

# Lapco Holdings Limited

## 立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

### THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

#### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “Directors”) of Lapco Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board (the “**Board**”) of directors of Lapco Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 30 September 2018, together with the comparative unaudited figures of the corresponding period in 2017.

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

	<i>Notes</i>	<b>(Unaudited)</b> <b>Three months</b> <b>ended 30 September</b>		<b>(Unaudited)</b> <b>Nine months ended</b> <b>30 September</b>	
		<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>128,974</b>	113,293	<b>398,052</b>	301,697
Cost of services		<b>(123,947)</b>	(104,506)	<b>(377,193)</b>	(275,877)
Gross profit		<b>5,027</b>	8,787	<b>20,859</b>	25,820
Other income		<b>302</b>	–	<b>716</b>	538
Other gains and losses		–	206	<b>2,021</b>	382
Administrative expenses		<b>(6,482)</b>	(7,048)	<b>(21,106)</b>	(17,811)
Listing expenses		–	(2,987)	–	(9,749)
Finance costs		<b>(1,711)</b>	(1,467)	<b>(4,963)</b>	(3,502)
<b>Loss before taxation</b>	5	<b>(2,864)</b>	(2,509)	<b>(2,473)</b>	(4,322)
Income tax credit (expense)	6	<b>436</b>	(202)	<b>234</b>	(1,079)
<b>Loss and other comprehensive expense attributable to the owners of the Company for the period</b>		<b>(2,428)</b>	(2,711)	<b>(2,239)</b>	(5,401)
Loss per share	8				
Basic (HK cents)		<b>(0.61)</b>	(0.70)	<b>(0.56)</b>	(1.58)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Attributable to owners of the Company				Total HK\$'000
	Issued share capital HK\$'000	Share Premium HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	
At 1 January 2017 (Audited)	8	–	10,192	24,863	35,063
Loss and total comprehensive expense for the period	–	–	–	(5,401)	(5,401)
Effect of reorganisation	(8)	–	8	–	–
Issue of new shares	800	39,200	–	–	40,000
Capitalisation issue (Note)	3,200	(3,200)	–	–	–
Transaction costs attributable to issue of new shares	–	(4,638)	–	–	(4,638)
At 30 September 2017 (Unaudited)	<u>4,000</u>	<u>31,362</u>	<u>10,200</u>	<u>19,462</u>	<u>65,024</u>
At 1 January 2018 (Audited)	<b>4,000</b>	<b>31,362</b>	<b>10,200</b>	<b>16,624</b>	<b>62,186</b>
Loss and total comprehensive expense for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,239)</u>	<u>(2,239)</u>
At 30 September 2018 (Unaudited)	<u><b>4,000</b></u>	<u><b>31,362</b></u>	<u><b>10,200</b></u>	<u><b>14,385</b></u>	<u><b>59,947</b></u>

Note:

Pursuant to the written resolution passed by the shareholders on 24 June 2017, a sum of HK\$3,199,996.80 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par at total of 319,999,680 shares of the Company for allotment and issue to the persons whose names appeared on register of members of the Company at the close of business on 24 June 2017.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2018*

## 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 August 2016. The shares of the Company were listed on GEM of the Stock Exchange on 18 July 2017. Its parent is Gold Cavaliers International Limited (“**Gold Cavaliers**”) (incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling parties are Mr. Lam Pak Ling (“**Mr. Lam**”), an executive director of the Company, and Ms. Wong Siu Fan, Beatrice (“**Ms. Wong**”), the common law spouse of Mr. Lam (collectively referred to as the “**Controlling Shareholders**”).

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business of the Company is Unit No. 301A, 3rd Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company is an investment holding company. The principal activities of its subsidiaries are engaged in provision of environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services; and (d) landscaping services.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”) which is also the functional currency of the Group.

## 2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

## 3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computations used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 are the same as those adopted in the preparation of the audited consolidated financial statements for the year ended 31 December 2017 as disclosed in the 2017 annual report of the Company.

The application of the new and revised standards, amendments and interpretations in the current interim period has had no material impact on the results and financial position of the Group and/or disclosures set out in these condensed consolidated financial statements.

## 4. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group to external customers. The Group’s operations is solely derived from services provided in Hong Kong during the period.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's operating and reportable segments are therefore as follows:

- Cleaning services
- Pest management services
- Waste management and recycling services
- Landscaping services

### Segment revenue and results

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

	Cleaning services <i>HK\$'000</i>	Pest management services <i>HK\$'000</i>	Waste management and recycling services <i>HK\$'000</i>	Landscaping services <i>HK\$'000</i>	(Unaudited) Total <i>HK\$'000</i>
<i>For the nine months ended</i>					
<i>30 September 2018</i>					
Segment revenue	<u>272,705</u>	<u>58,256</u>	<u>66,579</u>	<u>512</u>	<u>398,052</u>
Segment results	<u>11,879</u>	<u>4,303</u>	<u>4,673</u>	<u>4</u>	<u>20,859</u>
Other income					716
Other gains and losses					2,021
Administrative expenses					(21,106)
Finance costs					(4,963)
Loss before taxation					<u>(2,473)</u>
	Cleaning services <i>HK\$'000</i>	Pest management services <i>HK\$'000</i>	Waste management and recycling services <i>HK\$'000</i>	Landscaping services <i>HK\$'000</i>	(Unaudited) Total <i>HK\$'000</i>
<i>For the nine months ended</i>					
<i>30 September 2017</i>					
Segment revenue	<u>219,136</u>	<u>29,016</u>	<u>52,822</u>	<u>723</u>	<u>301,697</u>
Segment results	<u>15,979</u>	<u>2,978</u>	<u>6,853</u>	<u>10</u>	<u>25,820</u>
Other income					538
Other gains and losses					382
Administrative expenses					(17,811)
Listing expenses					(9,749)
Finance costs					(3,502)
Loss before taxation					<u>(4,322)</u>

There were no inter-segment revenue for the relevant periods.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represents the results from each segment without allocation of administrative expenses, other income, other gains and losses, finance costs, listing expenses and income tax expenses. This is the measure reported to the chief operating decision maker ("CODM") (i.e. the chief executive officer) for the purposes of resource allocation and assessment of segment performance.

## 5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	<b>(Unaudited)</b> <b>Three months</b> <b>ended 30 September</b>		<b>(Unaudited)</b> <b>Nine months</b> <b>ended 30 September</b>	
	<b>2018</b> <b>HK\$'000</b>	<b>2017</b> <b>HK\$'000</b>	<b>2018</b> <b>HK\$'000</b>	<b>2017</b> <b>HK\$'000</b>
Auditor's remuneration	<b>11</b>	11	<b>32</b>	34
Directors' remuneration	<b>952</b>	729	<b>3,133</b>	2,065
Other staff costs				
– Salaries, bonuses and other benefits	<b>97,883</b>	81,893	<b>299,973</b>	219,743
– Retirement benefit scheme contributions	<b>2,837</b>	2,729	<b>8,914</b>	7,197
Total staff costs	<b>101,672</b>	85,351	<b>312,020</b>	229,005
Depreciation of plant and equipment	<b>7,455</b>	6,586	<b>22,736</b>	16,225
Lease payment under operating leases in respect of land and buildings for minimum lease payments	<b>346</b>	274	<b>1,023</b>	863

## 6. INCOME TAX CREDIT (EXPENSE)

	<b>(Unaudited)</b> <b>Three months</b> <b>ended 30 September</b>		<b>(Unaudited)</b> <b>Nine months</b> <b>ended 30 September</b>	
	<b>2018</b> <b>HK\$'000</b>	<b>2017</b> <b>HK\$'000</b>	<b>2018</b> <b>HK\$'000</b>	<b>2017</b> <b>HK\$'000</b>
Hong Kong Profits Tax – Current tax	<b>499</b>	101	<b>665</b>	–
Deferred tax charge	<b>(63)</b>	(303)	<b>(431)</b>	(1,079)
	<b>436</b>	(202)	<b>234</b>	(1,079)

*Note:* Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for relevant periods.

## 7. DIVIDEND

No dividends were paid, declared or proposed during the nine months ended 30 September 2018 and 2017. The Directors of the Company do not recommend payment of interim dividend for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: Nil).

## 8. LOSS PER SHARE

The calculation of the loss per share attributable to owners of the Company is based on the following data:

	<b>(Unaudited)</b> <b>Three months</b> <b>ended 30 September</b>		<b>(Unaudited)</b> <b>Nine months</b> <b>ended 30 September</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<b>2,428</b>	2,711	<b>2,239</b>	5,401
	<b>400,000</b>	385,217	<b>400,000</b>	341,978

The number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2017.

No diluted loss per share for the periods was presented as there were no potential ordinary shares in issue during the periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's revenue increased by approximately 32.0% from approximately HK\$301.7 million for the nine months ended 30 September 2017 to approximately HK\$398.1 million for the nine months ended 30 September 2018, primarily attributable to the commencement of certain new street cleaning service contracts, pest control and waste collection contracts. During the nine months ended 30 September 2018, the Group's gross profit decreased by approximately 19.0% from approximately HK\$25.8 million for the nine months ended 30 September 2017 to approximately HK\$20.9 million for the nine months ended 30 September 2018. The Group's costs of services mainly comprise direct labour costs, vehicle expenses, consumables and direct overheads. The gross profit margins for the nine months ended 30 September 2017 and 2018 were approximately 8.6% and approximately 5.2%, respectively. The reduction in the gross profit margin was mainly caused by the higher vehicle expenses and higher direct labour costs. During the nine months ended 30 September 2018, vehicle expenses increased significantly by approximately HK\$16.0 million as compared to the corresponding period in 2017 which was mainly attributable to the increase in number of vehicles for operation. The direct labour costs for the nine months ended 30 September 2018 increased by approximately 38.2% as compared to the same period of 2017 due to higher headcounts for new projects.

Other income increased to approximately HK\$716,000 for the nine months ended 30 September 2018 from approximately HK\$538,000 for the corresponding period in 2017, primarily attributable to the income from universal life insurance of approximately HK\$470,000.

The Group recorded other net gains of approximately HK\$2.0 million for the nine months ended 30 September 2018 as compared to other net gains of approximately HK\$382,000 for the corresponding period in 2017 mainly due to the gain on disposal of motor vehicles of approximately HK\$2.0 million for the nine months ended 30 September 2018.

Administrative expenses increased to approximately HK\$21.1 million for the nine months ended 30 September 2018 from approximately HK\$17.8 million for the nine months ended 30 September 2017, mainly due to (i) the increase in bank charges and universal life insurance charges of approximately HK\$1.6 million resulting from the review of bank facilities and surrender charges of universal life insurance, and (ii) the increase in legal and professional fee of approximately HK\$1.0 million following the listing of the Company.

The Group's finance costs increased by approximately 42.9% from approximately HK\$3.5 million for the nine months ended 30 September 2017 to approximately HK\$5.0 million for the nine months ended 30 September 2018, primarily attributable to the increase in interest expenses on obligations under finance leases for vehicles and increase in interest expenses on factoring of trade receivables.

The Group recorded a net loss after taxation for the nine months ended 30 September 2018 of approximately HK\$2.2 million, as compared to a net loss of approximately HK\$5.4 million for the corresponding period in 2017. Excluding the non-recurring listing expenses, the net gain for the nine months ended 30 September 2017 was approximately HK\$4.3 million.

## **BUSINESS REVIEW AND OUTLOOK**

We are an established and one-stop environmental service provider based in Hong Kong. Our environmental hygiene services cover four types, namely (a) cleaning services; (b) pest management services; (c) waste management and recycling services; and (d) landscaping services. We provide our environmental hygiene services to a wide range of venues including streets, cultural, leisure and recreational premises, residential premises, commercial buildings, markets, restaurants and academic institutions etc. Our major customers during the nine months ended 30 September 2018 include various departments of the HK Government, property management companies and other corporations in the private sector.

The successful listing of the Company's shares on GEM of the Stock Exchange on 18 July 2017 ("**Listing Date**") was a milestone for the Group in improving capital strength and corporate governance as well as enhancing its competitive edge.

We provided tender and quotations for our street cleaning solutions. We are confident about the outlook of the Group and the prospects of the environmental cleaning service industry, and thereby have been investing heavily on purchase of additional motor vehicles, cleaning machinery and equipment so as to expand our business and enhance our ability to undertake more projects.

Furthermore, we intend to build on our track record and capitalize on our customer relationship to secure additional opportunities to offer our services. We believe that our long-standing relationship with some of our key customers does provide us with significant advantages to continue to increase our market share. As many of our customers, such as government departments of Hong Kong and property management companies, have multiple projects in Hong Kong, we will continue to foster their confidence in our service delivery with a view to identifying and acquiring new opportunities to serve them.

Undoubtedly, we intend to secure more tender contracts with government departments of Hong Kong that have not previously engaged our services. With our considerable resources, including our stable and sizeable labour force and growing fleet of specialized vehicles, we believe that we are particularly well-equipped to undertake new projects of government departments of Hong Kong, which generally require cleaning service providers with substantial resources, such as our Group, to undertake their medium and large scale projects.

By bolstering our sales and marketing manpower to promote our brand recognition in the coming years, we will endeavour to become more competitive and be able to compete for more sizeable and profitable projects.

## **Corporate Governance Code**

After the Listing Date, the Company has complied with the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “**CG Code**”), except for the deviation from CG Code provision A.2.1 as set out in Appendix 15 to the GEM Listing Rules. Mr. Lam is the chairman of the Board and the chief executive officer of the Company and has been managing the Group’s business and supervising the overall operations and management of the Group since 1990. The Directors consider that vesting the roles of the chairman of our Board and the chief executive officer of the Company in Mr. Lam is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors will review the corporate governance policies and compliance with the CG Code each financial period and comply with the “comply or explain” principle in the corporate governance report which will be included in the annual report for the year ending 31 December 2018.

## **Interest of the Compliance Adviser**

As confirmed by the Company’s compliance adviser, Octal Capital Limited (the “**Compliance Adviser**”), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 November 2016, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **Competing Business**

For the nine months ended 30 September 2018, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) is engaged in any business that competes or may complete, directly or indirectly, with the business of the Group or has any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

## **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the nine months ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571), 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 they are taken or deemed to have under such provisions 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

### Interests in the Company

Name of Director	Capacity/nature of interest	Number of ordinary shares	Approximate shareholding
Mr. Lam	Beneficiary of a discretionary trust ( <i>Note</i> )	300,000,000	75%

*Note:* All the 300,000,000 Shares are beneficially owned by Gold Cavaliers. Gold Cavaliers is held as to approximately 78.67% (7,867 shares) by Max Super Holdings Limited (“**Max Super**”) acting as the trustee of the Lam Family Trust. The Lam Family Trust was established by Mr. Lam and Ms. Wong as the settlors on 8 August 2016 as a discretionary trust for the benefit of themselves. Mr. Lam is one of the Controlling Shareholders, an executive Director and chief executive officer of the Company. By virtue of the SFO, Mr. Lam is thus deemed to be interested in the shares in which Gold Cavaliers is interested.

### Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of ordinary shares	Approximate shareholding
Mr. Lam	Gold Cavaliers	Beneficiary of a discretionary trust	7,867	78.67%

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning 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 they were taken or deemed to have under such provisions 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2018, the following persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of ordinary shares</b>	<b>Approximate shareholding</b>
Mr. Lam	Beneficiary of a discretionary trust	300,000,000	75%
Ms. Wong	Beneficiary of a discretionary trust	300,000,000	75%
Max Super	Interest in a controlled corporation and trustee of a discretionary trust	300,000,000	75%
Gold Cavaliers	Beneficial interest ( <i>Note</i> )	300,000,000	75%

*Note:*

1. Gold Cavaliers is held as to approximately 78.67% by Max Super acting as the trustee of the Lam Family Trust. The Lam Family Trust was established by Mr. Lam and Ms. Wong as the settlors on 8 August 2016 as a discretionary trust for the benefit of themselves.

Each member of Gold Cavaliers, Max Super, Mr. Lam, Ms. Wong, Magic Pioneer Limited, Mr. Xiong Jianrui, Mr. Choi Chung Yin, Mr. Tam Wai Tong, Mr. Tam Wai Ho, Croydon Capital Advisors Limited, Earnmill Holdings Limited, TTNB Profit Limited, and Kiteway Assets Limited, or together as a group, is considered as a group of Controlling Shareholders under the GEM Listing Rules.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed above, as at the date of this announcement, the Directors are not aware of any interests and short positions owned by any parties (other than a Director and chief executive) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors from the date of Listing Date and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee on 24 June 2017 with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises the three independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Mr. Ho Kin Wai. Ms. Lam Kit Yan currently serves as the chairman of the audit committee. The duties of the audit committee include reviewing, in draft form, the annual report and accounts, half-year report and quarterly reports and providing advice and comments to the Board. In this regard, members of the audit committee will liaise with the Board, the senior management and auditors. The audit committee will also consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the accounting staff, compliance officer or auditors. Members of the audit committee are also responsible for reviewing our Group's financial reporting process and internal control system.

Up to the date of approval of the Group's unaudited results for the nine months ended 30 September 2018, the audit committee had held meeting and had reviewed the draft third quarterly report and unaudited consolidated financial statements for the nine months ended 30 September 2018 prior to recommending such report and unaudited condensed consolidated financial statements to the Board for approval.

## **REMUNERATION COMMITTEE**

The Company established the remuneration committee on 24 June 2017 which comprises one executive Director and two independent non-executive Directors, namely Mr. Lam, Mr. Mak Kwok Kei and Mr. Ho Kin Wai. Mr. Ho Kin Wai currently serves as the chairman of the remuneration committee. The remuneration committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

## NOMINATION COMMITTEE

The Company established the nomination committee on 24 June 2017 which comprises one executive Director and two independent non-executive Directors, namely Mr. Lam, Mr. Mak Kwok Kei and Mr. Ho Kin Wai. Mr. Lam currently serves as the chairman of the nomination committee. The nomination committee is mainly responsible for making recommendations to the Board on appointment of the Directors and succession planning for the Directors.

By order of the Board  
**Lapco Holdings Limited**  
**Lam Pak Ling**  
*Chairman, chief executive officer  
and executive Director*

Hong Kong, 9 November 2018

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Lam Pak Ling, Mr. Cai Weiming and Mr. Wong Tsz Chun, Jacky; and three independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Mr. Ho Kin Wai.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.lapco.com.hk](http://www.lapco.com.hk).*

*In case of any inconsistency, the English text of this report shall prevail over the Chinese text.*