committee (the “**Nomination Committee**”) has been established on 10 September 2015 with its terms of reference in compliance with paragraph B.3.1 of the CG Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the CG Code. The relevant terms of reference of each of the three committees can be found on the Group’s website ([www.lapkeieng.com](http://www.lapkeieng.com)) and the website of the Stock Exchange.

All committees have been provided with sufficient resources and support from the Group to discharge their duties.

## 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 paragraphs D.3.3 and D.3.7 of the CG Code. 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 INEDs. Mr. Tam Chun Chung currently serves as the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting matters. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules. In addition, the majority of the Audit Committee shall be INEDs. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2024.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others, the following (for the complete terms of reference, please refer to the Group’s website at [www.lapkeieng.com](http://www.lapkeieng.com) or the website of the Stock Exchange):

1. to make recommendations to the Board on the appointment, re-appointment and removal of the Company’s external auditor, and approve the remuneration and terms of engagement of the Company’s external auditor;
2. to review and monitor the Company’s external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

# CORPORATE GOVERNANCE REPORT

3. to develop and implement policy on engaging the Company's external auditor to supply non-audit services, if any;
4. to monitor integrity of the Company's financial statements, annual report and accounts and half-year report and review significant financial reporting judgments contained in them;
5. to discuss with the Company's external auditors questions and doubts arising in the audit of annual accounts;
6. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;
7. to review the Company's financial reporting, financial controls, and unless expressly addressed by a separate risk committee, or by the board itself, to review the Company's risk management and internal control systems;
8. to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective systems;
9. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
10. to review the financial and accounting policies and practices of the Group;
11. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;
12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
13. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board; and
14. to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

# CORPORATE GOVERNANCE REPORT

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Year and up to the date of this report.

The members of the Audit Committee should meet at least twice a year. During the Year, three Audit Committee meetings were held.

The attendance records of the members of the Audit Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Tam Chun Chung ( <i>Chairman</i> )	3/3
Mr. Chung Yuk Ming Christopher	3/3
Mr. Lau Kwok Lok Geoffrey	3/3

The following is a summary of the works performed by the Audit Committee during the Year:

- (a) reviewed the Group's consolidated financial result for the year ended 31 December 2023, and the six months ended 30 June 2024 before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Audit Committee;
- (b) discussed the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;
- (c) reviewed the accounting principles and practices adopted by the Group and other financial reporting matters; and
- (d) oversaw the independence and qualifications of the external auditor and objectivity and the effectiveness of the audit process in accordance with applicable standards.

There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the Year.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Lau Kwok Lok Geoffrey (Chairman), Mr. Chung Yuk Ming Christopher and Mr. Tam Chun Chung, all being INEDs of the Company.

# CORPORATE GOVERNANCE REPORT

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include, among other things, the following (for the complete terms of references, please refer to the Group's website at [www.lapkeieng.com](http://www.lapkeieng.com) or the website of the Stock Exchange):

1. to consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
2. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. to make recommendations to the Board on the remuneration of non-executive Directors;
6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
9. to ensure that no Directors or any of his associates is involved in deciding his own remuneration.

The members of the Remuneration Committee should meet at least once a year. During the Year, a meeting of the Remuneration Committee was held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and made recommendations to the Board.

# CORPORATE GOVERNANCE REPORT

The attendance records of the members of the Remuneration Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Lau Kwok Lok Geoffrey ( <i>Chairman</i> )	1/1
Mr. Chung Yuk Ming Christopher	1/1
Mr. Tam Chun Chung	1/1

The emolument payable to the Directors depends on their respective contractual terms under the service contracts or the appointment letters (as the case may be), and as recommended by the Remuneration Committee. Details of the Directors' emoluments are set out in note 11 to the consolidated financial statements of this annual report.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management (excluding Directors) by band during the Year is set out below:

Remuneration band (HK\$)	Number of person(s)
Nil to 1,000,000	1
1,000,001 to 1,500,000	2

## NOMINATION COMMITTEE

The Nomination Committee comprises three members, namely Mr. Chung Yuk Ming Christopher (Chairman), Mr. Lau Kwok Lok Geoffrey and Mr. Tam Chun Chung, all being INEDs of the Company.

With reference to the terms of reference of the Nomination Committee, the primary responsibilities of the Nomination Committee include, among other things, the following (for the complete terms of reference please refer to the Group's website at [www.lapkeieng.com](http://www.lapkeieng.com) or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;
2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

# CORPORATE GOVERNANCE REPORT

4. to assess the independence of INEDs; and
5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive.

The members of the Nomination Committee should meet at least once a year. During the Year, one meeting of the Nomination Meeting was held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and re-election at the 2024 AGM.

The attendance records of the members of the Nomination Committee are summarised below:

	Number of attendance/ number of meetings
Mr. Chung Yuk Ming Christopher ( <i>Chairman</i> )	1/1
Mr. Tam Chun Chung	1/1
Mr. Lau Kwok Lok Geoffrey	1/1

## Nomination criteria

The board had adopted a nomination policy for nomination of directors. In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

- (i) the candidate's character and integrity;
- (ii) the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- (iii) any measurable objectives adopted for achieving diversity on the Board;
- (iv) for INEDs, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- (vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.



# CORPORATE GOVERNANCE REPORT

## Nomination Procedures

The Company has put in place the following director nomination procedures:

### *Appointment of New and Replacement Directors*

- (i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the relevant Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

### *Re-election of Directors and Nomination from Shareholders*

- (i) Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.
- (ii) Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary of the Company within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplementary circular.

## AUDITORS' REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the Year, the remuneration paid or payable to the external auditor of the Company in respect of the statutory audit services and non-audit services for the Group are as follows:

	Fees paid/payable for the services rendered	
	2024 HK\$'000	2023 HK\$'000
Statutory audit services	1,000	950
Non-audit services	–	–

# CORPORATE GOVERNANCE REPORT

## **COMPANY SECRETARY**

Mr. Chan Chun Sing was appointed as the company secretary of the Company on 2 January 2018. Please refer to the section “Biographical details of Directors and Senior Management” for his biographical information.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman of the Board and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with shareholders of the Company and management.

During the Year, Mr. Chan has undertaken not less than 15 hours of relevant professional training.

## **COMPLIANCE OFFICER**

Ms. So Nui Ho, an executive Director of the Board, is the compliance officer of the Group. Please refer to the section “Biographical details of Directors and Senior Management” for her biographical information.

## **INTERNAL CONTROL AND RISK MANAGEMENT**

The Board has overall responsibility for the establishment, maintenance and review of the Group’s internal control system to safeguard shareholder investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted an annual review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions for the Year. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group’s assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations. The Board considers that the risk management and internal control systems effective and adequate upon the completion of the annual review.

The Group recognises that good risk management is essential for the long-term development on the Group’s business. Management is responsible for establishing, implementing, reviewing and evaluating the sound and effective internal control system underpinning the risk management framework. The management has formulated the risk management and control framework. All employees are committed to implement the risk management framework into the daily operation. The Board, together with the Audit Committee, would conduct annual review on the internal control and risk management system of the Group on an annual basis.

# CORPORATE GOVERNANCE REPORT

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

## **OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL**

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the professional advices and opinions from the external professional company, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

## **HANDLING AND DISSEMINATION OF INSIDE INFORMATION**

The Group is aware of its obligation under relevant sections of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO") and the Listing Rules. An inside information policy has been established to lay down guidelines on definition, compliance and reporting mechanism of inside information. All members of the Board, senior management, and staff who are likely to possess inside information are strictly bound by this policy. Staff who have access to inside information are required to keep such unpublished inside information confidential until relevant announcement is made. Failure to comply with such requirements may result in disciplinary actions.

## **DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 December 2024, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by the external auditor about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on pages 58 to 64 of this annual report.

# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

Pursuant to the CG Code, the Company should have a dividend policy and disclose such policy in its annual report. The Company has adopted a dividend policy (the “**Dividend Policy**”), the summary of which is set out below:

- (i) In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:
  - a. the general financial condition of the Group;
  - b. capital and debt level of the Group;
  - c. future cash requirements and availability for business operations, business strategies and future development needs;
  - d. any restrictions on payment of dividends that may be imposed by the Group’s lenders;
  - e. the general market conditions; and
  - f. any other factors that the Board considers appropriate.
- (ii) The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.
- (iii) The Board endeavours to strike a balance between the Shareholders’ interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

## GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (“**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 INEDs) 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 “**2025 AGM**”) will be held on Wednesday, 14 May 2025 the notice of which shall be issued in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at a shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

## PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an extraordinary general meeting ("**EGM**") are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the Listing Rules (as amended from time to time):

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an EGM to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Room 6, 6/F, Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for the attention of the Board and/or the Company Secretary;
- (c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned;
- (d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and
- (e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

# CORPORATE GOVERNANCE REPORT

## **PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS**

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Act (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition to convene an EGM following the procedures set out above.

## **PROCEDURES FOR SHAREHOLDERS TO PROPOSE FOR NOMINATION OF A DIRECTOR**

Shareholders may propose to nominate a person for election as a director of the Company. The procedures are set out in the document entitled "Procedures for Nomination of Directors by Shareholders" which is available at the Company's website at [www.lapkeieng.com](http://www.lapkeieng.com).

## **PROCEDURES FOR RAISING ENQUIRIES**

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Room 6, 6/F, Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

## **INVESTORS RELATIONS**

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual and interim reports, notices, announcements and circulars, the Company's website and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

### **The Shareholders' Communication Policy**

The Company has adopted a shareholders' communication policy, details of which is summarised below:

#### *Shareholders' Meetings*

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.



# CORPORATE GOVERNANCE REPORT

- Notices of the general meetings, related circulars and forms of proxy are issued and provided within a prescribed time prior to the general meetings on Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.lapkeieng.com](http://www.lapkeieng.com)) and to the Shareholders.
- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.
- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.lapkeieng.com](http://www.lapkeieng.com)) subsequent to the close of the general meetings.

## *Corporate Communications*

- The Company will issue in accordance with the Articles or the Listing Rule corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, by publishing them on the Company or the Stock Exchange's websites.
- Please refer to the website of the Company for the arrangements of dissemination of corporate communications and the request form for printed copies of the annual reports, interim reports and circulars.
- Shareholders are encouraged to provide their up-to-date contact details (including electronic contact details) to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

## *Company's Website*

- The Company's website ([www.lapkeieng.com](http://www.lapkeieng.com)) provides the Shareholders with corporate information of the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.
- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

# CORPORATE GOVERNANCE REPORT

- Information on the Company's website is updated on a regular basis.

## **Communication with the Company**

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Room 6, 6th Floor, Block B, Tonic Industrial Centre, 19 Lam Hing Street, Kowloon Bay, Hong Kong, or by the following means:

Telephone number: (852) 2798-8210

Email address: [info@lapkeieng.com.hk](mailto:info@lapkeieng.com.hk)

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above shareholders' communication means and measures adopted by the Company, the Board is of the view that the shareholders' communication policy implemented during the Year was sufficient and effective.

## **Constitutional Documents**

No change has been made to the Company's memorandum of association and articles of association during the Year. The memorandum of association and articles of association of the Company have been published at the websites of the Stock Exchange and the Company.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GENERAL

This report covers certain environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the Year and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Listing Rules (the "**ESG Reporting Guide**").

The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide during the Year.

## STAKEHOLDERS ENGAGEMENT

The Group focuses on developing the long-term value for its stakeholders, who comprise of the Group's employees, customers, investors, suppliers and contractors, and the community. The Company interacts with stakeholders through various channels to understand the views of various stakeholders and collect their feedback, in order to better satisfy their demands and expectations. Our communication channels with our stakeholders include company website, annual general meeting, annual reports and interim reports, staff meetings, customers and suppliers meetings, etc.

## GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

### Emissions

Our Group engages in the construction industry which may generate some hazardous waste due to the business nature. The Group takes all reasonable steps to closely monitor and manage the environmental effect of the operations. The Group targets to minimise the impact on the environment and always seeks less harmful ways to the environment in the operations. The Group has adopted the emission control measures, included but not limited to: (i) recycle refrigeration to the cylinder and reuse it at replacement works project; (ii) encourage our staff to promote high coefficient of performance ("**COP**") equipment to the client; and (iii) open burning is prohibited in all sites. During the Year, the Group did not identify any material non-compliance related to emissions.

The Group did not engage in business which would come significant discharges of sewage or generation of hazardous and non-hazardous waste. However, the Group has adopted a policy to require our staff to comply with the law in relation to disposal of construction waste. During the Year, the Group has complied with all laws in relation to disposal of construction waste in Hong Kong.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2024	2023
<b>Air Emission</b>		
<b>Types of air emissions and respective emission data</b>		
NO <sub>x</sub> (kg)	0.93	1.45
SO <sub>x</sub> (kg)	0.03	0.03
PM (kg)	0.07	0.11
<b>Carbon dioxide equivalent (CO<sub>2</sub>e) Emissions</b>		
Direct Emission (Scope 1) (tonnes)	5.46	6.23
Indirect Emission (Scope 2) (tonnes)	50.74	70.33
Indirect Emission (Scope 3) (tonnes)	21.2	21.17
Total Emission (tonnes)	77.4	97.75

## Use of Resources

The Group is committed to have an environmentally friendly working environment. The Group advocates reduction of consumption of fuel, electricity, water and improving the resource efficiency by way of, inter alia, the following measures: (i) the Group encourages its employees to switch off the lights and electronic appliances before they leave the office; (ii) the Group encourages its employees to set the temperature of the office's air conditioner to 25.5 Degree Celsius; (iii) the Group encourages its employees to use double-sided printing instead of single-sided printing; (iv) the Group arranges the surplus materials on the construction site to be re-used in other construction sites instead of dumping; (v) the Group encourages its employees to save water and reduce domestic sewage and water-saving notices are placed in office area; and (vi) the Group ensures the water supply is at its optimal working condition, and promptly repairs the water supply in the event of leakage.

During the Year, there was no water fetching problem in our daily business and our business did not involve the use of packaging material in production.

## Use of Resources

	2024	2023
<b>Electricity Intensity</b>		
Total Electricity consumption (kWh)	80,551	111,641
Electricity Intensity (kWh/Staff/Day)	1.68	2.30
<b>Water Intensity</b>		
Total Water consumption (m <sup>3</sup> )	71	56
Water Consumption Intensity (m <sup>3</sup> /Staff/Day)	0.002	0.001

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Environment and Natural Resources

The business of the Group does not involve a significant use of natural resources. However, the Group is fully aware of the environmental impacts that may arise during our business process. The Group regularly provides internal trainings and briefings to share practical tips and information about the environmentally friendly action to its management and employees in order to minimise the impact of the business on the environment.

## Climate Change

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. We have considered the potential climate-related risks which are the physical risks such as extreme weather conditions and transition risks such as ways in which markets could be affected by climate change.

## EMPLOYMENT

The Group regards people as its greatest asset. To underline this fact, the Group has established clear policies and guidelines to attract and retain talent. The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. The Group delivers a fair and safe working environment for employees to support their career advancement and also fosters their personal development. The Group strictly abides by all relevant employment law, including the Employment Ordinance, Employments' Compensation Ordinance, Minimum Wage Ordinance, Construction Workers Registration Ordinance and Mandatory Provident Fund Schemes Ordinance. During the Year, to the best of Directors' knowledge, the Group was not aware of any material non-compliance case in this regard. During the Year, all employees are from Hong Kong in respect to geographical region.

### Summary of employment performance indicators:

	2024		2023	
<b>Number of Employees</b>		<b>113</b>		132
<b>By Gender</b>				
Female	<b>13</b>	<b>11.5%</b>	12	9.1%
Male	<b>100</b>	<b>88.5%</b>	120	90.9%
<b>By Age</b>				
18 or below		<b>0</b>		0
19 to 40		<b>45</b>		57
41 to 60		<b>56</b>		64
Over 60		<b>12</b>		11

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Diversity

Number of Employees by Employee Category	2024				
	Gender		Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
Management	3	9	1	9	2
Technical/Supervisor	3	38	26	13	2
General staff	7	53	18	34	8

Number of Employees by Employee Category	2023				
	Gender		Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
Management	3	9	1	9	2
Technical/Supervisor	1	43	34	9	1
General staff	8	68	22	46	8

## Turnover Rate

Number and Rate (%) of Employee Turnover By Gender	2024	2023
		<b>56/113 (50%)</b>
Female	<b>2/13 (15%)</b>	1/12 (8%)
Male	<b>54/100 (54%)</b>	30/120 (25%)

## HEALTH AND SAFETY

### Summary of Health and Safety Performance Indicators

	2024	2023
Work-related fatalities (Case)	–	–
Lost days due to work injury (Day)	<b>963</b>	641



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group places the highest priority on securing occupational safety and health of all the employees. More than complying with relevant occupational safety and health legislations of Hong Kong, we endeavour to protect the employees from work-related accidents/injuries. All work-related injury cases were handled and filed according to our internal accident handling procedures and reports were made to the relevant authority in compliance with the law. We would also conduct internal review when necessary to prevent re-occurrence of similar accident.

The Group had issued health and safety policy to all staff members for providing a safe working environment for its employees and to ensure that site operations are carried out in a safe and efficient manner. The Group believe a safe and pleasant working environment will not only ensure the safety and well being of our staffs and workforce but will also enhance productivity. The Group therefore emphasises strongly on safety as a matter of policy and all employees and subcontractors are expected to maintain our workplace safely and to carry out our site operations in a safe and efficient manner. Safety training and risk assessment should be carried out before works commence to identify the risk to our staff to minimise accident. The Group also conducts safety audit and reviews its health and safety audit from time to time.

During the Year, the Group has not identified any material non-compliance cases relating to providing a safe working environment and protecting employees from occupational hazards.

## DEVELOPMENT AND TRAINING

The Group believes that people development plays the most pivotal role in laying a solid ground for business growth. The Group encourages long-term growth and career development by allocating sufficient resources to people development. Besides on-the-job training, employees are encouraged to participate in internal and external training to strengthen their capacity, work skills, knowledge and professionalism.

### Summary of Development and Training Performance Indicators

2024				
By Employee Category and Gender	Total Training Hours		Total Percentage	
	Female	Male	Female	Male
Management	6	48	100%	100%
Technical/Supervisor	2	256	100%	46%
General staff	0	358	0%	38%

2023				
By Employee Category and Gender	Total Training Hours		Total Percentage	
	Female	Male	Female	Male
Management	2	40	100%	100%
Technical/Supervisor	2	242	100%	40%
General staff	0	330	0%	35%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and fully understands that employing child labour and forced labour is prohibited. The Group reviews the job applicant's identity information during the recruitment process and the applicant is also required to provide document proofs of academic qualifications and working experience for verifications. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is established on a voluntary basis. During the Year, the Group has not identified any non-compliance cases involving child labour and forced labour and complied with all relevant laws and regulations relating to employment and labour practices.

## SUPPLY CHAIN MANAGEMENT

### Sustainable Procurement

To ensure the Group's service quality, our policy in relation to the subcontractors and suppliers is to select only those subcontractors and suppliers on an approved list who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group aims to maintain the partnership with suppliers and to work together in order to promote sustainable development of the industry. The Group performs the evaluation of a supplier on an annual basis to make sure that the performance of the subcontractors and suppliers are up to the standard. The assessment mainly includes, but not limited to, the professional qualification, services/products quality, operation in good integrity, social responsibility, etc. If the evaluation result of the suppliers or subcontractors are not satisfactory, the respective suppliers or subcontractors may be removed from the approval list.

	2024	2023
<b>Number of key suppliers/subcontractors</b>	<b>254</b>	242
<b>By region</b>		
Hong Kong	<b>254</b>	242

## PRODUCTS RESPONSIBILITY

The Group recognises the importance of the quality of the services provided by our Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures for complying with the applicable laws and regulations.

The Group communicates and confirms the work plan with customers before the commencement of the project and actively monitors processes and coordinates with the customers. The Group highly values the feedback or advice given by the customers and we have adopted a policy that if a complaint arises, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also recognises the importance of the intellectual property right. The management and relevant department review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with relevant law and regulation of data privacy. All confidential data of customers can only be assessed by the staff who are responsible for the projects for relevant clients.

For the Year, the Group has not identified material non-compliance cases relating to product responsibility, including health and safety to customers, advertising and privacy matters.

## **ANTI-CORRUPTION**

The Group realises the importance of staff integrity. The Group strictly forbids any bribery, extortion, fraud and money-laundering activities. We have established the Code of Conduct ("**CoC**") for all employees. With reference to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), advice from the Independent Commission Against Corruption, industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedures.

Employees are also required to comply strictly with applicable laws relating to the above acts. The Group has adopted and circulated internally clear guidelines for employees. During the Year, the Group has not received any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with laws in relation to bribery, extortion, fraud and money laundering.

## **COMMUNITY INVESTMENT**

### **Supporting Education**

The Group firmly believes that investing in youth education is crucial for the long-term sustainability of the Group and the industry. Thus, we provided internship programme for undergraduate students through practical working experience to support talent development.

### **Caring for the Society**

Corporate social responsibility via staff volunteerism, philanthropy and community service are the core values of the Group. We have actively participated in charitable donations, caring for people in need, as well as supporting and sponsoring educational and environmental protection activities.

# REPORT OF DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the Year.

## **CORPORATE INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 April 2015.

In preparing for the Listing, the Company became the holding company of the companies comprising the Group underwent the corporate reorganisation (the “**Reorganisation**”) upon the completion of the Reorganisation on 18 May 2015.

Details of the Reorganisation are set out in note 1 of the Accountants’ Report of the Company included in Appendix I to the Company’s prospectus dated 18 September 2015. The shares of the Company were listed on GEM of the Stock Exchange with effect from 25 September 2015 and have been transferred to the Main Board of the Stock Exchange since 12 February 2018.

## **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Group is principally engaged in the provision of engineering services for building services systems in Hong Kong. The principal activity of the Company is investment holding. The names and principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the Year.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”), including a discussion of the principal risks and uncertainties facing the Group, key performance indicators, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 4 to 11 of this annual report. This discussion forms part of this directors’ report.

## **SUBSIDIARIES**

Details of the Company’s subsidiaries as at 31 December 2024 are set out in note 33 of the consolidated financial statements of this annual report.

## **SEGMENT INFORMATION**

An analysis of the Group’s performance for the Year by operating segment is set out in note 6 to the consolidated financial statements of this annual report.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report.

# REPORT OF DIRECTORS

## **DIVIDEND**

The Board proposed final dividend of HK\$0.01 per share, in an aggregate amount of HK\$14,646,000 for the year ended 31 December 2024 to the shareholders of the Company whose names are on the register of members of the Company on Wednesday, 28 May 2025 subject to the approval by the shareholders at the 2025 AGM to be held on Wednesday, 14 May 2025 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

## **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group is set out on page 120 of this annual report.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements during the Year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements of this annual report.

## **SHARE CAPITAL**

During the Year, the Company repurchased its own ordinary shares through the Stock Exchange in January, June, July, September and October 2024, totally 58,170,000 shares. For further information in relation to the repurchase of shares, please refer to the paragraph headed "Purchase, sale or redemption of listed securities" below. The above ordinary shares were subsequently cancelled in April, October and December 2024. Details of the movements during the Year in the share capital of the Company are set out in note 24 to the consolidated financial statements.

## **DISTRIBUTABLE RESERVES OF THE COMPANY**

As at 31 December 2024, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK\$20.1 million comprising accumulated losses of approximately HK\$23.3 million and the share premium amounting to approximately HK\$43.4 million.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 10 September 2015 (the "**Scheme**"). The terms of the Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

A summary of the particulars of the Scheme as required by Listing Rules are set out in note 25 to the consolidated financial statements.

No share option has been granted, exercised, cancelled or lapsed since the adoption of the Scheme and there was no share option outstanding as at 31 December 2024.

In line with the currently effective Chapter 17 of the Listing Rules, the following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

**(a) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity which is an associated company of any member of the Group (the “**Invested Entity**”). As at the Latest Practicable Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

**(b) The Participants of the Scheme**

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any employee (whether full time or part time, including the directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an “**eligible employee**”); and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants.

For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors’ opinion as to his contribution to the development and growth of our Group.



# REPORT OF DIRECTORS

## (c) Maximum number of Shares

- (i) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, being 128,000,000 Shares (the “**General Scheme Limit**”). As at 1 January 2024, 31 December 2024 and the date of this report, there were 128,000,000 share options available for grant under the Share Option Scheme, representing approximately 8.4% of the total number of issued shares of the Company, respectively. There was no service provider sublimit set under the Share Option Scheme during the year ended 31 December 2024.
- (ii) Without prejudice to (iii) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit every three years, provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue as at the date of the approval of the limit and for the purpose of calculating the limit, options (including options outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.
- (iii) Without prejudice to (ii) above, our Company may seek separate shareholders’ approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit, or if applicable, the extended limit referred to in (ii) above to eligible participants specifically identified by our Company before such approval is sought.

## (d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such grantees and his close associates (or his associates if the participant is a connected person) abstaining from voting. Grantees who are substantial shareholders and INEDs are subject to additional restrictions and requirements under the Listing Rules.

**(e) Time of acceptance and exercise of an option**

An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option up to the date falling 10 years from the offer date of that option. There is no prescribed vesting period under the Share Option Scheme but it will be subject to the general vesting period of 12 months under the Listing Rules.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

**(f) Subscription price for Shares**

Subject to the requirements under the Listing Rules, the subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph(s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet of the Shares on the offer date; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date.

**(g) Period of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted (i.e. 25 September 2025).

# REPORT OF DIRECTORS

## DISCLOSURE OF INTERESTS

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

As at 31 December 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 meanings of Part XV of 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 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long Position in the Shares of the Company

Name of Director	Capacity/Nature	Number of the Shares held/ interested in (long position)	Percentage of shareholding
Mr. Wong Kang Kwong ("Mr. Wong") (Note 1)	Interest in controlled corporation	653,000,000	44.59%
	Beneficial owner	384,490,000	26.25%
	Interest of spouse	8,000,000	0.55%
Ms. So Nui Ho ("Ms. So") (Note 2)	Interest of spouse	1,037,490,000	70.84%
	Beneficial owner	8,000,000	0.55%
Mr. Tang Chun Man Joseph	Beneficial owner	160,000	0.01%
Mr. Lau Kwok Lok Geoffrey	Beneficial owner	300,000	0.02%

Notes:

- Mr. Wong beneficially owns 99% of the issued share capital of Golden Luck Limited ("Golden Luck"). Golden Luck was the beneficial owner of 653,000,000 shares and Mr. Wong is deemed to be interested in the same number of the Shares held by Golden Luck for the purposes of the SFO. In addition, Mr. Wong was the beneficial owner of 384,490,000 Shares. Mr. Wong is an executive Director and one of the controlling shareholders of the Company, the sole director of Golden Luck. Mr. Wong is the spouse of Ms. So. Under the SFO, Mr. Wong is therefore deemed to be interested in the same number of Shares held by Ms. So.
- 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.

# REPORT OF DIRECTORS

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

Name of Director	Name of associated corporation	Capacity/Nature	Number of the Shares held/ interested in (long position)	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 31 December 2024, none of the Directors nor chief executive of the Company has registered an interests and short positions 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 or 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 to the Listing Rules.

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

As at 31 December 2024, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

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	44.59%

Save as disclosed above, as at 31 December 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, 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.

# REPORT OF DIRECTORS

## **MAJOR CUSTOMERS**

During the Year, the Group's five largest customers accounted for approximately 71.7% (2023: 70.5%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 37.3% (2023: 31.6%) of the total revenue.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers.

## **MAJOR SUPPLIERS**

During the Year, the Group's five largest suppliers accounted for approximately 32.0% (2023: 33.7%) of the total purchases of the Group and the largest supplier of the Group accounted for approximately 14.3% (2023: 11.5%) of the total purchases.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest suppliers.

## **DIRECTORS**

The Directors during the Year and up to the date of this annual report were:

### **Executive Directors**

Mr. Wong Kang Kwong (*Chairman*)

Ms. So Nui Ho

Mr. Tang Chun Man Joseph

### **Independent non-executive Directors**

Mr. Chung Yuk Ming Christopher

Mr. Lau Kwok Lok Geoffrey

Mr. Tam Chun Chung

Information regarding directors' emoluments is set out in note 11 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 3.13 of the Listing Rules has been received from each of the INEDs.

## **BIOGRAPHICAL DETAILS OF DIRECTORS**

Brief biographical details of the Directors are set out on pages from 12 to 16 of this annual report.

## **DIRECTORS' SERVICE CONTRACTS**

Mr. Wong Kang Kong and Ms. So Nui Ho entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year until terminated by the Director or the Company in accordance with the terms of the agreement. Mr. Tang Chun Man Joseph has entered into a service agreement with the Company for an initial term of three years commencing from 1 November 2018, which is renewable automatically for successive terms of one year, each commencing from the day immediately after the expiry of the then current term of his appointment, unless terminated by either party in accordance with the terms of the service agreement. Mr. Chung Yuk Ming Christopher and Mr. Tam Chun Chung were appointed under a letter of appointment for a fixed term of one year initially commencing from the Listing Date and renewable automatically for successive term of one year unless terminated by either party in accordance with the terms thereof. Mr. Lau Kwok Lok Geoffrey was appointed under a letter of appointment for a fixed term of one year initially commencing from 31 May 2021 and renewable automatically for successive term of one year unless terminated by either party in accordance with the terms thereof.

None of the Directors had, during the Year or as at the date of this report, a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

## **DIRECTORS' RETIREMENT AND RE-ELECTION**

Pursuant to Article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with Articles 83(3) and 84 of the Articles, Mr. Chung Yuk Ming Christopher and Mr. Tang Chun Man Joseph will retire at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.



# REPORT OF DIRECTORS

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE**

Save as disclosed in the Prospectus and elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

## **CONTROLLING SHAREHOLDERS' INTEREST**

Save as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

## **EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12, respectively, to the consolidated financial statements in this annual report.

## **EMOLUMENT POLICY**

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Scheme.

## **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.

## **DEED OF NON-COMPETITION**

The deed of non-competition dated 17 September 2015 has been entered into by Mr. Wong, Ms. So and Golden Luck Limited, being the controlling shareholders of the Company within the meaning of the Listing Rules (collectively the "**Controlling Shareholders**") in favour of the Company regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company. The details of the deed of non-competition have been disclosed in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

The Company has received an annual declaration from each of the Controlling Shareholders confirming that he/she/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition during the Year. The INEDs have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied for the Year.

# REPORT OF DIRECTORS

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, the Company made on market repurchase of a total of 58,170,000 ordinary shares in the Company on the Stock Exchange with an aggregate consideration (before transaction costs) of approximately HK\$4,339,000. The transaction costs, including brokerages, stamp duties and transaction levies, etc, involved in the repurchase amounted to approximately HK\$80,000. 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) HK\$'000
		Highest (HK\$)	Lowest (HK\$)	
January 2024	25,250,000	0.075	0.065	1,871
June 2024	13,020,000	0.075	0.074	976
July 2024	4,520,000	0.075	0.075	339
September 2024	2,280,000	0.075	0.075	171
October 2024	13,100,000	0.075	0.075	982
	58,170,000			4,339

After the share repurchase completed as shown in the table above, the total number of issued shares of the Company was reduced to 1,464,600,000 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.

## PERMITTED INDEMNITY PROVISIONS

At no time during the Year was there any permitted indemnity provisions (whether made by the Company or otherwise) being in force for the benefit of any Directors of the Company, or of its associated company.

## RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Group with Mr. Wong, Ms. So and LKW Company Limited ("**LKW Co**") during the Year as set out in note 31 to the consolidated financial statements.

The Directors consider that those related party transactions disclosed in note 31 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

# REPORT OF DIRECTORS

## **CONNECTED TRANSACTIONS**

During the Year, the Group did not enter into any non-exempted connected transaction or continuing connected transactions under Chapter 14A of the Listing Rules which require reporting, announcement, annual review and independent shareholders' approval.

## **SUFFICIENCY OF PUBLIC FLOAT**

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as required under the Listing Rules during the Year and up to the date of this report.

## **AUDITOR**

The consolidated financial statements for the Year have been audited by Messrs. BDO Limited ("**BDO**"). BDO shall retire in the forthcoming 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 2025 AGM. The Company has not changed its external auditor during the Year and up to the date of this annual report.

## **CORPORATE GOVERNANCE**

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 17 to 37 of this report.

## **PRE-EMPTIVE RIGHTS**

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

## **CHARITABLE DONATIONS**

Charitable and other donations made by the Group during the Year amounted to HK\$16,100 (2023: HK\$5,000).

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Thursday, 8 May 2025 to Wednesday, 14 May 2025, 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 2025 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 Wednesday, 7 May 2025.



# REPORT OF DIRECTORS

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2025 AGM. The record date for entitlement to the proposed final dividend is Wednesday, 28 May 2025. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Wednesday, 28 May 2025, 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 Monday, 26 May 2025. The payment of final dividend will be made on or about Wednesday, 18 June 2025.

## **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.

On behalf of the Board  
**Lap Kei Engineering (Holdings) Limited**  
**Wong Kang Kwong**  
*Chairman and Executive Director*

Hong Kong, 26 March 2025

# INDEPENDENT AUDITOR'S REPORT

## **TO THE SHAREHOLDERS OF LAP KEI ENGINEERING (HOLDINGS) LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Lap Kei Engineering (Holdings) Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 65 to 119, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards (the "**HKFRSS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Contract Revenue of Building Services Engineering Work**

Refer to summary of accounting policies in note 4.4, accounting estimates and judgements in note 5(a) and disclosure of revenue in note 6 to the consolidated financial statements.

For the year ended 31 December 2024, the Group recognised contract revenue of building services engineering work amounting to HK\$402,315,000. The contract revenue is recognised according to the management's estimation of the progress and outcome of the project. As disclosed in note 5(a) to the consolidated financial statements, the management estimated revenue in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements.

We identified recognition of contract revenue of building services engineering work as a key audit matter, due to significant judgments are involved in the management's assessment process.

Our response:

Our procedures in relation to the contract revenue of building services engineering work included:

- i. discussing with the project managers to understand the status of completion of the relevant building services engineering projects during the year, on a sample basis; and
- ii. evaluating the reasonableness of contract revenue recognised by:
  - a. checking to the Group's internal progress report as well as other supporting documents including the certificates issued by the external surveyors, customers' correspondences or other documents issued during the year to evaluate the value of work already performed during the year, on a sample basis;
  - b. checking to the Group's internal progress report as well as other supporting documents including the certificates issued by the external surveyors, customers' correspondences or other documents issued subsequent to year end date to reaffirm the progress of respective projects have been appropriately recognised, on a sample basis;
  - c. assessing the reasonableness of the gross margin during the year by comparing with the budgeted profit of the whole building services engineering project, on a sample basis.



# INDEPENDENT AUDITOR'S REPORT

## **KEY AUDIT MATTERS (CONTINUED)**

### **Allowance for Expected Credit Loss ("ECL") Assessment on Trade Receivables and Contract Assets**

Refer to summary of accounting policies in note 4.3, accounting estimates and judgements in note 5(b) and disclosure of trade receivables and contract assets in notes 16, 17 and 27(b) to the consolidated financial statements, respectively.

As at 31 December 2024, the Group had net trade receivables and contract assets amounting to HK\$82,931,000 and HK\$129,863,000, respectively. During the year ended 31 December 2024, reversal of credit loss allowance of HK\$168,000 and credit loss allowance of HK\$561,000 have been recognised in respect of trade receivables and contract assets, respectively.

As disclosed in note 5(b) to the consolidated financial statements, in determining the credit loss allowance for trade receivables and contract assets, the management of the Group estimates the amount of lifetime ECL based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information. In addition, trade receivables and contract assets that are credit-impaired are assessed for ECL individually. Loss allowance of trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

We have identified allowance for ECL assessment on trade receivables and contract assets as a key audit matter due to considerable amount of judgment and estimates being used by the management of the Group in assessing the ECL as mentioned in the forgoing paragraph.

## **KEY AUDIT MATTERS (CONTINUED)**

### **Allowance for Expected Credit Loss ("ECL") Assessment on Trade Receivables and Contract Assets (Continued)**

*Our response:*

Our procedures in relation to the allowance for ECL assessment of trade receivables and contract assets included:

- i. understanding the processes and key controls on how the management estimates the credit loss allowance for trade receivables and contract assets;
- ii. challenging management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 December 2024, including their identification of credit impaired trade receivables and contract assets, the reasonableness of management's grouping of the remaining trade debtors into different categories in the ECL assessment, and the basis of estimated loss rates applied in each category in the assessment;
- iii. testing the reasonableness of internal credit rating given to each category of debtors by checking trade receivables aging analysis as at 31 December 2024, historical observed default rates, repayment history and past due status of respective trade receivables by comparing individual items in the analyses with supporting information such as relevant invoices and bank receipts, on a sample basis; and
- iv. testing the estimated loss rates of each category in the ECL assessment, on a sample basis, by checking the external credit report for probability of default and loss given default and are adjusted for forward-looking information.

# INDEPENDENT AUDITOR'S REPORT

## **OTHER INFORMATION IN THE ANNUAL REPORT**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

# INDEPENDENT AUDITOR'S REPORT

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **BDO Limited**

*Certified Public Accountants*

Pak, Tak Lun, Amos

Practising Certificate number: P06170

Hong Kong, 26 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	6	<b>415,332</b>	323,307
Cost of revenue		<b>(392,276)</b>	(296,721)
<b>Gross profit</b>		<b>23,056</b>	26,586
Other income and other gains or losses		<b>2,260</b>	1,198
Administrative expenses		<b>(22,361)</b>	(18,939)
Impairment loss recognised under expected credit loss ("ECL") model, net of reversal	8	<b>(393)</b>	280
Finance costs	7	<b>(24)</b>	(56)
<b>Profit before income tax</b>	8	<b>2,538</b>	9,069
Income tax expense	9	<b>(466)</b>	(1,645)
<b>Profit for the year</b>		<b>2,072</b>	7,424
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurements of provision for long service payments		<b>56</b>	(41)
<b>Other comprehensive income for the year</b>		<b>56</b>	(41)
<b>Total comprehensive income for the year</b>		<b>2,128</b>	7,383
<b>Earnings per share</b>		<b>HK cents</b>	HK cents
— Basic and diluted	13	<b>0.14</b>	0.49



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	10,962	10,504
Intangible assets	15	55	113
Deferred tax assets	22	1,551	2,017
		<b>12,568</b>	12,634
<b>Current assets</b>			
Trade and other receivables	16	152,642	121,948
Contract assets	17	129,863	111,458
Pledged bank deposits	18	5,284	5,145
Bank balances	18	58,721	45,756
		<b>346,510</b>	284,307
<b>Current liabilities</b>			
Trade and other payables	19	204,769	143,588
Contract liabilities	20	2,538	–
Provision for onerous contracts	21	624	–
		<b>207,931</b>	143,588
<b>Net current assets</b>		<b>138,579</b>	140,719
<b>Total assets less current liabilities</b>		<b>151,147</b>	153,353
<b>Non-current liabilities</b>			
Provision for long service payments	23	974	889
<b>Net assets</b>		<b>150,173</b>	152,464
<b>EQUITY</b>			
Share capital	24	14,646	15,228
Reserves		135,527	137,236
<b>Total equity</b>		<b>150,173</b>	152,464

**Wong Kang Kwong**  
Director

**So Nui Ho**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note)	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2023	15,300	47,683	610	81,970	145,563
Profit for the year	–	–	–	7,424	7,424
Other comprehensive income	–	–	–	(41)	(41)
Total comprehensive income	–	–	–	7,383	7,383
Shares repurchased and cancelled (note 24)	(72)	(396)	–	–	(468)
Transaction costs directly attributable to the repurchase of shares	–	(14)	–	–	(14)
Balance at 31 December 2023 and 1 January 2024	<b>15,228</b>	<b>47,273</b>	<b>610</b>	<b>89,353</b>	<b>152,464</b>
Profit for the year	–	–	–	2,072	2,072
Other comprehensive income	–	–	–	56	56
Total comprehensive income	–	–	–	2,128	2,128
Shares repurchased and cancelled (note 24)	(582)	(3,757)	–	–	(4,339)
Transaction costs directly attributable to the repurchase of shares	–	(80)	–	–	(80)
Balance at 31 December 2024	<b>14,646</b>	<b>43,436</b>	<b>610</b>	<b>91,481</b>	<b>150,173</b>

Note: Merger reserve represented the difference between the issued share capital of LKW Enterprise Limited (“**LKW Enterprise**”) and the aggregated share capital of the relevant subsidiaries which were transferred from Mr. Wong Kang Kwong (“**Mr. Wong**”), a shareholder of the Company’s ultimate holding company, and Ms. So Nui Ho (“**Ms. So**”), his spouse, to LKW Enterprise pursuant to corporate reorganisation in the prior years.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		2,538	9,069
Adjustments for:			
Amortisation on intangible assets	8	58	58
Depreciation of property, plant and equipment	8	2,660	2,430
Interest expenses	7	24	56
Interest income	8	(1,877)	(1,184)
Write-off of trade receivables	8	–	100
Loss on surrender of a life insurance policy	8	–	111
Impairment loss recognised under ECL model, net of reversal	8	393	(280)
Gain on disposal of property, plant and equipment	8	(176)	–
Provision for onerous contracts	8	624	–
<b>Operating profit before movements in working capital</b>		<b>4,244</b>	<b>10,360</b>
(Increase)/decrease in trade and other receivables		(30,408)	19,316
(Increase)/decrease in contract assets		(18,966)	4,495
Increase in trade and other payables		61,181	6,062
Increase/(decrease) in contract liabilities		2,538	(1,160)
Increase in provision for long service payments		141	138
<b>Net cash generated from operating activities</b>		<b>18,730</b>	<b>39,211</b>
<b>Cash flows from investing activities</b>			
Release of pledged bank deposits		–	253
Interest received		1,759	1,027
Purchase of property, plant and equipment		(5,710)	(2,780)
Proceeds from surrender of a life insurance policy		–	1,112
Proceeds from disposal of property, plant and equipment		2,768	–
Placement of pledged bank deposits		(139)	–
<b>Net cash used in investing activities</b>		<b>(1,322)</b>	<b>(388)</b>
<b>Cash flows from financing activities</b>			
New bank borrowings raised	32	20,000	–
Repayment of bank borrowings	32	(20,000)	(10,000)
Payment on repurchase of shares		(4,339)	(468)
Transaction costs attributable to repurchase of shares		(80)	(14)
Interest paid on bank borrowings	32	(24)	(56)
<b>Net cash used in financing activities</b>		<b>(4,443)</b>	<b>(10,538)</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,965</b>	<b>28,285</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>45,756</b>	<b>17,471</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>58,721</b>	<b>45,756</b>
Represented by bank balances			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 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. The principal activities of its subsidiaries are set out in note 33.

## 2. CHANGE IN ACCOUNTING POLICIES

### (a) New standards, interpretations and amendments — first effective on 1 January 2024

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued a number of amendments to HKFRS Accounting Standards (“**HKFRSs**”) that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

None of these amendments to HKFRSs has a material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

### (b) New standards, interpretations and amendments that have been issued but are not yet effective

The following new and amendments to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HK Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> No mandatory effective date yet determined but available for adoption.

The Group is currently assessing the impact of these new and amendments to HKFRSs. Except for the below, these new and amendments to HKFRSs are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

### (b) New standards, interpretations and amendments that have been issued but are not yet effective (Continued)

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

### (b) New standards, interpretations and amendments that have been issued but are not yet effective (Continued)

Currently, the Group derecognises its financial liabilities upon the issuance of cheques to their creditors. Under the amendments, the Group as a debtor should derecognise trade payable on the settlement date, i.e. the date on which the creditor receives the cash, as oppose to when the Group issues the cheque. Similarly, the Group should derecognise a trade receivable upon receiving cash from the debtor after the cheque has been cleared by the bank. The Group is the process of reviewing the derecognition practices for financial assets and financial liabilities to ensure compliance; and assessing the impact of amendments to the Group's financial statements upon adoption.

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

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

### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES

### 4.1 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The items of property, plant and equipment are depreciated over their estimated useful lives, using straight-line method:

Leasehold land and building	25 years
Furniture and equipment	3–5 years
Motor vehicles	3–5 years

### 4.2 Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in administrative expenses. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

Computer software	4 years
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“**HKFRS 15**”).

#### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Company’s financial assets are subsequently measured at amortised cost.

#### Interest income on financial assets

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

#### Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, pledged bank deposits and bank balances), which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments (Continued)

#### *Financial assets (Continued)*

#### *Impairment of financial assets (Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings. In addition, trade receivables being credit-impaired are assessed for ECL individually.

For all other instruments, the Group measures the credit loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments (Continued)

*Financial assets (Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of a financial asset, except for trade receivable, has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Having regard to the industry practice as well as the financial background of certain customers, the Group has rebutted the presumptions on significant increase in credit risk when trade receivables are more than 30 days past due.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments (Continued)

#### *Financial assets (Continued)*

#### Impairment of financial assets (Continued)

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group also considers that default has occurred when a financial asset, except for trade receivable, is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Having regard to the industry practice as well as the financial background of certain customers, the Group has rebutted the presumptions that financial assets are in default when trade receivables are more than 90 days past due.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments (Continued)

#### *Financial assets (Continued)*

#### Impairment of financial assets (Continued)

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

#### (v) Measurement and recognition of ECL

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Specifically for trade receivables, the Group had applied the probability of default approach in measuring the ECL where the measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables are assessed as a separate group. Other receivables, pledged bank deposits and bank balances are assessed for ECL on an individual basis);
- Nature and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a credit loss allowance account.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.3 Financial instruments (Continued)

#### *Derecognition of financial assets*

The Group derecognises a financial asset generally when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities*

Financial liabilities, including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 4.4 Revenue from contracts with customers

The Group provides building engineering services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these construction services is recognised based on the stage of completion of the contract using output method. Contracts with the Group's customers are agreed in fixed-price. In certain circumstances, the amount of payment received is in excess of the certified revenue to date. Such difference will be recorded as contract liabilities.

Unbilled revenue which represents the Group's right to receive consideration for work completed but not yet billed are recognised as contract assets because the rights are conditional upon the satisfaction by the customers on the contract work completed by the Group and the work is pending for the certification by the customers or external surveyors. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed contract work from the customers or external surveyors.

Retention receivables, prior to expiration of defect liability period, which ranges from one to two years from the date of the practical completion of the contracts are also recognised as contract assets as the right to receive are conditional until the expiry of the defect liability period. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. Contract assets are assessed for ECL on the same basis as trade receivables (see note 4.3).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.4 Revenue from contracts with customers (Continued)

Revenue relating to the maintenance, repair and other services is recognised over time. The transaction price that is received and allocated to these services is recognised as a contract liability and is released on a straight-line basis over the period of service. Contract liabilities represent the portion of fees that the Group received from the customers in relation to maintenance, repair and other services that have not been performed.

The Group allows a credit period from 30 days to 45 days (2023: 30 days) to its customers of building services engineering work. The Group does not grant any credit period to its customers of maintenance, repair and other services.

Given the period between payment and transfer of the associated goods or services is less than one year, while retention money is to provide the customer with protection from the Group's failing to adequately complete its obligation under the contract, the Group had not adjusting the transaction price for any significant financing component.

Onerous contracts, which represents the present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

### 4.5 Retirement benefits costs

#### *Mandatory Provident Fund Scheme*

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

#### *Long service payment ("LSP")*

The Group's net obligation in respect of LSP is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.5 Retirement benefits costs (Continued)

#### *Long service payment ("LSP") (Continued)*

The calculation of LSP obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from LSP, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to LSP are recognised in profit or loss.

### 4.6 Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

### 4.7 Short-term leases (as a lessee)

The Group applies the short-term lease recognition exemption to leases of warehouses and office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

### 4.8 Taxation

#### *Deferred tax*

Deferred tax is recognised on temporary differences. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are generally not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which is not a business combination that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### 4.8 Taxation (Continued)

#### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (a) Estimated outcome of building services engineering work and contract assets

During the year ended 31 December 2024, the Group recognises contract revenue from building services engineering work of HK\$402,315,000 (2023: HK\$309,008,000) according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. The management's estimate of revenue and the completion status of contract works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The building services engineering work performed by the Group would also be certified by the customers or external surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each contract as the contract progresses based on the internal contract progress reports.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (b) Impairment assessment of trade receivables and contract assets

The management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is reasonable and supportable available without undue cost or effort. In addition, trade receivables and contract assets that are credit-impaired are assessed for ECL individually. Loss allowance of trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

During the year ended 31 December 2024, the Group reversed credit loss allowance of HK\$168,000 (2023: reversed credit loss allowance of HK\$1,496,000) and recognised impairment loss of HK\$561,000 (2023: recognised impairment loss of HK\$1,216,000) in profit or loss in respect of trade receivables and contract assets, respectively.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 16, 17 and 27(b), respectively.

### (c) Estimation of long service payments obligation

The Group's net obligation in respect of long service payment depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the provision long service payments.

Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 23.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. 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

	2024 HK\$'000	2023 HK\$'000
<b>Type of services</b>		
Building services engineering work	<b>402,315</b>	309,008
Maintenance, repair and other services	<b>13,017</b>	14,299
	<b>415,332</b>	323,307

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:

	2024 HK\$'000	2023 HK\$'000
Provision of building services engineering work		
— Within one year	<b>271,235</b>	273,422
— More than one year but not more than two years	<b>13,992</b>	56,225
	<b>285,227</b>	329,647

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (ii) (Continued)

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 2024

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	402,315	13,017	415,332
Segment results	18,914	4,142	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			(24)
Profit before income tax			2,538



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2023

	Building services engineering work HK\$'000	Maintenance, repair and other services HK\$'000	Total HK\$'000
Segment revenue			
External sales	309,008	14,299	323,307
Segment results	22,654	3,932	26,586
Other income and other gains or losses			1,198
Administrative expenses			(18,939)
Impairment loss recognised under ECL model, net of reversal			280
Finance costs			(56)
Profits before income tax			9,069

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from customers in respect of building services engineering work during the years ended 31 December 2024 and 2023 individually contributing over 10% of the Group's revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	155,073	N/A <sup>1</sup>
Customer B	–	102,324
Customer C	N/A <sup>1</sup>	51,974
Customer D	N/A <sup>1</sup>	39,581

<sup>1</sup> Revenue from the customer is less than 10% of the total revenue of the Group for the respective 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 2024 and 2023.

## 7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings, including overdrafts	24	56

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. PROFIT BEFORE INCOME TAX

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

	2024 HK\$'000	2023 HK\$'000
Directors' emoluments (including provision for long service payments)	9,410	8,712
Other staff costs:		
— Salaries and other allowances	52,043	53,314
— Retirement benefits scheme contributions	1,779	1,938
— Provision for long service payments	133	132
<b>Total staff costs</b>	<b>63,365</b>	64,096
Auditor's remuneration	1,000	950
Amortisation on intangible assets (note 15)	58	58
Cost of materials recognised as expense	113,254	87,549
Depreciation of property, plant and equipment (note 14)	2,660	2,430
Write-off of trade receivables	–	100
Impairment loss reversed on trade receivables	(168)	(1,496)
Impairment loss recognised on contract assets	561	1,216
	<b>393</b>	(280)
Bank interest income	(1,877)	(1,170)
Interest income on a deposit paid for a life insurance policy	–	(14)
Loss on surrender of a life insurance policy	–	111
Gain on disposal of property, plant and equipment	(176)	–
Provision for onerous contracts (note (a))	624	–
Rental expense on short-term leases in respect of warehouse, office premises and car parks (note (b))	1,958	1,896

Note (a): Included in cost of revenue in the consolidated statement of profit or loss and other comprehensive income.

Note (b): The Group regularly entered into short-term leases for warehouse, office premises and car parks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
— Current year	—	—
Deferred tax (note 22)	<b>466</b>	1,645
	<b>466</b>	1,645

The Group is subject to Hong Kong Profits Tax. No Hong Kong Profits Tax was provided for the Company's subsidiaries in Hong Kong for the current year and 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.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before income tax	<b>2,538</b>	9,069
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	<b>419</b>	1,496
Tax effect of income not taxable for tax purpose	<b>(309)</b>	(171)
Tax effect of expenses not deductible for tax purpose	<b>347</b>	320
Others	<b>9</b>	—
Income tax expense	<b>466</b>	1,645

At the end of the reporting period, the Group has unused tax losses of HK\$11,690,000 (2023: HK\$13,543,000) available to offset against the future taxable profit. A deferred tax asset of HK\$1,928,000 (2023: HK\$2,234,000) has been recognised in respect of tax losses of approximately HK\$11,690,000 (2023: HK\$13,543,000). Under current tax legislation, tax losses can be carried forward indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. DIVIDEND

No dividend was paid to shareholders of the Company for both years.

The directors proposed final dividend of HK\$0.01 per share (2023: nil), in an aggregate amount of HK\$14,646,000 (2023: nil) for the year ended 31 December 2024 which is subject to shareholders' approval at the forthcoming annual general meeting.

## 11. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

	Director's fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 December 2024</b>				
Executive directors:				
Mr. Wong	–	5,460	18	5,478
Ms. So	–	2,010	18	2,028
Mr. Tang Chun Man, Joseph	–	1,410	18	1,428
Independent non-executive directors:				
Mr. Chung Yuk Ming, Christopher	156	–	–	156
Mr. Tam Chun Chung	156	–	–	156
Mr. Lau Kwok Lok, Geoffrey	156	–	–	156
	<b>468</b>	<b>8,880</b>	<b>54</b>	<b>9,402</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. DIRECTORS' EMOLUMENTS (CONTINUED)

	Director's fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 December 2023</b>				
Executive directors:				
Mr. Wong	–	5,120	18	5,138
Ms. So	–	1,796	18	1,814
Mr. Tang Chun Man, Joseph	–	1,268	18	1,286
Independent non-executive directors:				
Mr. Chung Yuk Ming, Christopher	156	–	–	156
Mr. Tam Chun Chung	156	–	–	156
Mr. Lau Kwok Lok, Geoffrey	156	–	–	156
	468	8,184	54	8,706

In addition to the above, provision of long service payments for the year of HK\$3,000, HK\$3,000, and HK\$2,000 (2023: HK\$2,000, HK\$3,000 and HK\$1,000,) were recognised for Mr. Wong, Ms. So and Mr. Tang, respectively.

The emoluments of executive directors shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors shown above were paid for their services as directors of the Company. During both years, directors' fees and salaries and other allowances of all directors were paid by a major operating subsidiary of the Group.

None of the director waived or agreed to waive any emolument during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year ended 31 December 2024 included three (2023: three) directors, details of whose emoluments are set out in note 11 above. Details of the emoluments of the remaining two (2023: two) individuals during the year were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	1,896	1,860
Discretionary bonus	863	310
Retirement benefits scheme contributions	36	36
	<b>2,795</b>	2,206

The emoluments were within the following band:

	2024 No. of individuals	2023 No. of individuals
HK\$1,000,001 to HK\$1,500,000	2	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 13. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2024 is based on the profit for the year of HK\$2,072,000 (2023: HK\$7,424,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2024 of 1,486,637,678 (2023: 1,527,667,945).

The Group has no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 January 2023	5,650	448	6,732	12,830
Additions	–	–	2,780	2,780
At 31 December 2023	5,650	448	9,512	15,610
Additions	–	–	5,710	5,710
Disposal	–	–	(4,950)	(4,950)
<b>At 31 December 2024</b>	<b>5,650</b>	<b>448</b>	<b>10,272</b>	<b>16,370</b>
<b>Accumulated depreciation</b>				
At 1 January 2023	340	448	1,888	2,676
Depreciation	226	–	2,204	2,430
At 31 December 2023	566	448	4,092	5,106
Depreciation	226	–	2,434	2,660
Elimination on disposal	–	–	(2,358)	(2,358)
<b>At 31 December 2024</b>	<b>792</b>	<b>448</b>	<b>4,168</b>	<b>5,408</b>
<b>Net book value</b>				
<b>At 31 December 2024</b>	<b>4,858</b>	<b>–</b>	<b>6,104</b>	<b>10,962</b>
At 31 December 2023	5,084	–	5,420	10,504

Leasehold land and building with carrying amount of HK\$4,858,000 (2023: HK\$5,084,000) is pledged to a bank to secure a mortgage loan and general banking facilities granted to the Group (note 29).

The Group's leasehold land and building with net carrying amount of HK\$4,858,000 (2023: HK\$5,084,000) is situated in Hong Kong. The ownership interests in leasehold land and building held for own use, carried at depreciated cost in Hong Kong, are having a remaining lease term of between 10 and 50 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. INTANGIBLE ASSETS

	<b>Computer software</b> HK\$'000
<b>Cost</b>	
<b>At 1 January 2023, 31 December 2023 and 31 December 2024</b>	234
<b>Accumulated amortisation</b>	
At 1 January 2023	63
Amortisation	58
At 31 December 2023	121
Amortisation	58
<b>At 31 December 2024</b>	179
<b>Net book value</b>	
<b>At 31 December 2024</b>	55
At 31 December 2023	113

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	<b>84,403</b>	56,052
Less: allowance for credit loss	<b>(1,472)</b>	(649)
	<b>82,931</b>	55,403
Deposit paid	<b>63,794</b>	62,992
Other receivables	<b>890</b>	1,051
Prepayments	<b>5,027</b>	2,502
	<b>69,711</b>	66,545
Total trade and other receivables	<b>152,642</b>	121,948

The Group allows a credit period ranging from 0 to 45 days (2023: 0 to 30 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:

	2024 HK\$'000	2023 HK\$'000
0–30 days	<b>42,162</b>	18,300
31–60 days	<b>28,402</b>	21,991
61–90 days	<b>7,435</b>	10,437
> 90 days	<b>4,932</b>	4,675
	<b>82,931</b>	55,403

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$40,769,000 (2023: HK\$37,103,000), which are past due as at the end of the reporting period. Out of the past due balances, aggregate carrying amount of HK\$4,729,000 (2023: HK\$1,994,000) 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.

Details of impairment assessment of trade and other receivables are set out in note 27(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Contract assets	<b>131,517</b>	113,542
Less: allowance for credit loss	<b>(1,654)</b>	(2,084)
	<b>129,863</b>	111,458
Analysed as current:		
Unbilled revenue of building services engineering work	<b>82,471</b>	67,148
Unbilled revenue of maintenance, repair and other services	<b>525</b>	–
Retention receivables of building services engineering work	<b>46,867</b>	44,310
	<b>129,863</b>	111,458
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	<b>28,028</b>	24,547
After one year	<b>18,839</b>	19,763
	<b>46,867</b>	44,310

Changes in contract assets during the year ended 31 December 2024 were mainly due to the increase 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 number of contracts in respect of building services engineering work that the relevant services were provided but yet certified by customers or 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.

Details of the impairment assessment of contract assets are set out in note 27(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. PLEDGED BANK DEPOSITS AND BANK BALANCES

Bank balances and cash comprise cash on hand and bank balances. Included in the bank balances as at 31 December 2024, were time deposits of HK\$47,136,000 (2023: HK\$40,240,000) with original maturity of less than three months carrying a fixed-rate interest of ranging from 3.00% to 4.21% (2023: from 4.81% to 5.14%). The remaining bank balances carry interest at prevailing market interest rate which was 0.125% (2023: 0.875%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities and bank borrowings granted to the Group (note 29). The pledged bank deposits carry fixed interest rate at 3.0% (2023: 4.7%) per annum.

## 19. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (note a)	71,874	45,190
Retention payables (note b)	11,752	8,419
Accrued sub-contracting and material costs	104,415	76,531
Accrued staff costs	15,093	11,993
Other payables and accruals	1,635	1,455
<b>Total trade and other payables</b>	<b>204,769</b>	<b>143,588</b>

Notes:

- (a) The credit period on trade payables range from 30 to 60 days (2023: 30 to 60 days).

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

	2024 HK\$'000	2023 HK\$'000
0–30 days	46,814	23,785
31–60 days	5,798	1,782
61–90 days	485	2,419
> 90 days	18,777	17,204
	<b>71,874</b>	<b>45,190</b>

- (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:

	2024 HK\$'000	2023 HK\$'000
On demand or within one year	7,248	5,420
After one year	4,504	2,999
	<b>11,752</b>	<b>8,419</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advances from customers of building services engineering work, current	<b>2,538</b>	–

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

Movement in contract liabilities:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	–	1,160
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	–	(1,160)
Increase in contract liabilities as a result of billing in advance of building services engineering work	<b>2,538</b>	–
At end of year	<b>2,538</b>	–

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. PROVISION FOR ONEROUS CONTRACTS

	2024 HK\$'000
At beginning of year	–
Additional provision made during the year	<b>624</b>
At end of year	<b>624</b>

The Group has recognised onerous contracts relating to its obligation to provide building services engineering work to customers. The estimated cost required to fulfil contracts have increased, and therefore, the unavoidable costs of meeting the obligation exceed the revenue expected to be received. The onerous contracts are expected to be fulfilled by the end of 2025.

## 22. DEFERRED TAX

The following are the deferred tax assets and liabilities recognised and the movements thereon:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Credit loss allowance HK\$'000	Provision for long service payments HK\$'000	Provision for onerous contracts HK\$'000	Total HK\$'000
At 1 January 2023	(683)	3,148	1,079	118	–	3,662
(Charged)/credited to profit or loss for the year	(132)	(914)	(628)	29	–	(1,645)
At 31 December 2023	(815)	2,234	451	147	–	2,017
(Charged)/credited to profit or loss for the year	(342)	(306)	65	14	103	(466)
At 31 December 2024	(1,157)	1,928	516	161	103	1,551



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 22. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	1,551	2,017
Deferred tax liabilities	–	–
	<b>1,551</b>	<b>2,017</b>

The deferred tax liabilities resulted from the taxable temporary differences is arising from accelerated depreciation in relation to capital allowance claims on the qualifying assets in accordance with prevailing tax laws in Hong Kong.

## 23. PROVISION FOR LONG SERVICE PAYMENTS

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 28), with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition. Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 23. PROVISION FOR LONG SERVICE PAYMENTS (CONTINUED)

The present value of unfunded obligations and its movements are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	889	710
Remeasurements recognised in other comprehensive income: Actuarial (gains)/losses arising from changes in financial assumptions	(56)	41
Expenses recognised in profit or loss:		
Current service cost	107	110
Interest cost	34	28
At 31 December	974	889

The weighted average duration of the defined benefit obligation is 19 years (2023: 20 years).

The above expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2024 HK\$'000	2023 HK\$'000
Cost of revenue	113	118
Administrative expenses	28	20
	141	138

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 23. PROVISION FOR LONG SERVICE PAYMENTS (CONTINUED)

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2024 %	2023 %
Discount rate	<b>4.06%</b>	3.76%
Future salary increases	<b>3.22%</b>	3.41%
Expected investment return on offsettable MPF accrued benefits	<b>3.00%</b>	2.50%

The below analysis shows how the provision of long service payments would have increased/decreased as a result of 0.5% change in the significant actuarial assumptions:

	Increase in 0.5%		Decrease in 0.5%	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Discount rate	<b>(66)</b>	(64)	<b>72</b>	70
Future salary increases	<b>1</b>	1	<b>(1)</b>	(1)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each		Amount	
	2024	2023	2024 HK\$'000	2023 HK\$'000
<b>Authorised:</b>				
At beginning and at end of year	<b>4,000,000,000</b>	4,000,000,000	<b>40,000</b>	40,000
<b>Issued and fully paid</b>				
At 1 January	<b>1,522,770,000</b>	1,530,000,000	<b>15,228</b>	15,300
Share repurchased and cancelled (note)	<b>(58,170,000)</b>	(7,230,000)	<b>(582)</b>	(72)
At 31 December	<b>1,464,600,000</b>	1,522,770,000	<b>14,646</b>	15,228

Note: The Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
<b>For the year 31 December 2024:</b>				
January 2024	25,250,000	0.075	0.065	<b>1,871</b>
June 2024	13,020,000	0.075	0.074	<b>976</b>
July 2024	4,520,000	0.075	0.075	<b>339</b>
September 2024	2,280,000	0.075	0.075	<b>171</b>
October 2024	13,100,000	0.075	0.075	<b>982</b>
				<b>4,339</b>
<b>For the year 31 December 2023:</b>				
July 2023	280,000	0.060	0.060	<b>17</b>
September 2023	6,950,000	0.065	0.061	<b>451</b>
				<b>468</b>

The above ordinary shares were cancelled in April 2024, October 2024 and December 2024, respectively (2023: in October 2023).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. SHARE OPTION SCHEME

On 10 September 2015, the Company conditionally adopted a share option scheme (the “**Scheme**”) pursuant to a resolution passed by its shareholders on 10 September 2016, for the primary purpose of providing incentives or rewards to eligible employees (including the executive, non-executive and independent non-executive directors of the Company) and other selected participants. The adoption of the Scheme became unconditional upon the listing of the Company on 25 September 2015.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the total number of shares in issue on the date of listing on the Stock Exchange, without prior approval from the Company’s shareholders. The Company may, subject to the issue of a circular, the shareholders’ approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time to 10% of the total number of shares in issue as at the date of the shareholders’ approval. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being, without prior approval from the Company’s shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates as defined under the Scheme which would result in the shares issued and to be issued upon exercise of all options under the Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant represent in aggregate in excess of 0.1% of the Company’s issued share capital and with an aggregate value in excess of HK\$5 million must be approved in advance by the Company’s shareholders.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. SHARE OPTION SCHEME (CONTINUED)

Options granted must be taken up within 21 days of the date of the offer grant. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the directors of the Company but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

The Scheme will remain valid and effective following the transfer of listing and will be implemented in full compliance with the requirements of Chapter 17 of the Listing Rules. The listing of shares to be issued pursuant to the Scheme will also be transferred to the Main Board of the Stock Exchange pursuant to Rule 9A.10 of the Listing Rules.

No share option has been granted since the adoption of the Scheme. The scheme will remain in force for a period of 10 years commencing on the date on which the Scheme is adopted.

## 26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, merger reserve and retained profits.

The directors of the Company reviews the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends or issuing of new shares as well as the issue of new debts and redemption of existing debts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Amortised cost	147,826	107,355
<b>Financial liabilities</b>		
Amortised cost	189,676	131,595

### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and trade and other payables.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The director of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits. The Group is also exposed to cash flow interest rate risk mainly in relation to bank balances which are arranged at floating rate. The Group currently does not have an interest rate hedging policy.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on Hong Kong Interbank Offered Rate arising from the Group's bank borrowings.

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of bank balances outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase/decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the effect from possible change in interest rates.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

For variable-rate bank balances, 50 basis points increase/decrease (2023: 50 basis points increase/decrease) are used.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower for variable bank balances and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2024 would increase/decrease by HK\$245,000 (2023: increased/decreased by HK\$191,000).

#### *Credit risk and impairment assessment*

The credit risk of trade receivables, contract assets and other receivables is managed through an internal process. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the credit risks. The Group reviews the recoverable amount of these receivables at the end of the reporting period.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model of HKFRS 9 on trade balances based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical observed default rates, repayment history and past due status of respective trade balances. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is reasonable, supportable and available without undue cost or effort and trade balances with credit-impaired were assessed individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

##### Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition, the credit risk on other receivables are limited because the counterparties have no historical default record and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed that the ECL for other receivables were insignificant and thus no loss allowance was recognised.

##### Pledged bank deposits/bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group is exposed to concentration of credit risk as at 31 December 2024 on trade receivables and contract assets from the Group's 5 major customers amounting to HK\$54,888,000 (2023: HK\$37,831,000) and HK\$129,863,000 (2023: HK\$111,458,287) respectively, and accounted for 66.2% (2023: 68.3%) and 33.7% (2023: 46.2%) of the Group's total trade receivables and contract assets respectively. The major customers of the Group are certain reputable organisations. The directors of the Company consider that the credit risk is limited in this regard.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

*Credit risk and impairment assessment (Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and may have past due amounts but usually settle after due date	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

*Credit risk and impairment assessment (Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	Lifetime ECL	Gross carrying amount	
				2024 HK\$'000	2023 HK\$'000
<b>Financial assets at amortised cost and contract assets</b>					
Trade receivables	N/A	Low risk	Lifetime ECL (provision matrix)	<b>84,403</b>	56,052
		Loss	Lifetime ECL credit-impaired	–	–
Contract assets	N/A	Low risk	Lifetime ECL (provision matrix)	<b>131,517</b>	113,542
Other receivables	N/A	Low risk	12m ECL	<b>890</b>	1,051
Pledged bank deposits	A2	N/A	12m ECL	<b>5,284</b>	5,145
Bank balances	A2	N/A	12m ECL	<b>58,721</b>	45,756

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

During the year ended 31 December 2024, the Group reversed credit loss allowance of HK\$168,000 and recognised impairment loss of HK\$561,000 (2023: reversed credit loss allowance of HK\$1,496,000 and recognised impairment loss of HK\$1,216,000) on trade receivables and contract assets based on the provision matrix, respectively. No additional trade receivable was considered to be credit-impaired since last reporting date and no further credit loss allowance was made in respect of these balances during the year ended 31 December 2024 (2023: Nil). No contract asset was considered to be credit-impaired and no credit loss allowance was made in this respect during the year ended 31 December 2024 (2023: Nil).

Gross carrying amount

	Average loss rate %		Trade receivables HK\$'000		Contract assets HK\$'000	
	2024	2023	2024	2023	2024	2023
Internal credit rating						
Low risk	<b>1.45</b>	1.61	<b>84,403</b>	56,052	<b>131,517</b>	113,542

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2023	1,355	3,526	4,881
Amount written-off	–	(3,526)	(3,526)
Transfer from contract assets	790	–	790
Impairment loss reversed	(1,496)	–	(1,496)
At 31 December 2023	<b>649</b>	–	<b>649</b>
Transfer from contract assets	<b>991</b>	–	<b>991</b>
Impairment loss reversed	<b>(168)</b>	–	<b>(168)</b>
At 31 December 2024	<b>1,472</b>	–	<b>1,472</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

*Credit risk and impairment assessment (Continued)*

Gross carrying amount (Continued)

The following table shows movement in lifetime ECL that has been recognised for contract assets:

	Lifetime ECL (not credit- impaired) HK\$'000
At 1 January 2023	1,658
Transfer to trade receivables	(790)
Impairment loss recognised	1,216
At 31 December 2023	<b>2,084</b>
Transfer to trade receivables	<b>(991)</b>
Impairment loss recognised	<b>561</b>
At 31 December 2024	<b>1,654</b>

#### *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The directors of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The Group has available unutilised banking facilities of HK\$46,203,000 as at 31 December 2024 (2023: HK\$39,044,000), in which HK\$27,505,000 (2023: HK\$30,346,000) can be utilised by issuance of performance bond by the banks in relation to building services engineering projects.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable-rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management objectives and policies (Continued)

*Liquidity risk (Continued)*

Liquidity and interest risk table

	On demand or less than 1 month HK\$'000	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>31 December 2024</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	132,824	46,814	5,534	4,504	189,676	189,676

	On demand or less than 1 month HK\$'000	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>31 December 2023</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	99,903	23,785	4,908	2,999	131,595	131,595

### (c) Fair values measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of all financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. RETIREMENT BENEFITS SCHEME

The Group participates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK\$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The total cost charged to profit or loss of HK\$1,839,000 (2023: HK\$1,992,000) represents contributions paid or payable to the MPF Scheme by the Group. As at 31 December 2024, contribution of approximately HK\$134,000 (2023: HK\$160,000) had not been paid over to the MPF Scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the MPF Scheme prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

## 29. PLEDGE OF ASSETS

At the end of the reporting period, the Group has obtained banking facilities of HK\$83,700,000 (2023: HK\$73,700,000) which are secured by the properties owned by Mr. Wong, assignment of trade receivables and by the Group's pledged assets. The carrying amounts of the assets pledged by the Group to banks are as follows:

	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment (note 14)	4,858	5,084
Pledged bank deposits (note 18)	5,284	5,145
	<b>10,142</b>	10,229

## 30. PERFORMANCE BONDS

As at 31 December 2024, the Group has issued performance bonds in respect of building services engineering work through banks amounting to HK\$37,495,000 (2023: HK\$34,654,000). The bonds are secured by leasehold land and building and pledged bank deposits as disclosed in notes 14 and 18, respectively.

In the opinion of directors, it is not probable that the bank would need to pay any amount to the policyholder under the performance bond.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. RELATED PARTY AND CONNECTED PERSON DISCLOSURES

### (i) Transactions

In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following transactions with its related parties and connected person:

Related parties and connected person	Nature of transactions	2024 HK\$'000	2023 HK\$'000
LKW Company Limited ("LKWC") (note a)	Rental expense on short-term leases in respect of warehouses	362	530
Mr. Wong and Ms. So	Rental expense on short-term leases in respect of office premises and car parks	1,096	1,096
Kin Kwan (note b)	Sub-contracting expense from building services engineering work	–	62
	Revenue from maintenance, repair and other services	–	5

Note a: LKWC is a wholly-owned subsidiary of Golden Luck, and Mr. Wong and Ms. So are the directors of LKWC.

Note b: The sole beneficial owner of Kin Kwan is a brother of Mr. Wong.

### (ii) Compensation of key management personnel

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	9,348	8,652
Retirement benefits scheme contributions	54	54
	<b>9,402</b>	<b>8,706</b>

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

- (a) The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<b>Bank borrowings</b> HK\$'000
At 1 January 2024	–
<b>Changes from financing cash flows</b>	
New loan raised	20,000
Repayment of loan principals	(20,000)
Repayment of interest	(24)
	(24)
<b>Other changes</b>	
Finance costs incurred (note 7)	24
At 31 December 2024	–
	<b>Bank borrowings</b> HK\$'000
At 1 January 2023	10,000
<b>Changes from financing cash flows</b>	
Repayment of loan principals	(10,000)
Repayment of interest	(56)
	(10,056)
<b>Other changes</b>	
Finance costs incurred (note 7)	56
At 31 December 2023	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

### (b) Analysis of total cash outflows for leases

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows — short term leases	<b>1,958</b>	1,896

## 33. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 December 2024 and 2023 were as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Equity interest attributable to the Company as at		Principal activities
			31 December 2024	2023	
<b>Directly owned:</b>					
LKW Enterprise	British Virgin Islands 19 March 2016	US\$100	<b>100%</b>	100%	Investment holding
<b>Indirectly owned:</b>					
Lap Kei	Hong Kong 22 December 1997	HK\$5,500,000	<b>100%</b>	100%	Building services engineering and maintenance, repair and other services
Wealth E & M Limited	Hong Kong 30 April 2004	HK\$10,000	<b>100%</b>	100%	Building services engineering and maintenance, repair and other services

Each of the Company and its subsidiaries has adopted 31 December as its financial year end date.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INFORMATION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Investment in a subsidiary	48,969	48,969
Amount due from a subsidiary	29,555	35,059
	<b>78,524</b>	84,028
<b>Current asset</b>		
Prepayment	206	206
<b>Current liability</b>		
Accrual	(553)	(553)
<b>Net current liability</b>	<b>(347)</b>	(347)
<b>Total assets less current liability</b>	<b>78,177</b>	83,681
<b>Capital and reserves</b>		
Share capital	14,646	15,228
Reserves (note)	63,531	68,453
<b>Total equity</b>	<b>78,177</b>	83,681

**Wong Kang Kwong**  
Director

**So Nui Ho**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note: Reserves

	Share premium HK\$'000	Merger reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023	47,683	43,433	(21,333)	69,783
Loss and total comprehensive income for the year	–	–	(920)	(920)
Shares repurchased and cancelled	(396)	–	–	(396)
Transaction costs directly attributable to the repurchase of shares	(14)	–	–	(14)
<b>At 31 December 2023</b>	<b>47,273</b>	<b>43,433</b>	<b>(22,253)</b>	<b>68,453</b>
Loss and total comprehensive income for the year	–	–	(1,085)	(1,085)
Shares repurchased and cancelled	(3,757)	–	–	(3,757)
Transaction costs directly attributable to the repurchase of shares	(80)	–	–	(80)
<b>At 31 December 2024</b>	<b>43,436</b>	<b>43,433</b>	<b>(23,338)</b>	<b>63,531</b>

Note: Merger reserve represented the difference between the net asset value of LKW Enterprise of HK\$43,434,000 acquired by the Company and the nominal value of the Company's shares of HK\$1,000 issued for the acquisition pursuant to the corporate reorganisation.

## 35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

# FINANCIAL SUMMARY

For the five years ended 31 December 2020, 2021, 2022, 2023 and 2024

## RESULTS

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000 (restated)	2023 HK\$'000	2024 HK\$'000
Revenue	132,272	261,378	401,922	323,307	<b>415,332</b>
Profit/(loss) before tax	(1,778)	8,882	8,662	9,069	<b>2,538</b>
Income tax (expense)/credit	14	1,826	2,126	(1,645)	<b>(466)</b>
Profit/(loss) and total comprehensive income for the year	(1,764)	10,708	10,906	7,383	<b>2,128</b>

## ASSETS AND LIABILITIES

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000 (restated)	2023 HK\$'000	2024 HK\$'000
Total assets	157,258	218,170	294,959	296,941	<b>359,078</b>
Total liabilities	(45,196)	(83,513)	(149,396)	(144,477)	<b>(208,905)</b>
Net assets	112,062	134,657	145,563	152,464	<b>150,173</b>