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Lap Kei Engineering (Holdings) Limited

立基工程(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1690)

PROFIT WARNING

This announcement is made by Lap Kei Engineering (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, it is expected that the Group’s revenue for the year will record decrease of approximately 50%, and record a net loss for year ended 31 December 2019 whereas the audited consolidated net profit recorded in the last corresponding period was HK\$17.8 million. Such change from profit to loss is mainly attributable to:

1. unexpected prolonged completion of the Group’s projects which led to the overrun of the Group’s project cost. As a result, the Group’s expected gross profit margin of various projects dropped significantly;
2. drop in number of projects undergoing during the year ended 31 December 2019 further drove down the Group’s revenue recognised during the period; and
3. the Group’s average contract amount decreased compared to that of last year. The Group’s revenue for the year ended 31 December 2019 decreased accordingly.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company’s auditor or reviewed by the audit committee of the Company and are subject to adjustment. The actual annual results of the Group for the year ended 31 December 2019 may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to read

carefully the annual results announcement of the Company for the year ended 31 December 2019, which is expected to be published by the end of March 2020 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
LAP KEI ENGINEERING (HOLDINGS) LIMITED
Mr. Wong Kang Kwong
Chairman and Executive Director

Hong Kong, 16 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Wong Kang Kwong, Ms. So Nui Ho and Mr. Tang Chun Man Joseph; and the independent non-executive Directors of the Company are Mr. Chung Yuk Ming, Christopher, Mr. Fok Ka Chi and Mr. Tam Chun Chung.