

LAPCO HOLDINGS LIMITED

立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8472



INTERIM REPORT

2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 June 2017, together with the comparative unaudited figures of the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	4	102,453	106,936	188,404	212,269
Cost of services		(93,307)	(95,040)	(171,371)	(189,977)
Gross profit		9,146	11,896	17,033	22,292
Other income		194	202	538	284
Other gains and losses		1	(286)	176	(126)
Administrative expenses		(6,226)	(4,552)	(10,763)	(9,169)
Listing expenses		(6,443)	(1,908)	(6,762)	(1,908)
Finance costs		(1,115)	(787)	(2,035)	(1,712)
(Loss)/profit before taxation	5	(4,443)	4,565	(1,813)	9,661
Income tax expense	6	(267)	(1,012)	(877)	(1,853)
(Loss)/profit and other comprehensive (expense) income attributable to the owners of the Company for the period		(4,710)	3,553	(2,690)	7,808
(Loss) earnings per share	8				
Basic (HK cents)		(1.47)	1.15	(0.84)	2.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
Non-current assets			
Plant and equipment	9	80,501	44,843
Deposits and prepayments		19,169	8,901
Deposits for acquisition of plant and equipment		5,295	–
		104,965	53,744
Current assets			
Trade receivables	10	86,988	72,545
Other receivables, deposits and prepayments		12,501	9,461
Amount due from a controlling shareholder	11	–	2,361
Pledged bank balances		9,080	9,080
Bank balances and cash		7,005	4,624
		115,574	98,071
Current liabilities			
Trade payables	12	3,443	3,148
Other payables and accrued charges	13	36,398	24,027
Provisions		3,776	3,456
Tax payable		1,300	1,826
Amount due to a related party	11	9	11
Amount due to a controlling shareholder	11	3,492	–
Bank borrowings	14	62,163	48,783
Other borrowings		770	–
Obligations under finance leases		15,421	11,258
		126,772	92,509
Net current (liabilities) assets		(11,198)	5,562
Total assets less current liabilities		93,767	59,306
Non-current liabilities			
Provisions		2,078	1,748
Deferred tax liabilities		4,366	3,590
Other borrowings		3,184	–
Obligations under finance leases		51,766	18,905
		61,394	24,243
Net assets		32,373	35,063
Capital and reserves			
Issued share capital	15	8	8
Reserves		32,365	35,055
Equity attributable to owners of the Company		32,373	35,063

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company			
	Issued share capital HK\$'000	Other reserve HK\$'000 (note)	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	10,200	–	16,074	26,274
Profit and total comprehensive income for the period	–	–	7,808	7,808
Effect of reorganisation	(10,192)	10,192	–	–
At 30 June 2016 (Unaudited)	8	10,192	23,882	34,082
At 1 January 2017 (Audited)	8	10,192	24,863	35,063
Loss and total comprehensive expense for the period	–	–	(2,690)	(2,690)
At 30 June 2017 (Unaudited)	8	10,192	22,173	32,373

Note: Other reserve represented the difference between the share capital of group entities and that of the Company issued pursuant to a group reorganisation as stated in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)
Six months ended 30 June

	2017 HK\$'000	2016 HK\$'000
NET CASH FROM (USED IN)		
OPERATING ACTIVITIES	3,701	(10,353)
INVESTING ACTIVITIES		
Deposits paid for acquisition of plant and equipment	(5,218)	(1,070)
Purchases of plant and equipment	(1,032)	(412)
Repayment from a controlling shareholder	398	10,799
Advance to a controlling shareholder	(2,623)	(2,181)
Other investing activities	122	315
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(8,353)	7,451
FINANCING ACTIVITIES		
Interest paid	(2,035)	(1,712)
Repayment of obligations under finance leases	(7,222)	(6,311)
New bank borrowings raised	15,469	15,877
New other borrowings raised	4,141	–
Repayment of bank borrowings	(11,211)	(12,841)
Repayment of other borrowings	(187)	–
Advance from a controlling shareholder	8,078	11,325
Repayment to a controlling shareholder	–	(10,286)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	7,033	(3,948)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,381	(6,850)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,624	15,386
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	7,005	8,536

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 July 2017 (the “**Listing Date**”). Lapco Service Limited (“**Lapco**”) was wholly owned by Prime Rich (Asia) Limited (“**Prime Rich**”) which held the shares on trust for the benefit of Mr. Lam Pak Ling (“**Mr. Lam**”), a founder of the Group’s business (the “**Lam’s Family Business**”), pursuant to a declaration of trust existed prior to the reporting period. Shiny Hope Limited (“**Shiny Hope**”) is wholly owned by Mr. Lam and Shiny Glory Services Limited (“**Shiny Glory**”) is wholly owned by Ms. Wong Siu Fan, Beatrice (“**Ms. Wong**”), common law spouse of Mr. Lam. Prior to 1 January 2014, Mr. Lam and Ms. Wong (collectively referred to as the “**Controlling Shareholders**”), owned the Lam’s Family Business through their interests held in the companies comprising the Group. The Controlling Shareholders exercise their control collectively over the companies now comprising the Group.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1101, Cayman Islands and principal place of business of the Company is Unit 301A, 3 Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong. The Company is an investment holding company. The principal activities of its subsidiaries are engaged in provision of cleaning services in Hong Kong.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 Rules Governing the Listing Securities on the GEM.

In the preparation for the listing of the Company’s shares on the GEM of the Stock Exchange, the companies comprising the Group underwent the reorganisation as described below.

- (1) On 8 January 2016, Champion Success Development Limited (“**Champion Success**”) was incorporated in Hong Kong and 1 share was allotted and issued to the subscriber at a subscription price of HK\$1 per share. On 7 April 2016, Mr. Lam acquired one share from the subscriber at a consideration of HK\$1 and on the same day, one additional share was allotted and issued to each of Mr. Lam and Ms. Wong, respectively. Immediately thereafter, Champion Success was owned as to approximately 67% by Mr. Lam and as to approximately 33% by Ms. Wong.
- (2) On 1 April 2016, Sharp Idea was incorporated in the British Virgin Islands (the “**BVI**”) with an authorised share capital of United Stated Dollar (“**USD**”) 50,000 divided into 50,000 shares of par value of USD1 each. On 8 April 2016, 1,000 shares with par value of USD1 each were allotted and issued to Champion Success.
- (3) On 15 April 2016, Prime Rich, Ms. Wong and Mr. Lam transferred their entire shareholding interests in Lapco, Shiny Glory and Shiny Hope, respectively to Sharp Idea, for an aggregate cash consideration of HK\$3. Upon the completion of the transfer, Lapco, Shiny Glory and Shiny Hope became the wholly-owned subsidiaries of Sharp Idea.
- (4) On 15 April 2016, Champion Success transferred 200 shares in Sharp Idea, representing 20% of the issued share capital of Sharp Idea to Magic Pioneer Limited (“**Pre-IPO Investor**”), an independent third party and a limited company incorporated in the BVI, for the consideration of HK\$12,000,000. Immediately after this transfer, Sharp Idea was held as to 20% by Pre-IPO Investor and 80% by Champion Success. The Controlling Shareholders and the Pre-IPO Investor are collectively referred to as the “Ultimate Owners”.
- (5) On 8 August 2016, a family trust (the “**Lam Family Trust**”) was established by the Controlling Shareholders with Max Super Holdings Limited acting as the trustee (the “**Trustee**”). The Lam Family Trust is a discretionary trust with the Controlling Shareholders as beneficiaries.
- (6) On 11 August 2016, Gold Cavaliers International Limited (“**Gold Cavaliers**”) was incorporated in the BVI with an authorised share capital of USD50,000 consisting of 50,000 ordinary shares with par value of USD1 each. Upon its incorporation, 7,867 shares and 2,133 shares of USD1 each were allotted and issued to Champion Success and Pre-IPO Investor, respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

- (7) On 11 August 2016, Profound Wellness Holdings Limited (“**Profound Wellness**”) was incorporated in the BVI with an authorised share capital of USD50,000 consisting of 50,000 ordinary shares with par value of USD1 each. Upon its incorporation, 2 shares and 1 share of USD1 each were allotted and issued to Mr. Lam and Ms. Wong, respectively.
- (8) On 12 August 2016, the Company was incorporated in the Cayman Islands with an authorised capital of HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. Upon its incorporation, 1 nil paid new share of HK\$0.01 was allotted and issued to the subscriber and was transferred to Gold Cavaliers at nominal value on the same day.
- (9) On 14 June 2017, 7,867 shares in Gold Cavaliers were transferred to the Trustee of the Lam Family Trust from Champion Success.
- (10) On 14 June 2017, pursuant to the share swap agreement entered into amongst Champion Success, Pre-IPO Investor and the Company, Champion Success and Pre-IPO Investor transferred their entire equity interests in Sharp Idea to the Company. In exchange, the Company issued 299 and 20 shares to Gold Cavaliers and Profound Wellness, respectively at the direction of Champion Success and Pre-IPO Investor. Upon completion of such share swap, Sharp Idea became a wholly-owned subsidiary of the Company.

Pursuant to steps 1 to 3 detailed above, Sharp Idea has become the intermediate holding company of Lapco, Shiny Glory and Shiny Hope and they are controlled by Controlling Shareholders before and after Reorganisation and the consolidated financial statements of Sharp Idea Group has been prepared under the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting Under Common Control Combination” issued by HKICPA.

Pursuant to steps 4 to 10 detailed above, the Company became the holding company of the companies now comprising the Group by interspersing the Company and other investment holding companies between Sharp Idea and the Ultimate Owners.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the six months ended 30 June 2017 and 2016 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 June 2017 and 2016.

The consolidated statements of financial position of the Group as at 30 June 2017 and 31 December 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

As at 30 June 2017, the Group had net current liabilities of approximately HK\$11,198,000. In preparing these consolidated financial statements, the directors of the Company have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. On 18 July 2017, the Group received proceeds after deducting underwriting commission of approximately HK\$39,170,000 upon the listing of the Company’s shares on the Stock Exchange (details disclosed in note 17). The directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared these consolidated financial statements on a going concern basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

In the current period, the Group has applied, for the first time, new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the Group’s financial year beginning on 1 January 2017. The adoption of these new and revised HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these condensed consolidated financial statements for the current and/or prior accounting periods.

The accounting policies and methods of computations followed in the preparation of the unaudited condensed consolidated financial statements are the same as those applied in the preparation of the Group’s Accountant’s Report for the year ended 31 December 2016 as disclosed in the Prospectus of the Company dated 30 June 2017.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new standards, amendments and interpretation that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 40	Transfers of Investment Properties ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle except for amendments to HKFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Total HK\$'000
<i>For the six months ended 30 June 2017</i>					
Segment revenue	140,305	17,885	29,790	424	188,404
Segment results	10,770	1,799	4,455	9	17,033
Other income					538
Other gains and losses					176
Administrative expenses					(10,763)
Listing expenses					(6,762)
Finance costs					(2,035)
Loss before taxation					(1,813)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

	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 six months ended</i>					
<i>30 June 2016</i>					
Segment revenue	186,339	17,377	8,321	232	212,269
Segment results	18,204	1,812	2,240	36	22,292
Other income					284
Other gains and losses					(126)
Administrative expenses					(9,169)
Listing expenses					(1,908)
Finance costs					(1,712)
Profit before taxation					9,661

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 expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The segment assets and liabilities at the end of each reporting period by operating and reportable segments are as follows:

	Cleaning services HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Total HK\$'000
<i>As at 30 June 2017</i>					
Segment assets	89,650	12,930	64,037	257	166,874
Certain plant and equipment					615
Other receivables, deposits and prepayments					36,965
Pledged bank balances					9,080
Bank balances and cash					7,005
Total assets					220,539
Segment liabilities	25,586	4,139	4,618	62	34,405
Certain other payables and accrued charges					11,299
Tax payable					1,300
Amount due to a controlling shareholder					3,492
Bank borrowings					62,163
Other borrowings					3,954
Obligations under finance leases					67,187
Deferred tax liabilities					4,366
Total liabilities					188,166

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

	Cleaning services HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Total HK\$'000
<i>As at 31 December 2016</i>					
Segment assets	85,525	9,115	21,901	208	116,749
Certain plant and equipment					639
Other receivables, deposits and prepayments					18,362
Amount due from a controlling shareholder					2,361
Pledged bank balances					9,080
Bank balances and cash					4,624
Total assets					151,815
Segment liabilities	23,937	3,190	1,554	38	28,719
Certain other payables and accrued charges					3,671
Tax payable					1,826
Bank borrowings					48,783
Obligations under finance leases					30,163
Deferred tax liabilities					3,590
Total liabilities					116,752

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain plant and equipment, other receivables, deposits and prepayments, amount due from a controlling shareholder, pledged bank balances and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accrued charges, tax payable, amount due to a controlling shareholder, bank borrowings, other borrowings, obligations under finance leases and deferred tax liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

5. (LOSS)/PROFIT BEFORE TAXATION

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Auditor's remuneration	11	100	23	200
Directors' remuneration	743	608	1,336	1,014
Other staff costs				
– Salaries, bonuses and other benefits	74,157	82,830	137,830	165,109
– Retirement benefit scheme contributions	2,378	2,877	4,468	4,761
Total staff costs	77,278	86,315	143,634	170,884
Depreciation of plant and equipment	5,435	3,618	9,669	6,036
Lease payment under operating leases in respect of land and buildings entered into:				
– by the Group for minimum lease payments	265	262	589	538
– by a related party on behalf of the Group for minimum lease payments	–	240	–	400

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

6. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong Profits Tax				
– Current tax	(356)	814	101	1,655
Deferred tax charge	623	198	776	198
	267	1,012	877	1,853

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 current and prior interim periods. The Directors of the Company do not recommend payment of interim dividend for the current interim period.

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 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
(Loss) earnings for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(4,710)	3,553	(2,690)	7,808

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Number of shares				
Number of ordinary shares for the purpose of basic (loss) earnings per share	320,000	310,154	320,000	283,077

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 January 2016.

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

9. MOVEMENTS IN PLANT AND EQUIPMENT

During the current interim period, the Group acquired plant and equipment of approximately HK\$45,329,900 (six months ended 30 June 2016: approximately HK\$12,805,000).

10. TRADE RECEIVABLES

The Group grants credit terms of 60 – 90 days to its customers. An ageing analysis of the trade receivables presented based on the invoice date which approximated the respective dates on which revenue was recognised at the end of each reporting period.

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
0 – 30 days	35,908	27,412
31 – 60 days	33,250	25,674
61 – 90 days	14,573	10,122
91 – 180 days	2,717	8,400
Over 180 days	540	937
	86,988	72,545

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

11. AMOUNT DUE FROM (TO) A CONTROLLING SHAREHOLDER/A RELATED PARTY

Amount due from (to) a controlling shareholder

Amount due from (to) a controlling shareholder are non-trade nature, unsecured, interest-free and repayable on demands.

Amount due to a related party

Details of amount due to a related party, which are trade nature, are as follow:

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
Kwok Tai Cleaning Service Company Limited ("Kwok Tai") (note)	9	11

Note: Kwok Tai is 100% owned by brother of Mr. Lam. The credit period for purchase of goods is 60 days. The following is an ageing analysis of trading balances with the related party presented based on the invoice date at the end of each reporting period:

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
0 – 30 days	9	11

12. TRADE PAYABLES

The credit period is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
0 – 30 days	2,044	1,340
31 – 60 days	1,350	1,029
61 – 90 days	49	234
Over 90 days	–	545
	3,443	3,148

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

13. OTHER PAYABLES AND ACCRUED CHARGES

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
Salaries payables	25,098	20,356
Other payables and accrued charges	11,300	3,671
	36,398	24,027

14. BANK BORROWINGS

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
Secured bank overdrafts	4,359	3,950
Secured bank borrowings:		
Term loans	18,042	14,193
Loans from factoring of trade receivables with full recourse	39,762	30,640
	62,163	48,783

The bank borrowings are at floating rate which carry interest in Hong Kong Dollar Prime Rate plus a spread.

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's bank borrowings are as follows:

	(Unaudited) 30 June 2017	(Audited) 31 December 2016
Effective interest rate per annum:		
Floating-rate borrowings	2.25%–5.25%	2.25%–5.25%

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

15. SHARE CAPITAL

On 12 August 2016, the Company was incorporated in the Cayman Islands with an authorised capital of HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. Upon its incorporation, 1 new share of HK\$0.01 was allotted and issued to the subscriber and was transferred to Gold Cavaliers at nominal value on the same day.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 12 August 2016 (date of incorporation) and 31 December 2016 and 30 June 2017	10,000,000,000	100,000
Issued and fully paid:		
At 12 August 2016 (date of incorporation) and 31 December 2016	1	–
Issue of shares	319	–
At 30 June 2017	320	–

On 14 June 2017, the Company issued 299 shares and 20 shares to Gold Cavaliers and Profound Wellness, respectively, for the acquisition of Sharp Idea from Champion Success and Pre-IPO Investor.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

16. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following transactions with its related parties during the relevant period:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
CCT Limited (<i>note i</i>)	86	87	172	173
Source Mega Inc. Limited (<i>note i</i>)	73	74	145	148
LES Limited (<i>note ii</i>)	72	74	142	146
Subcontracting fee paid or payable to Kwok Tai	26	128	56	255

Notes:

- (i) CCT Limited and Source Mega Inc. Limited are 100% owned by Ms. Wong.
- (ii) LES Limited is 100% owned by Mr. Lam.

During the interim report period, Golden Field Services Limited ("**Golden Field**"), a company owned by Mr. Lam, has entered into tenancy agreements for the premises occupied by the Group. The total rental expenses paid and payable to the landlords under the tenancy agreements entered into by Golden Field are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Golden Field	-	240	-	400

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

The Group has operating lease commitments with related parties as follows:

	(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
Within one year	706	797
In the second to fifth year inclusive	84	391
	790	1,188

Details of the balances with a controlling shareholder at the end of each reporting period are disclosed in the unaudited condensed consolidated statement of financial position and note 11.

Compensation of the directors and key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Short-term benefits	1,358	1,153	2,414	1,793
Post-employment benefits	22	14	43	29
	1,380	1,167	2,457	1,822

17. EVENT AFTER THE END OF THE REPORTING PERIOD

The shares of the Company have been listed on the GEM of the Stock Exchange by way of share offer on 18 July 2017. On the same date, 319,999,680 of the Company's new shares were issued through capitalisation of HK\$3,199,997 standing to the credit of share premium account of the Company (the "**Capitalisation Issue**"). Also, 100,000,000 shares of the Company (comprising 80,000,000 new shares offered by the Company and 20,000,000 sale shares offered by selling shareholders) of HK\$0.01 each of the Company were issued at a placing price of HK\$0.5 per share.

FINANCIAL REVIEW

The Group's revenue decreased by approximately 11.2% from approximately HK\$212.3 million for the six months ended 30 June 2016 to approximately HK\$188.4 million for the six months ended 30 June 2017, primarily attributable to certain cleaning services contracts expired. During the six months ended 30 June 2017, the Group's gross profit decreased by approximately 23.6% from approximately HK\$22.3 million for the six months ended 30 June 2016 to approximately HK\$17.0 million for the six months ended 30 June 2017. The Group's cost of services comprise direct labour costs, vehicle expense, consumables and direct overheads. The gross profit ratio for the six months ended 30 June 2016 and 2017 were approximately 10.5% and approximately 9.0%, respectively. During the six months ended 30 June 2017, vehicle expense increased significantly by approximately HK\$10.9 million as compared to the corresponding period in 2016 which was mainly attributable to the increase in number of vehicles for operation.

Other income increased to approximately HK\$538,000 for the six months ended 30 June 2017 from approximately HK\$284,000 for the corresponding period in 2016, primarily attributable to the vehicle rental income of approximately HK\$182,000. Administrative expenses increased to approximately HK\$10.8 million for the six months ended 30 June 2017 from approximately HK\$9.2 million for the six months ended 30 June 2016, mainly due to increase in salaries and welfares of approximately HK\$2.7 million offset by decrease in rent approximately HK\$287,000 and office expense approximately HK\$517,000.

The Group recorded non-recurring listing expenses of approximately HK\$6.8 million for the six months ended 30 June 2017, as compared to approximately HK\$1.9 million for the six months ended 30 June 2016. As a result of the foregoing, the Group recorded a net loss for the six months ended 30 June 2017 of approximately HK\$2.7 million, as compared to a net profit of approximately HK\$7.8 million for the corresponding period in 2016. Excluding the non-recurring listing expenses of approximately HK\$6.8 million and approximately HK\$1.9 million for the six months ended 30 June 2017 and 2016 respectively, the net profits for the respective periods are approximately HK\$4.1 million and approximately HK\$9.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established and one-stop environmental hygiene service provider based in Hong Kong, providing four major types of environmental hygiene services, namely (a) cleaning services; (b) pest management services; (c) waste management and recycling services; and (d) landscaping services.

The Group provide our environmental hygiene services to a wide range of venues and to major customers including various departments of the HK Government, property management companies and other corporations in the private sector during the interim report period.

History of the Group dates back to 1990, when one of our operating subsidiaries, Shiny Glory, was incorporated. Commenced a business operations as a waste management service provider, the Group have expanded the business operations to provide cleaning services, pest management and landscaping services since 1997, 2000, and March 2016 respectively. With over 26 years of experience in the environmental hygiene service industry, Directors of the Group believe that the Group has established a market reputation in offering high quality environmental hygiene services and are well-positioned to capture the growing demand for environmental hygiene services.

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

Looking forward, the Group will continue to implement the business strategies as set out in the Company's prospectus dated 30 June 2017 (the "**Prospectus**") in support of the Group's business objectives of maintaining its growth in the cleaning services industry and enhancing its overall competitiveness and market share.

Liquidity, Financial and Capital Resources

As at 30 June 2017, total borrowings of the Group amounted to approximately HK\$133.3 million (31 December 2016: approximately HK\$78.9 million) which represented the term loans, loan from factoring of trade receivable with full recourse, tax loan and hire purchase loan. As at 30 June 2017, the cash and cash equivalents of the Group amounted to approximately HK\$7.0 million (31 December 2016: approximately HK\$4.6 million).

As at 30 June 2017, gearing ratio of the Group was 79.6% (31 December 2016: 66.8%). Gearing ratio is calculated based on net debt at the end of the respective period divided by total equity plus net debt and, multiplied by 100%. Net debt comprises amount due to a controlling shareholder, interest-bearing bank loans, obligations under finance leases, amount due to a related party, deferred tax liabilities and tax payable, less bank balances and cash and pledged bank deposits. As at 30 June 2017, the Group's net current liabilities amounted to approximately HK\$11.2 million (31 December 2016: net current assets approximately HK\$5.6 million). Current ratio as at 30 June 2017 was approximately 0.9 times (31 December 2016: approximately 1.1 times).

Capital structure

As at 30 June 2017, the share capital and equity attributable to owners of the Company amounted to approximately HK\$8,000 and approximately HK\$32,373,000, respectively (31 December 2016: approximately HK\$8,000 and approximately HK\$35,063,000, respectively).

Pledge of assets

As at 30 June 2017, certain bank deposits and motor vehicles of the Group were pledged to secure the Group's borrowings.

Exchange Rate Exposure

Most of transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 31 December 2016 and 30 June 2017, performance guarantee of approximately HK\$50.7 million and approximately HK\$63.3 million, respectively were given by banks in favour of the customers as security for the due performance and observance of the obligations under the contracts entered into between our Group and our customers. If the Group fails to provide satisfactory performance to the customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the service contracts.

At the end of each reporting period, the Directors do not consider that a claim will be made against the Group.

Significant Investments held, Material Acquisition or Disposal of Subsidiaries and Affiliated Companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2016 and 2017.

Capital Commitment

As at 30 June 2017, the Group had no material capital commitment (31 December 2016: nil).

Employee and Emolument Policies

As at 30 June 2017, the Group had 2,655 employees (31 December 2016: 2,263 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all the full time employees.

Business plan

The Company intends to apply the net proceeds from share offer in the manner as stated in the Prospectus.

The intended use of the net proceeds from the share offer amounting to HK\$20.8 million on basis as follows:

	HK\$' million
Expand our operational resources to strengthen our established presence in the environmental hygiene service industry in Hong Kong	
– procure additional vehicles	10.0
– procure additional equipment	1.0
– hire additional staff	1.6
Subtotal	12.6
Enhance information technology application system to enhance operational efficiency	3.0
Repay a bank loan	3.2
General working capital	2.0
Total	20.8

The Directors will constantly evaluate the Group's business objectives and will change or modify the plans against the changing market conditions to suit the business growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 and the chief executive officer and he 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 2017.

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 six months ended 30 June 2017, 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) are engaged in any business that competes or may complete, directly or indirectly, with the business of the Group or have 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

The shares of the Company were listed on GEM of the Stock Exchange on 18 July 2017. Purchase, sale or redemption of the Company's listed securities was not applicable for the six months ended 30 June 2017. Nevertheless, details of the dealings, before the Listing, of the Company's shares in connection with the reorganisation and the Listing are set out in the prospectus of the Company dated 30 June 2017.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As the Listing was taken place on 18 July 2017, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and Section 352 of the SFO were not applicable to the Directors and the Chief Executives as at 30 June 2017.

Upon the Listing and as at the date of this report, the interests or short positions of the Directors 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 under the Laws of Hong Kong), 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 shares immediately after completion of the Capitalisation Issue and the share offer	Approximate percentage of interest in the Company immediately after completion of the Capitalisation Issue and the share offer
Mr. Lam	Settlor and beneficiary of a discretionary trust (<i>Note</i>)	300,000,000	75%
Mr. Choi Chung Yin	Interest in a controlled corporation	63,990,000	16%

MANAGEMENT DISCUSSION AND ANALYSIS

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 (the “**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 and an executive Director 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 percentage of shareholding
Mr. Lam	Gold Cavaliers	Settlor and beneficiary of a discretionary trust	7,867	78.67%
Mr. Choi Chung Yin	Croydon Capital Advisors Limited (Note 1)	Beneficial owner	1	100%

Note:

1. Magic Pioneer Limited (“**Magic Pioneer**”) is indirectly interested in our Company through its direct interest of approximately 21.33% in Gold Cavaliers, and is thus considered to be effectively interested in the Company as to approximately 16%. Magic Pioneer is owned as to 34% by Earmill Holdings Limited, as to 33% by Croydon Capital Advisors Limited and as to 33% by Xiong Jianrui. Croydon Capital Advisors Limited is wholly owned by Mr. Choi Chung Yin, the non-executive Director. Earmill Holdings Limited is equally owned by TTNB Profit Limited, which is in turn wholly owned by Mr. Tam Wai Tong, and Kiteway Assets Limited, which is in turn wholly owned by Mr. Tam Wai Ho.

Save as disclosed above, as at the date of this report, none of the Directors 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 the Listing was taken place on 18 July 2017, Divisions 2 and 3 of Part XV of the SFO were not applicable to the Company as at 30 June 2017.

Upon Listing and as the 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 shares immediately after completion of the Capitalisation Issue and the share offer	Approximate percentage of interest in the Company immediately after completion of the Capitalisation Issue and the share offer
Mr. Lam	Founder and beneficiary of a discretionary trust	300,000,000	75%
Ms. Wong	Founder and 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	Registered owner	300,000,000	75%
Magic Pioneer	<i>Please refer to Note 1</i>	63,990,000	16%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Note:

1. Magic Pioneer is indirectly interested in our Company through its direct interest of approximately 21.33% in Gold Cavaliers, and is thus considered to be effectively interested in the Company as to approximately 16%. 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. Croydon Capital Advisors Limited is wholly owned by Mr. Choi Chung Yin, our non-executive Director. Earnmill Holdings Limited is equally owned by TTNB Profit Limited, which is in turn wholly owned by Mr. Tam Wai Tong, and Kiteway Assets Limited, which is in turn wholly owned by Mr. Tam Wai Ho.

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.

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) 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, the reporting accountants and auditors. The audit committee will also consider any significant or usual 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 officers 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 six months ended 30 June 2017, the audit committee had held meeting and had reviewed the draft interim report and unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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 appointment of the Directors and succession planning for the Directors.

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, 11 August 2017

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