

LAPCO HOLDINGS LIMITED 立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8472

Third Quarterly Report **2020**



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.

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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 and nine months ended 30 September 2020, together with the comparative unaudited figures of the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	4	161,281	146,490	491,794	420,522
Cost of services		(151,772)	(141,828)	(463,826)	(405,858)
Gross profit		9,509	4,662	27,968	14,664
Other income		1,386	77	4,804	487
Other gains and losses		98	188	96	745
Administrative expenses		(6,719)	(7,490)	(20,887)	(22,368)
Finance costs		(1,220)	(1,791)	(5,116)	(5,168)
Profit (loss) before taxation	5	3,054	(4,354)	6,865	(11,640)
Income tax expense	6	(503)	–	(1,132)	–
Profit (loss) and other comprehensive income (expense) attributable to the owners of the Company for the period		2,551	(4,354)	5,733	(11,640)
Earnings (loss) per share	8				
Basic (HK cents)		0.64	(1.09)	1.43	(2.91)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Attributable to owners of the Company				Total HK\$'000
	Issued share capital HK\$'000	Share Premium HK\$'000	Other reserve HK\$'000 (note)	Accumulated profits/ (losses) 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 (Unaudited)	-	-	-	(11,640)	(11,640)
At 30 September 2019 (Unaudited)	4,000	31,362	10,200	(6,703)	38,859
At 1 January 2020 (Audited)	4,000	31,362	11,051	(11,178)	35,235
Profit and total comprehensive income for the period (Unaudited)	-	-	-	5,733	5,733
At 30 September 2020 (Unaudited)	4,000	31,362	11,051	(5,445)	40,968

Note: Other reserve represented the difference between the share capital of Lapco Service Limited, Shiny Glory Services Limited and Shiny Hope Limited and that of Sharp Idea Global Limited issued pursuant to a group reorganisation completed in 2017 and fair value adjustment on the non-current shareholder loans using the effective interest rate of 7.5% per annum.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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.

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**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2020 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2019.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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.

Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will apply with the conditions attaching to them and the grants will be received.

Government grants relate to income that are receivable as compensation for expenses or less already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

Segment revenue and results

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

	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 nine months ended 30 September 2020 (Unaudited)</i>					
Segment revenue	392,573	32,466	66,438	317	491,794
Segment results	23,068	1,187	3,705	8	27,968
Other income					4,804
Other gains and losses					96
Administrative expenses					(20,887)
Finance costs					(5,116)
Profit before taxation					6,865

	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 nine months ended 30 September 2019 (Unaudited)</i>					
Segment revenue	301,275	52,569	66,269	409	420,522
Segment results	9,676	1,803	3,175	10	14,664
Other income					487
Other gains and losses					745
Administrative expenses					(22,368)
Finance costs					(5,168)
Loss before taxation					(11,640)

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 and finance costs. This is the measure reported to the chief operating decision maker (i.e. the chief executive officer) for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

5. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Auditor's remuneration	300	309	912	927
Directors' remuneration	1,187	1,277	4,007	3,830
Other staff costs				
– Salaries, bonuses and other benefits	121,839	113,024	372,982	322,922
– Retirement benefit scheme contributions	3,421	2,955	10,301	8,593
Total staff costs	126,447	117,256	387,290	335,345
Depreciation of right-of-use assets, plant and equipment	7,451	7,106	22,176	21,581

6. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong Profits Tax				
– Current tax	503	–	1,132	–

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 2020 and 2019. The Directors of the Company do not recommend payment of interim dividend for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

8. EARNINGS (LOSS) PER SHARE

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

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	2,551	(4,354)	5,733	(11,640)

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2020 '000	2019 '000	2020 '000	2019 '000
Number of shares				
Number of ordinary shares for the purpose of basic earnings (loss) per share	400,000	400,000	400,000	400,000

No diluted earnings (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 16.9% from approximately HK\$420.5 million for the nine months ended 30 September 2019 to approximately HK\$491.8 million for the nine months ended 30 September 2020, primarily attributable to the commencement of certain new cleaning service contracts. During the nine months ended 30 September 2020, the Group's gross profit increased by approximately 90.7% from approximately HK\$14.7 million for the nine months ended 30 September 2019 to approximately HK\$28.0 million for the nine months ended 30 September 2020. 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 2019 and 2020 were approximately 3.5% and approximately 5.7%, respectively. The increase in the gross profit margins was mainly caused by the better margins from the new tender contracts awarded and our strategies of enhancing our operational efficiencies.

Other income increased significantly by approximately 886.4% from approximately HK\$487,000 for the nine months ended 30 September 2019 to approximately HK\$4.8 million for the nine months ended 30 September 2020. The increase was mainly due to the anti-epidemic fund subsidy of commercial vehicles of approximately HK\$2.5 million and administration fee on anti-epidemic fund for cleansing workers of approximately HK\$1.4 million for the nine months ended 30 September 2020.

Administrative expenses decreased slightly by approximately 6.6% from approximately HK\$22.4 million for the nine months ended 30 September 2019 to approximately HK\$20.9 million for the nine months ended 30 September 2020, mainly due to decrease of bank charges, postponement of annual dinner and other team building activities due to the outbreak of novel coronavirus infections in Hong Kong during the nine months ended 30 September 2020.

The Group's finance costs decreased slightly by approximately 1.0% from approximately HK\$5.2 million for the nine months ended 30 September 2019 to approximately HK\$5.1 million for the nine months ended 30 September 2020. The Group's finance costs mainly comprise interest expenses on lease liabilities for vehicles purchased, interest expenses on factoring of trade receivables, interest expenses on term loans and imputed interest expense on shareholder loans.

The Group recorded a net profit after taxation for the nine months 30 September 2020 of approximately HK\$5.7 million, as compared to a net loss of approximately HK\$11.6 million for the corresponding period in 2019. It was mainly attributed to 1) better margins from the new tender contracts awarded and our strategies of enhancing our operational efficiencies; and 2) other income relating to the anti-epidemic fund subsidy of commercial vehicles and administration fee on anti-epidemic fund for cleansing workers.

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 30 September 2020 include various departments of the HK Government, property management companies and other corporations in the private sector.

The outbreak of novel coronavirus infections in Hong Kong in 2020 had a significant impact on the works of the cleaning service contractors. In response to the threat of infectious diseases and to ensure the safety of cleaning workers, we strive to provide employees with adequate protective gear/equipment, disinfection tools and supplies for routine cleaning and disinfection and to strengthen the promotion on epidemic prevention and work guidelines.

The profit margins of the street cleaning contracts, which account for the largest proportion of the Group's business, have been improved. We will continue to invest resources to secure more profitable and promising business from both private and public sectors to broaden the customer base.

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.

Looking ahead, it is believed that the global economy will be hit by the outbreak of novel coronavirus infections tremendously. However, the awareness of environmental protection and the importance of public health and hygiene will only increase amid the global epidemic outbreak, which will be conducive to the prospect of related industries.

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 2020.

Competing Business

For the nine months ended 30 September 2020, 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 compete, 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Purchase, Sale or Redemption of the Company's Listed Securities

During the nine months ended 30 September 2020, 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 2020, 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 30 September 2020, 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.



MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2020, 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%

Note: 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.

Each member of Gold Cavaliers, Max Super, Mr. Lam, Ms. Wong, 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 5% 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 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 nine months ended 30 September 2020, 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 2020 prior to recommending such report and unaudited condensed consolidated financial statements to the Board for approval.



MANAGEMENT DISCUSSION AND ANALYSIS

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 November 2020

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; one non-executive Director, namely Mr. Gao Ran 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.