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Tak Lee Machinery Holdings Limited

德利機械控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2102)

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

FINANCIAL HIGHLIGHTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change <i>%</i>
Revenue	330,652	279,335	18.4%
Gross Profit	67,750	57,317	18.2%
Profit attributable to shareholders	28,163	7,086	297.4%
Earnings per share			
– Basic and diluted (<i>HK cents</i>)	2.82	0.71	297.4%
Dividend per share (<i>HK cents</i>)	3.5	1.5	133.3%
– Interim	1.5	–	
– Final	2.0	1.5	

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Tak Lee Machinery Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 July 2025, together with the audited comparative figures for the year ended 31 July 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2025

	<i>Note</i>	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Revenue	3	330,652	279,335
Cost of revenue		<u>(262,902)</u>	<u>(222,018)</u>
Gross profit		67,750	57,317
Other income and other gains and losses	3	5,545	402
Reversal of allowance/(allowance) for trade and lease receivables		2,741	(3,203)
Administrative and other operating expenses		<u>(42,237)</u>	<u>(42,058)</u>
Profit from operations		33,799	12,458
Finance costs	4	<u>(178)</u>	<u>(1,082)</u>
Profit before tax		33,621	11,376
Income tax expense	5	<u>(5,458)</u>	<u>(4,290)</u>
Profit and total comprehensive income for the year attributable to owners of the Company	6	<u>28,163</u>	<u>7,086</u>
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement gains on defined benefit obligations		<u>52</u>	—
Other comprehensive income for the year, net of tax		<u>52</u>	—
Total comprehensive income for the year attributable to owners of the Company		<u>28,215</u>	<u>7,086</u>
Earnings per share			
– Basic and diluted (HK cents)	8	<u>2.82</u>	<u>0.71</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		144,693	149,214
Right-of-use assets		17,876	21,906
Investment property		13,000	14,021
		175,569	185,141
Current assets			
Inventories		98,657	134,513
Trade and lease receivables	9	58,766	81,631
Prepayments, deposits and other receivables		39,357	15,021
Current tax assets		–	1,630
Bank and cash balances		118,515	73,765
		315,295	306,560
Current liabilities			
Trade payables	10	1,495	4,303
Other payables and accruals	10	6,699	7,730
Contract liabilities	10	9,428	8,729
Lease liabilities		1,510	3,499
Current tax liabilities		6,669	–
		25,801	24,261
Net current assets		289,494	282,299
Total assets less current liabilities		465,063	467,440
Non-current liabilities			
Lease liabilities		918	2,265
Deferred tax liabilities		21,192	21,448
Provision		1,011	–
		23,121	23,713
NET ASSETS		441,942	443,727
Capital and reserves			
Share capital	11	10,000	10,000
Reserves		431,942	433,727
TOTAL EQUITY		441,942	443,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company under the Companies Law of the Cayman Islands on 11 December 2015. Its issued shares were initially listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 July 2017 and were transferred from GEM to the Main Board of the Stock Exchange on 6 October 2020. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The address of its principal place of business is D.D. 111, Lot No. 117, Sheung Che Village, Pat Heung, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the sales of heavy equipment and spare parts, leasing of heavy equipment and provision of machine operators, repair, logistics and other ancillary services in Hong Kong.

In the opinion of the Directors, Generous Way Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate parent, and Mr. Chow Luen Fat (“**Mr. Chow**”) and Ms. Cheng Ju Wen are the ultimate controlling parties, of the Company.

The consolidated financial statements of the Group for the year ended 31 July 2025 are presented in Hong Kong dollars (“**HK\$**”) which is the functional currency of the Group and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 August 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“ HK Int 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

The application of the new amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (continued)

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 July 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Directors are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation that are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the adoption of HKFRS 18 “Presentation and Disclosure in Financial Statements”.

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to provide more relevant information and transparency to users. Even though this new HKFRS Accounting Standard will not impact the recognition or measurement of items in the financial statements, it introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, and (ii) enhanced requirements for aggregation and disaggregation of information.

The Directors are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue and other income and other gains and losses recognised during the year are as follows:

Disaggregation of revenue from contracts with customers

	Sales of heavy equipment and spare parts <i>HK\$'000</i>	Provision of machine operators <i>HK\$'000</i>	Provision of repair, logistics and other ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 July 2025				
Timing of revenue recognition				
A point in time	208,617	–	12,963	221,580
Over time	–	21,191	612	21,803
Total	<u>208,617</u>	<u>21,191</u>	<u>13,575</u>	<u>243,383</u>
For the year ended 31 July 2024				
Timing of revenue recognition				
A point in time	158,430	–	15,197	173,627
Over time	–	20,999	429	21,428
Total	<u>158,430</u>	<u>20,999</u>	<u>15,626</u>	<u>195,055</u>

The original expected duration for the above contracts with customers is one year or less. As permitted under HKFRS 15 (para 121), the transaction price allocated to these unsatisfied contracts is not disclosed.

Set out below is the reconciliation of the revenue from contracts with customers with the total revenue of the Group:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of heavy equipment and spare parts	208,617	158,430
Provision of machine operators	21,191	20,999
Provision of repair, logistics and other ancillary services	<u>13,575</u>	<u>15,626</u>
Revenue from contracts with customers	243,383	195,055
Lease of heavy equipment	<u>87,269</u>	<u>84,280</u>
Total revenue	<u>330,652</u>	<u>279,335</u>

3. REVENUE AND SEGMENT INFORMATION (continued)

	2025 HK\$'000	2024 HK\$'000
Other income and other gains and losses		
Compensation income from suppliers	732	464
Net gain on disposals of property, plant and equipment	36	895
Interest income	1,456	40
Foreign exchange gain/(loss), net	82	(1,982)
Government grants	3,167	462
Write-off of property, plant and equipment	–	(6)
Impairment loss on investment property	(409)	–
Others	481	529
	<u>5,545</u>	<u>402</u>

Segment information

Information reported to the Chief Executive Officer of the Group (the “CEO”) , being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered, or service provided. The CEO has chosen to organise the Group’s results according to the category of the business segment and differences in nature of the goods and services that each segment delivers. The Group has three operating segments as follows:

Sales of heavy equipment and spare parts	– Trading of heavy equipment and spare parts in Hong Kong
Lease of heavy equipment	– Leasing of heavy equipment and provision of machine operators in Hong Kong
Repair, logistics and other ancillary services	– Providing repair, logistics and other ancillary services in Hong Kong

The Directors assess the performance of the operating segments based on a measure of segment results. Segment results do not include unallocated administrative expenses, other income, other gains and losses and finance costs that are not directly attributable to segments and income tax expense.

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

(i) Information about reportable segment profit or loss:

	Sales of heavy equipment and spare parts HK\$'000	Lease of heavy equipment HK\$'000	Repair, logistics and other ancillary services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 July 2025					
External revenue	208,617	108,460	13,575	–	330,652
Segment results	8,009	29,610	1,208	(5,206)	33,621
Depreciation on property, plant and equipment	2,037	28,739	133	320	31,229
Depreciation on right-of-use assets	2,071	1,077	–	1,085	4,233
Depreciation on an investment property	–	–	–	612	612
Interest income	–	–	–	1,456	1,456
Finance costs	–	–	–	178	178
Other material items of income and expense:					
Costs of inventories sold	163,489	5,674	272	–	169,435
Staff costs, including directors' emoluments	18,690	32,812	4,232	1,728	57,462
Other material non-cash items:					
Reversal of allowance for trade and lease receivables	(708)	(2,033)	–	–	(2,741)
Allowance for inventories, net	3,455	–	–	–	3,455
Reversal of impairment on property, plant and equipment, net	–	(24)	–	–	(24)
Impairment on investment property	–	–	–	409	409
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Year ended 31 July 2024					
External revenue	158,430	105,279	15,626	–	279,335
Segment results	(101)	23,036	277	(11,836)	11,376
Depreciation on property, plant and equipment	1,916	28,855	189	462	31,422
Depreciation on right-of-use assets	2,329	1,548	–	1,627	5,504
Depreciation on an investment property	–	–	–	612	612
Interest income	–	–	–	40	40
Finance costs	–	–	–	1,082	1,082
Other material items of income and expense:					
Costs of inventories sold	121,050	6,485	1,203	–	128,738
Staff costs, including directors' emoluments	14,964	31,830	5,937	1,724	54,455
Other material non-cash items:					
Allowance for trade and lease receivables	1,069	2,134	–	–	3,203
Allowance for inventories, net	5,470	–	–	–	5,470
Impairment on property, plant and equipment, net	–	490	–	–	490
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(ii) Geographical information

Since all of the Group's revenue was generated in Hong Kong and all of the Group's identifiable assets and liabilities were located in Hong Kong, no geographical information is presented.

3. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	N/A ¹	28,317

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expense on borrowings	–	796
Interest expense on lease liabilities	178	286
	178	1,082

5. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,722	3,772
Over-provision in prior years	(8)	(17)
	5,714	3,755
Deferred tax	(256)	535
	5,458	4,290

The Company was incorporated in the Cayman Islands and TLMC Company Limited, a wholly-owned subsidiary of the Company, was incorporated in the BVI. Both companies are tax exempted as no business was carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2024: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2024: 16.5%). The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a rate of 16.5% (2024: 16.5%).

6. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration	770	755
(Reversal of allowance)/allowance for trade and lease receivables	(2,741)	3,203
Allowance for prepayments	69	187
Allowance for inventories (included in cost of inventories sold), net	3,455	5,470
(Reversal of impairment)/impairment on property, plant and equipment, net	(24)	490
Impairment of investment property	409	–
Cost of inventories sold	169,435	128,738
Depreciation:		
– Property, plant and equipment	31,229	31,422
– Right-of-use assets	4,233	5,504
– Investment property	612	612
	36,074	37,538
Direct operating expense of an investment property that generates rental income	50	50
Foreign exchange (gain)/loss, net	(82)	1,982
Net gain on disposals of property, plant and equipment	(36)	(895)
Write-off of property, plant and equipment	–	6
Short-term lease charges in respect of:		
– Office and warehouse premises	2,537	2,126
– Machineries	2,903	2,835
	5,440	4,961
Staff costs (including directors' emoluments)		
– Salaries, allowances and others	52,471	50,887
– Directors' fees	540	540
– Discretionary bonus	420	–
– Quarter expenses	1,728	1,724
– Retirement benefit scheme contributions	1,780	1,844
– Provision for employee benefits	1,063	–
	58,002	54,995

Note:

The Group operates a mandatory provident fund (“MPF”) scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the years ended 31 July 2025 and 2024, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 July 2025 and 2024, which may be used by the Group to reduce the contribution payable in future years.

7. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividend paid		
2024 final dividend of HK1.5 cents (2023: HK0.5 cent) per ordinary share	15,000	5,000
2025 interim dividend of HK1.5 cents (2024: Nil) per ordinary share	15,000	–
	<u>30,000</u>	<u>5,000</u>
Dividend proposed		
2025 proposed final dividend of HK2.0 cents (2024: HK1.5 cents) per ordinary share (<i>Note</i>)	20,000	15,000
	<u>20,000</u>	<u>15,000</u>

Note:

The final dividend for the year ended 31 July 2025 was recommended by the Board at a Board meeting held on 20 October 2025. Such recommended final dividend is subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting (the “2025 AGM”). This recommended final dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 July 2026 after the approval at the 2025 AGM.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to Shareholders is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Earnings		
Profit attributable to owners of the Company	28,163	7,086
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,000,000	1,000,000

The calculation of basic earnings per share is based on the weighted average 1,000,000,000 ordinary shares in issue during the year ended 31 July 2025 (2024: 1,000,000,000 ordinary shares in issue during the year).

The diluted earnings per share is equal to the basic earnings per share as there was no dilutive potential ordinary share in issue during the years ended 31 July 2025 and 2024.

9. TRADE AND LEASE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade and lease receivables	62,673	88,279
Less: Allowance for expected credit losses	(3,907)	(6,648)
	<u>58,766</u>	<u>81,631</u>

The Group's credit terms generally range from cash on delivery to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of the Group's trade and lease receivables, based on the invoice date, and net of allowance for expected credit losses, is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	36,774	42,238
91 to 180 days	10,330	18,083
181 to 365 days	11,567	3,913
Over 365 days	95	17,397
	<u>58,766</u>	<u>81,631</u>

The Group applied simplified approach to provide the expected credit loss prescribed by HKFRS 9. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

10. TRADE AND OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Trade payables	<u>1,495</u>	<u>4,303</u>
Other payables and accruals		
Accrued staff costs	3,944	3,711
Accrued administrative and operating expenses	1,154	2,051
Refundable rental deposits receipt in advance	<u>1,601</u>	<u>1,968</u>
	<u>6,699</u>	<u>7,730</u>
Contract liabilities	<u>9,428</u>	<u>8,729</u>
	<u>17,622</u>	<u>20,762</u>

**10. TRADE AND OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES
(continued)**

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 30 days	898	1,844
31 to 90 days	597	2,389
Over 90 days	<u>—</u>	<u>70</u>
	<u>1,495</u>	<u>4,303</u>

The credit period ranges normally from 0 to 120 days.

11. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	<u>1,000,000,000</u>	<u>10,000</u>

12. EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group after the reporting period up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a heavy equipment sales and leasing service provider in Hong Kong with over 24 years of presence in the industry. The Group is principally engaged in (i) the sales of new and used heavy equipment and spare parts, (ii) the leasing of heavy equipment as well as provision of machine operators, and (iii) the provision of repair, logistics and other ancillary services.

BUSINESS REVIEW AND OUTLOOK

The Group recorded an increase in profit attributable to Shareholders for the year ended 31 July 2025 by approximately 297.2% to approximately HK\$28.2 million from approximately HK\$7.1 million for the year ended 31 July 2024.

The increase in net profit was mainly attributed to (i) an increase in the sales and leasing of heavy equipment, which was driven by the demand arising from the various developments and railway projects, as well as the landfill extension projects implemented by the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”); and (ii) the reversal of allowance for expected credit losses on trade and lease receivables (“**ECL allowance**”) as a result of a decrease in the carrying amount of trade and lease receivables and an improvement in the recovery rates for the year ended 31 July 2025 (2024: ECL allowance of approximately HK\$3.2 million mainly due to an increase in ECL allowance in view of an increase in credit risk and expected default risk in respect of the economic conditions over the expected lives of the receivables and the payment history of customers).

Earnings per share for the year ended 31 July 2025 was approximately HK2.82 cents (2024: HK0.71 cent).

For the year ended 31 July 2025, the Group has achieved total revenue of approximately HK\$330.7 million, representing an increase of approximately HK\$51.4 million or 18.4% from approximately HK\$279.3 million for the year ended 31 July 2024 due to an increased demand arising from the various developments and projects mentioned above.

Over the past few years, the global economic landscape, including Hong Kong, has been deeply affected by geopolitical tensions and a persistently high interest rate environment and the heavy equipment sales and leasing industry was no exception. With the city’s economy in recovery – real gross domestic product (GDP) growth is forecasted to grow by 2% to 3% and inflation rate is expected to be approximately 1.8% in 2025, the HKSAR Government is positioning infrastructure development as key strategic priority. According to the 2025–2026 Budget Speech, the acceleration of the Northern Metropolis Development, alongside other major infrastructure initiatives, is expected to drive average annual capital works expenditure to approximately HK\$120 billion in the coming years. In addition, the Hong Kong’s 2025 Policy Address also demonstrates a bold commitment of various strategies to expedite the development of the Loop, San Tin

Technopole and transport infrastructural development such as the construction of Hung Shui Kiu Station and the Northern Link. With the introduction of various policy measures aimed at promoting the development of the construction industry, adoption of innovative technologies, and enhancements in land use and housing planning, the Group believes that the demand for its heavy equipment will remain strong in the foreseeable future. While closely monitoring industry developments, the Group will continue to implement its corporate strategies to safeguard and pursue long-term growth. The Group will also diversify its supplier base and actively source and promote Smart Site Safety System (4S) solutions and other innovative, high-quality products to enhance sustainability, productivity and competitiveness across its operations.

FINANCIAL REVIEW

Revenue

The Group generated its revenue from (i) the sales of new and used heavy equipment and spare parts; (ii) the leasing of heavy equipment as well as provision of machine operators; and (iii) the provision of repair, logistics and other ancillary services.

The Group generated a majority of its revenue from its sales and leasing business. For the year ended 31 July 2025, the total revenue of the Group amounted to approximately HK\$330.7 million, representing an increase of approximately HK\$51.4 million or 18.4% from approximately HK\$279.3 million for the year ended 31 July 2024. Such increase was mainly attributable to an increase in sales of heavy equipment and spare parts of approximately HK\$50.2 million and an increase in revenue from the leasing business of approximately HK\$3.2 million, which was partially offset by a decrease in income from provision of repair, logistics and other ancillary services of approximately HK\$2.0 million.

Revenue from the sales of heavy equipment and spare parts

The revenue from the sales of heavy equipment and spare parts increased by approximately HK\$50.2 million or 31.7% from approximately HK\$158.4 million for the year ended 31 July 2024 to approximately HK\$208.6 million for the year ended 31 July 2025. Such increase was mainly attributable to an increase in sales of heavy vehicles driven by the demand from the various developments and works projects, and the wider adoption of advanced construction technologies, equipment and machinery by customers in both private and public projects as encouraged by the HKSAR Government.

Revenue from the leasing of heavy equipment and provision of machine operators

The revenue from leasing of heavy equipment and provision of machine operators increased by approximately HK\$3.2 million or 3.0% from approximately HK\$105.3 million for the year ended 31 July 2024 to approximately HK\$108.5 million for the year ended 31 July 2025. The increase in revenue from the leasing business was mainly due to an increase in the demand arising from the various developments and railway projects, as well as the landfill extension projects implemented by the HKSAR Government.

Revenue from the provision of repair, logistics and other ancillary services

The revenue from the provision of repair, logistics and other ancillary services decreased by approximately HK\$2.0 million or 12.8% from approximately HK\$15.6 million for the year ended 31 July 2024 to approximately HK\$13.6 million for the year ended 31 July 2025. The decrease was mainly due to a decrease in repair income of heavy vehicles.

Cost of revenue

The cost of revenue amounted to approximately HK\$262.9 million for the year ended 31 July 2025, representing an increase of approximately HK\$40.9 million or 18.4% from approximately HK\$222.0 million for the year ended 31 July 2024. Cost of revenue mainly comprised costs of heavy equipment and spare parts, depreciation, repairs and maintenance costs, as well as staff costs for operators, technicians and inspectors. The increase was mainly driven by the increases in the cost of heavy equipment and spare parts, and staff costs and transportation costs by approximately 31.6% and 9.5% respectively.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$10.5 million or 18.3% from approximately HK\$57.3 million for the year ended 31 July 2024 to approximately HK\$67.8 million for the year ended 31 July 2025, with gross profit margin at approximately 20.5% for the years ended 31 July 2025 and 2024.

The increase in gross profit was mainly attributable to an increase in the gross profit of the sales segment by approximately 42.3% for the year ended 31 July 2025 due to an increase in sales of heavy equipment and spare parts for the year ended 31 July 2025. Besides, the gross profit of the leasing segment increased by approximately 5.8% with an increase in gross profit margin from approximately 36.1% for the year ended 31 July 2024 to approximately 37.1% for the year ended 31 July 2025.

Other income and other gains and losses

Other income and net gains increased by approximately 1,275.0% from approximately HK\$0.4 million for the year ended 31 July 2024 to approximately HK\$5.5 million for the year ended 31 July 2025. The increase was mainly due to the respective increases in government grants of approximately HK\$2.7 million and interest income of approximately HK\$1.4 million for the year ended 31 July 2025. The Group recorded a net foreign exchange gain of approximately HK\$0.1 million for the year ended 31 July 2025 while a net foreign exchange loss of approximately HK\$2.0 million was recognised for the year ended 31 July 2024.

Reversal of allowance/(allowance) for trade and lease receivables

The Group has recognised a reversal of ECL allowance of approximately HK\$2.7 million for the year ended 31 July 2025, as a result of a decrease in the carrying amount of trade and lease receivables and an improvement in the recovery rates for the year ended 31 July 2025 while an ECL allowance of approximately HK\$3.2 million was recognised for the year ended 31 July 2024 due to an increase in credit risk and expected default risk in respect of the economic conditions over the expected lives of the receivables and the payment history of customers.

Administrative and other operating expenses

The administrative and other operating expenses increased by approximately HK\$0.1 million or approximately 0.2% from approximately HK\$42.1 million for the year ended 31 July 2024 to approximately HK\$42.2 million for the year ended 31 July 2025. The increase was mainly attributable to the increases in overall operating costs and marketing expenses.

Finance costs

The finance costs decreased by approximately HK\$0.9 million or approximately 81.8% from approximately HK\$1.1 million for the year ended 31 July 2024 to approximately HK\$0.2 million for the year ended 31 July 2025. The decrease was mainly due to the absence of interest expense on borrowings as the Group did not have any bank borrowings during the year ended 31 July 2025.

Income tax expense

The income tax expense increased by approximately HK\$1.2 million or approximately 27.2% for the year ended 31 July 2025 as compared with last year. The increase was mainly due to an increase in assessable profits for the year ended 31 July 2025.

Profit and total comprehensive income for the year ended 31 July 2025

As a result of the foregoing, the Group's profit and total comprehensive income for the year ended 31 July 2025 increased by approximately 297.2% from approximately HK\$7.1 million for the year ended 31 July 2024 to approximately HK\$28.2 million, with net profit margin of the Group increased to approximately 8.5% for the year ended 31 July 2025 as compared to approximately 2.5% for the year ended 31 July 2024.

DIVIDEND

The Board has recommended the payment of a final dividend in the form of cash of HK2.0 cents per ordinary share for the year ended 31 July 2025 (the “**Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Friday, 5 December 2025, subject to the approval of the Shareholders at the 2025 AGM. The proposed Final Dividend, if approved, will be paid to the Shareholders on or around Friday, 19 December 2025. Together with the interim dividend of HK1.5 cents per share paid to the Shareholders on 24 April 2025, the total cash dividend for the year ended 31 July 2025 will be HK3.5 cents (2024: HK1.5 cents) per share.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio (as calculated by dividing the total current assets by the total current liabilities) of the Group as at 31 July 2025 was approximately 12.2 times as compared to that of approximately 12.6 times as at 31 July 2024. As at 31 July 2025, the Group had total bank and cash balances of approximately HK\$118.5 million (31 July 2024: approximately HK\$73.8 million).

In addition, as at 31 July 2025 and 31 July 2024, the Group did not have any bank borrowings. The gearing ratio, calculated based on total debts (including bank borrowings and lease liabilities) divided by total equity at the end of the year and multiplied by 100%, was approximately 0.5% as at 31 July 2025 (31 July 2024: approximately 1.3%). The Group had unutilised banking facilities of approximately HK\$90.0 million as at 31 July 2025 (31 July 2024: approximately HK\$130.0 million). The Directors consider that the Group’s financial position is sound and strong. With available bank and cash balances and banking facilities, the Group has sufficient liquidity to satisfy its funding requirements. The Group expects to fund its future operations and expansion plans primarily with cash generated from its operation and bank borrowings.

CAPITAL COMMITMENTS

As at 31 July 2025 and 31 July 2024, the Group did not have any capital commitments contracted for.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 July 2025 and 31 July 2024, the Group did not have any charge on its assets.

As at 31 July 2025 and 31 July 2024, the Group did not have any material contingent liabilities.

CAPITAL STRUCTURE

The capital structure of the Group consists of equity attributable to the owners of the Company, which comprises issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares and inception or repayment of bank borrowings.

As at 31 July 2025, the Company's issued share capital amounted to HK\$10,000,000 and there were a total of 1,000,000,000 issued ordinary shares with a nominal value of HK\$0.01 each.

SEGMENT INFORMATION

Segment information is presented for the Group as disclosed in note 3 to the consolidated financial statements above.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 July 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

EXPOSURE TO FOREIGN EXCHANGE RATE FLUCTUATION

The Group has certain exposure to foreign currency risk as most of the business transactions, assets and liabilities are denominated in the functional currencies of the Group entities, Japanese Yen ("JPY") and US dollars ("USD"). There is a currency difference between the Group's revenue receipts (which are denominated in HK\$) and some of the payments for purchases (which are denominated in JPY and USD). The Group currently does not have a formal foreign currency hedging policy. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments or any other plans for material investments or capital assets as at 31 July 2025.

IMPORTANT EVENTS AFTER THE YEAR ENDED 31 JULY 2025

The Board is not aware of any important events affecting the Group, which have occurred subsequent to the end of the year ended 31 July 2025 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2025, the Group employed 116 (31 July 2024: 107) full-time employees. The total staff costs (including Directors' emoluments) were approximately HK\$58.0 million for the year ended 31 July 2025 (2024: approximately HK\$55.0 million). The Group determines the Directors' and employees' remuneration based on factors such as their performance, qualification, position, duty, contributions and years of experience, the local market conditions and the Group's results. The remuneration policy is reviewed by the Board regularly. The remuneration package includes salary, allowances and bonus. The Group also makes contributions to the MPF Scheme.

The Company adopted a share option scheme on 30 June 2017 for the purpose of enabling the Company to grant options to, among others, the employees and directors of the Group as incentives or rewards for their contribution or potential contribution to the Group. The Group also arranges technical trainings to its existing employees on the operations of its existing and newly introduced heavy vehicles and other heavy equipment provided by the manufacturers.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of good corporate governance and complied with all applicable code provisions as contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 July 2025, save for the deviation from code provision C.2.1.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chow is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Chow is one of the founders of the Group and has been operating and managing the Group since its establishment in 2001, all the other Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Chow is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by the said code provision.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries to all Directors regarding any non-compliance with the Model Code. All the Directors have confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 July 2025.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 July 2025.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board has reviewed the audited consolidated financial statements of the Group for the year ended 31 July 2025 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 July 2025 as set out in this annual results announcement have been agreed by the Group's independent auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 July 2025. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by RSM Hong Kong on this annual results announcement.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Wednesday, 26 November 2025. A notice convening the 2025 AGM will be published and despatched to the Shareholders in due course in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the 2025 AGM

The record date for ascertaining Shareholders' entitlement to attend and vote at the 2025 AGM will be Wednesday, 26 November 2025. The Register of Members will be closed from Friday, 21 November 2025 to Wednesday, 26 November 2025, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all properly completed 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 (the "**Hong Kong Branch Share Registrar**") for registration no later than 4:30 p.m. on Thursday, 20 November 2025.

For the Final Dividend

The record date for ascertaining Shareholders' entitlement to the proposed Final Dividend will be Friday, 5 December 2025. The Register of Members will be closed from Wednesday, 3 December 2025 to Friday, 5 December 2025, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to qualify for the proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar for registration no later than 4:30 p.m. on Tuesday, 2 December 2025.

ANNUAL REPORT

The annual report of the Company for the year ended 31 July 2025 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company, and printed copies thereof will be despatched to the Shareholders, as the case may be, in due course in the manner required by the Listing Rules.

By order of the Board
Tak Lee Machinery Holdings Limited
Chow Luen Fat
Chairman and Chief Executive Officer

Hong Kong, 20 October 2025

As at the date of this announcement, the executive Directors are Mr. Chow Luen Fat (chairman and chief executive officer), Ms. Liu Shuk Yee and Ms. Ng Wai Ying; the non-executive Director is Ms. Cheng Ju Wen; and the independent non-executive Directors are Sir Kwok Siu Man KR, Mr. Law Tze Lun and Dr. Wong Man Hin Raymond.