

LAPCO HOLDINGS LIMITED

立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8472



First Quarterly Report
2019

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 that 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 report, 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 report 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 report 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 ended 31 March 2019, together with the comparative unaudited figures of the corresponding period in 2018.

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

	Notes	(Unaudited) Three months ended 31 March 2019 HK\$'000	2018 HK\$'000
Revenue	4	139,872	139,797
Cost of services		(134,028)	(129,637)
Gross profit		5,844	10,160
Other income		70	19
Other gains and losses, net		–	120
Administrative expenses		(7,264)	(6,789)
Finance costs		(1,659)	(1,762)
(Loss)/profit before taxation	5	(3,009)	1,748
Income tax expense	6	–	(324)
(Loss)/profit and other comprehensive (expense)/income attributable to owners of the Company for the period		(3,009)	1,424
(Loss)/earnings per share (HK cents)	8	(0.75)	0.36



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

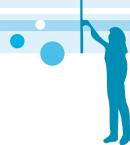
For the three months ended 31 March 2019

	Attributable to owners of the Company				
	Issued share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note)	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2019 (Audited)	4,000	31,362	10,200	4,937	50,499
Loss and total comprehensive expense for the period	-	-	-	(3,009)	(3,009)
At 31 March 2019 (Unaudited)	4,000	31,362	10,200	1,928	47,490
At 1 January 2018 (Audited)	4,000	31,362	10,200	16,624	62,186
Profit and total comprehensive income for the period	-	-	-	1,424	1,424
At 31 March 2018 (Unaudited)	4,000	31,362	10,200	18,048	63,610

Note: Other reserve represented the difference between the share capital of group entities and that of the Company issued pursuant to the group reorganisation underwent for the listing of the Company's Shares on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019



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 (incorporated in the British Virgin Islands) ("**Gold Cavaliers**"). 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.

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 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 Company.

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 as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the application of HKFRS 16 "Leases" which is effective for the Group's annual periods beginning on or after 1 January 2019. The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and comparative figures were not restated. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The associated right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 December 2018. In addition, the Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the consolidated statement of financial position immediately before the date of initial application. The Group also decided not to apply HKFRS 16 to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognised as an expense from short-term lease.

The Group has not early applied new and revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019



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 ("**CODM**") 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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

Segment revenue and results

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

	(Unaudited)				
	Cleaning services HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Total HK\$'000
<i>For the three months ended 31 March 2019</i>					
Segment revenue	95,642	22,022	22,083	125	139,872
Segment results	3,954	1,097	785	8	5,844
Other income					70
Administrative expenses					(7,264)
Finance costs					(1,659)
Loss before taxation					(3,009)

	(Unaudited)				
	Cleaning services HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Total HK\$'000
<i>For the three months ended 31 March 2018</i>					
Segment revenue	102,209	14,499	22,892	197	139,797
Segment results	6,389	1,344	2,426	1	10,160
Other income					19
Other gains and losses, net					120
Administrative expenses					(6,789)
Finance costs					(1,762)
Profit before taxation					1,748

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019



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 (net), finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	(Unaudited)	
	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Auditor's remuneration	309	12
Directors' remuneration	1,095	884
Other staff costs		
– Salaries, bonuses and other benefits	107,364	103,192
– Retirement benefit scheme contributions	2,670	3,127
Total staff costs	111,129	107,203
Depreciation of right-of-use asset, plant and equipment	7,399	7,563
Lease payment under operating leases in respect of land and buildings entered into:		
– by the Group for minimum lease payments	–	358



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

6. INCOME TAX EXPENSE

	(Unaudited) Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
– Current tax	–	324

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

7. DIVIDEND

No dividends were paid, declared or proposed during the three months ended 31 March 2019 and 2018. The Directors of the Company do not recommend payment of interim dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
(Loss)/earnings for the period attributable to owners of the Company for the purpose of calculating (loss)/earnings per share	(3,009)	1,424

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019



	(Unaudited) Three months ended 31 March	
	2019	2018
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of (loss)/earnings per share	400,000	400,000

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



FINANCIAL REVIEW

The Group's revenue slightly increased by approximately 0.1% from approximately HK\$139.8 million for the three months ended 31 March 2018 to approximately HK\$139.9 million for the three months ended 31 March 2019. During the three months ended 31 March 2019, the Group's gross profit decreased by approximately 42.5% from approximately HK\$10.2 million for the three months ended 31 March 2018 to approximately HK\$5.8 million for the three months ended 31 March 2019. The Group's cost of services mainly comprised direct labour costs, vehicle expenses, consumables and direct overheads. The gross profit margins for the three months ended 31 March 2018 and 2019 were approximately 7.3% and 4.2%, respectively. The reduction in the gross profit margin was mainly caused by higher direct labour costs and insurance expenses. The direct labour cost for the three months ended 31 March 2019 increased by approximately HK\$3.6 million as compared to the same period of 2018 is mainly due to inflation of labour wages.

Administrative expenses increased to approximately HK\$7.3 million for the three months ended 31 March 2019 from approximately HK\$6.8 million for the three months ended 31 March 2018, mainly due to the increase in salaries and welfares of approximately HK\$0.3 million resulting from the inflation of wages.

The Group's finance costs decreased by approximately 5.8% from approximately HK\$1.8 million for the three months ended 31 March 2018 to approximately HK\$1.7 million for the three months ended 31 March 2019, primarily attributable to the decrease in interest expenses on obligations under finance leases for vehicles purchased and interest expenses on factoring of trade receivables.

The Group recorded a net loss after taxation for the three months 31 March 2019 of approximately HK\$3.0 million, as compared to a net profit of approximately HK\$1.4 million for the corresponding period in 2018.



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 period ended 31 March 2019 include various departments of the HK Government, property management companies and other corporations in the private sector.

During the Reporting Period, the intensified competition in the environmental hygiene service industry, shortage of labour and rising operating costs, especially soaring labour costs, and insurance charges, put undue pressure on our gross profit, net profit and profit margin. During the Reporting Period, although the revenue contributed by the public and private environmental hygiene services remain at same level as a whole, the Group recorded a loss due to the increase in operating costs.

The profit margin of the street cleaning contracts, which account for the largest proportion of the Group's business, has been narrowed. Therefore, we have also invested resources to secure more profitable and promising business from both private and public sectors to broaden the customer base. Such efforts started to be reflected during the period under review.

During the Reporting Period, we provided tenders and quotations for our street cleaning solutions. We are optimistic about 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 strengthen 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 both government departments of Hong Kong and private sectors that have not previously engaged our service. 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 from government departments of Hong Kong and private sectors, which generally require cleaning services providers with substantial resources, such as our Group, to undertake their medium to large scale projects.

By bolstering our sales and marketing manpower to promote our brand 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 2019.



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 three months ended 31 March 2019, 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 three months ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.



DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at date of this report, 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>)	236,010,000	59%

Note: All the 236,010,000 Shares are beneficially owned by Gold Cavaliers. Gold Cavaliers is wholly held 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	10,000	100%

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

Save as disclosed above, as at date of this report, 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.



DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at date of this report, 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:

Name of Shareholder	Nature of interest	Number of ordinary shares	Approximate shareholding
Mr. Lam	Beneficiary of a discretionary trust	236,010,000	59%
Ms. Wong	Beneficiary of a discretionary trust	236,010,000	59%
Max Super	Interest in a controlled corporation and trustee of a discretionary trust	236,010,000	59%
Gold Cavaliers	Beneficial interest	236,010,000	59%
Magic Pioneer Limited ("Magic Pioneer")	Beneficial interest	63,990,000	16%

Notes:

1. Gold Cavaliers is wholly-owned 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.
2. Magic Pioneer is owned as to 34% by Earnmill Holdings Limited, as to 33% by Croydon Capital Advisors Limited and as to 33% by Xiong Jianrui.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Each member of Gold Cavaliers, Max Super, Mr. Lam, Ms. Wong, Magic Pioneer, 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 report, 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 5.48 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 report.

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 three months ended 31 March 2019, the audit committee had held meeting and had reviewed the first quarter report and unaudited condensed consolidated financial statements for the three months ended 31 March 2019 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, 10 May 2019



OTHERS

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

This report will remain on the GEM website at 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.

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