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Lapco Holdings Limited

立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	573,390	948,683
Cost of services		(537,536)	(890,662)
Gross profit		35,854	58,021
Other income	4	11,915	3,805
Other losses, net	4	(138)	(29)
Net impairment losses on financial assets		(305)	–
Loss on disposal of a subsidiary		(2,431)	–
Administrative expenses		(35,761)	(37,343)
Finance costs	5	(3,848)	(5,864)
Profit before taxation	6	5,286	18,590
Income tax expense	7	(1,901)	(4,530)
Profit and total comprehensive income for the year attributable to owners of the Company		3,385	14,060
			(Restated)
Earnings per share			
– Basic (HK\$)	9	0.04	0.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		22,707	30,761
Right-of-use assets		20,515	40,942
Intangible asset		160	–
Deposits and prepayment		2,175	14,008
Deposits for acquisition of plant and equipment		–	2,578
Deferred tax assets		763	481
		46,320	88,770
Current assets			
Trade receivables	10	46,330	126,503
Other receivables, deposits and prepayments		37,837	12,880
Tax recoverable		–	188
Pledged bank balances		17,700	29,700
Bank balances and cash		58,994	72,277
		160,861	241,548
Current liabilities			
Trade payables	11	4,249	12,263
Other payables		17,625	70,762
Provisions		3,321	30,297
Bank borrowings		8,701	34,674
Lease liabilities		7,041	11,382
Loan from a director of the Company		540	–
Exchangeable bond		–	20,000
Tax payable		2,152	321
		43,629	179,699
Net current assets		117,232	61,849
Total assets less current liabilities		163,552	150,619
Non-current liabilities			
Provisions		2,809	22,003
Deferred tax liabilities		2,721	5,038
Lease liabilities		11,646	22,299
		17,176	49,340
Net assets		146,376	101,279
Capital and reserves			
Share capital	12	19,200	4,800
Reserves		127,176	96,479
Equity attributable to owners of the Company		146,376	101,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lapco Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 12 August 2016. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 July 2017. The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands and Flat 05, Blk B, 8/F, Hoplite Industrial Centre, 5 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong respectively.

The Company is an investment holding company and its principal subsidiaries are engaged in provision of environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services; (d) landscaping services; and (e) online game integrated services.

The functional currency of the Company is Hong Kong dollar (“**HK\$**”), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for current year

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors anticipate the application of all other new and amendments to HKFRSs will have no material impact on the results and financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other standards will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable by the Group to external customers. The Group's operations are derived from services provided in Hong Kong and the PRC for 2024 (2023: The Group's operations are solely derived from services provided in Hong Kong).

(i) Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
<i>Types of services</i>		
Cleaning services	440,395	816,330
Pest management services	13,382	24,111
Waste management and recycling services	95,636	101,381
Landscaping services	149	741
Online game integrated services	12,812	–
	562,374	942,563
<i>Types of customers</i>		
Government	457,795	830,197
Non-government	104,579	112,366
	562,374	942,563
<i>Timing of revenue recognition</i>		
Over time	562,374	942,563

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the consolidated statement of profit or loss and other comprehensive income.

	2024 HK\$'000	2023 HK\$'000
Cleaning services	440,395	816,330
Pest management services	13,382	24,111
Waste management and recycling services	95,636	101,381
Landscaping services	149	741
Online game integrated services	12,812	–
Revenue from contracts with customers	562,374	942,563
Income from disposal of motor vehicles	9,100	4,093
Leases	1,916	2,027
Total revenue	573,390	948,683

(ii) *Performance obligations for contracts with customers*

Provision of cleaning services, pest management services, waste management services and recycling services

The performance obligation is the promise to provide cleaning services, pest management services, waste management and recycling services and landscaping services over the contract period. These services considered to be distinct as they are both regularly supplied by the Group to other customers on a stand-alone basis and are available for customers from other providers in the market. Under the terms of these contracts, performance obligation satisfied over time as the customers of the Group simultaneously receive and consume the benefits from the Group's performance.

Provision of online game integrated services

The performance obligation is the promise to provide online game integrated promotional services for the game publishers over the contract period. Under the terms of these contracts, performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The contracts include payment schedules that customers are offered up to around 150 days credit term after the billing is issued.

The directors of the Company considered that the Group acts as the principal for the provision of online game integrated services to game publishers as the Group controls the specified service to be provided by the Group before the service is transferred to a customer.

(iii) *Transaction price allocated to the remaining performance obligation for contracts with customers*

As a practical expedient, the Group does not disclose the information about its remaining obligations in respect of either (i) provision of cleaning services, pest management services, waste management services and recycling services as the Group has the right to invoice based on the terms of the relevant contracts in which the Group bills a fixed amount monthly or for each hour of service provided; or (ii) provision of online game integrated services as the Group recognises revenue from the satisfaction of the performance obligation in variable consideration.

Segment information

Information reported to the chief operating decision maker (the "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
- Online game integrated services

During the year ended 31 December 2024, the Group commenced a new reportable and operating segment, namely online game integrated services, to provide promotional and other supportive services of online games for the game publishers.

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

	Cleaning services <i>HK\$'000</i>	Pest management services <i>HK\$'000</i>	Waste management and recycling services <i>HK\$'000</i>	Landscaping services <i>HK\$'000</i>	Online game integrated services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended						
31 December 2024						
Segment revenue – external customers	<u>447,619</u>	<u>13,404</u>	<u>99,406</u>	<u>149</u>	<u>12,812</u>	<u>573,390</u>
Segment results	<u>30,386</u>	<u>517</u>	<u>1,530</u>	<u>11</u>	<u>3,410</u>	<u>35,854</u>
Other income						11,915
Other losses, net						(138)
Net impairment losses on financial assets						(305)
Loss on disposal of a subsidiary						(2,431)
Administrative expenses						(35,761)
Finance costs						<u>(3,848)</u>
Profit before taxation						<u>5,286</u>
For the year ended						
31 December 2023						
Segment revenue – external customers	<u>816,547</u>	<u>24,111</u>	<u>107,284</u>	<u>741</u>	<u>–</u>	<u>948,683</u>
Segment results	<u>53,031</u>	<u>384</u>	<u>4,566</u>	<u>40</u>	<u>–</u>	<u>58,021</u>
Other income						3,805
Other gains and losses, net						(29)
Administrative expenses						(37,343)
Finance costs						<u>(5,864)</u>
Profit before taxation						<u>18,590</u>

There was no inter-segment revenue for both years.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of other income, other gains and losses, net, administrative expenses, net impairment losses on financial assets, loss on disposal of a subsidiary and finance costs. 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 the reporting period by operating and reportable segments are as follows:

	Cleaning services <i>HK\$'000</i>	Pest management services <i>HK\$'000</i>	Waste management and recycling services <i>HK\$'000</i>	Landscaping services <i>HK\$'000</i>	Online game integrated services <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2024						
Segment assets	18,482	312	53,274	–	36,643	108,711
Certain plant and equipment						1,720
Certain right-of-use assets						4,469
Certain other receivables, deposits and prepayments						14,824
Pledged bank balances						17,700
Bank balances and cash						58,994
Deferred tax assets						763
Total assets						207,181
Segment liabilities	20,226	606	4,492	7	36	25,367
Certain other payables						2,637
Bank borrowings						8,701
Loan from a director of the Company						540
Tax payable						2,152
Lease liabilities						18,687
Deferred tax liabilities						2,721
Total liabilities						60,805
	Cleaning services <i>HK\$'000</i>	Pest management services <i>HK\$'000</i>	Waste management and recycling services <i>HK\$'000</i>	Landscaping services <i>HK\$'000</i>		Total <i>HK\$'000</i>
At 31 December 2023						
Segment assets	138,425	5,404	64,201	218		208,248
Certain plant and equipment						816
Certain right-of-use assets						5,728
Certain other receivables, deposits and prepayments						12,880
Pledged bank balances						29,700
Bank balances and cash						72,277
Tax recoverable						188
Deferred tax assets						481
Total assets						330,318
Segment liabilities	107,283	3,168	14,096	97		124,644
Certain other payables						10,681
Bank borrowings						34,674
Exchangeable bond						20,000
Tax payable						321
Lease liabilities						33,681
Deferred tax liabilities						5,038
Total liabilities						229,039

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, certain right-of-use assets, certain other receivables, deposits and prepayments, tax recoverable, pledged bank balances, bank balances and cash and deferred tax assets.
- all liabilities are allocated to operating and reportable segments other than certain other payables, bank borrowings, exchangeable bond, loan from a director of the Company's subsidiary, lease liabilities, tax payable and deferred tax liabilities.

Other segment information

	Cleaning services HK\$'000	Pest management services HK\$'000	Waste management and recycling services HK\$'000	Landscaping services HK\$'000	Online game integrated services HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended 31 December 2024								
Additions to plant and equipment	-	-	246	-	-	246	1,395	1,641
Additions to right-of-use assets	-	-	1,958	-	-	1,958	669	2,627
Additions to intangible asset	-	-	-	-	184	184	-	184
Depreciation of plant and equipment	1,593	31	9,859	-	-	11,483	379	11,862
Depreciation of right-of-use assets	1,138	-	7,248	-	-	8,386	1,928	10,314
Amortisation of intangible asset	-	-	-	-	24	24	-	24
Gain on disposal of plant and equipment, net	7,090	22	1,854	-	-	8,966	-	8,966
For the year ended 31 December 2023								
Deposits paid for acquisition of plant and equipment	-	-	1,815	-	-	1,815	763	2,578
Additions to plant and equipment	-	-	3,199	-	-	3,199	677	3,876
Additions to right-of-use assets	1,736	-	6,745	-	-	8,481	5,601	14,082
Depreciation of plant and equipment	3,387	105	7,947	-	-	11,439	218	11,657
Depreciation of right-of-use assets	3,035	32	7,732	-	-	10,799	1,230	12,029
Gain on disposal of plant and equipment, net	-	-	4,093	-	-	4,093	(28)	4,065

Geographical information

Analysis of the Group's revenue and non-current assets by geographical location are presented as: 97% and 3% (2023: 100% and 0%) the Group's revenue are derived from Hong Kong and PRC, respectively, based on the location of services provided and the Group's plant and equipment amounting to HK\$22,707,000 (2023: HK\$30,761,000), right-of-use assets amounting to HK\$20,515,000 (2023: HK\$40,942,000) and other non-current assets excluded financial instruments amounting to HK\$Nil (2023: HK\$2,578,000) at 31 December 2024 represented 97% (2023: 100%) of the Group's non-current assets located in Hong Kong by physical location of assets.

Information about major customer

Revenue attributed from a customer that accounted for 10% or more of the Group's total revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	<u>412,104</u>	<u>811,146</u>

¹ Revenue from cleaning services, waste management and recycling services and pest management services.

4. OTHER INCOME/OTHER LOSSES, NET

Other income

	2024 HK\$'000	2023 HK\$'000
Management fee income (note i)	9,500	–
Bank interest income	2,177	2,229
Sundry income	238	443
Government grants (note ii)	<u>–</u>	<u>1,133</u>
	<u>11,915</u>	<u>3,805</u>

Note i: After 25 June 2024, the Group continued to provide supportive management services to its former subsidiary, Shiny Glory Services Limited (“**Shiny Glory**”), which was disposed on 25 June 2024 and charged Shiny Glory a monthly management fee at approximately HK\$1,583,000 for the services rendered.

Note ii: During the year ended 31 December 2023, the Group recognised government grants of HK\$1,133,000 related to subsidy of phasing out diesel commercial vehicles. The Group has no government grants during the year ended 31 December 2024.

Other losses, net

	2024 HK\$'000	2023 HK\$'000
Loss on disposal of plant and equipment, net	(134)	(28)
Net foreign exchange losses	<u>(4)</u>	<u>(1)</u>
	<u>(138)</u>	<u>(29)</u>

5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on:		
Bank borrowings	2,406	4,342
Lease liabilities	1,442	1,522
	<u>3,848</u>	<u>5,864</u>

6. PROFIT BEFORE TAXATION

	2024 HK\$'000	2023 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
Audit service	700	750
Other services	–	325
	<u>700</u>	<u>1,075</u>
Depreciation of plant and equipment	11,862	11,657
Depreciation of right-of-use assets	10,314	12,029
Amortisation of intangible asset	24	–
Directors' and chief executive's remuneration	2,438	1,972
Other staff costs		
Salaries, bonuses and other benefits	401,878	712,846
Retirement benefits scheme contributions	23,738	42,971
Total staff costs	<u>428,054</u>	<u>757,789</u>

7. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax:		
– Current tax	4,142	1,440
– Under (over) provision in previous years	331	(749)
PRC Enterprise Income Tax:		
– Current tax	12	–
Deferred tax (credit) charge	<u>(2,584)</u>	<u>3,839</u>
	<u>1,901</u>	<u>4,530</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for current year. Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profit for prior year.

According to the Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), an entity eligible as a Small Low-profit Enterprise (小型微利企業) is subject to preferential tax treatments. From 1 January 2022 to 31 December 2024, the annual taxable income not more than RMB1,000,000 of a Small Low-profit Enterprise is subject to Enterprise Income Tax calculated at 12.5% of its taxable income at a tax rate of 20% and the annual taxable income between RMB1,000,000 and RMB3,000,000 is calculated at 25% of its taxable income at a tax rate of 20%.

8. DIVIDEND

No dividends were paid, declared and proposed by the Company during the year ended 31 December 2024 (2023: Nil).

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

9. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>3,385</u>	<u>14,060</u>
	2024	2023 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>87,099,956</u>	<u>37,408,749</u>

The weighted average number of ordinary shares for the years ended 31 December 2024 and 2023 for the purpose of calculating the basic earnings per share, had been adjusted to account for (i) the effect of share consolidation; (ii) the effect of the bonus element of the rights issue of the Company which was completed on 1 March 2024 (“**Rights Issue**”).

No diluted earnings per share for both years was presented as there were no potential ordinary shares in issue during both years.

10. TRADE RECEIVABLES

At 1 January 2023, trade receivables from contracts with customers amounted to HK\$163,806,000.

The following is an analysis of the trade receivables by types of customers.

	2024 HK\$'000	2023 <i>HK\$'000</i>
Government customers	<u>23,990</u>	<u>93,976</u>
Non-government customers		
– those in online game integrated services segment	13,282	–
– except for those in online game integrated services segment	<u>9,058</u>	<u>32,527</u>
	<u>22,340</u>	<u>32,527</u>
	46,330	126,503

The Group normally grants credit terms of 90 days to 150 days (2023: 90 days) to its customers, except for certain credit worthy customers with good business relationship and stable repayment patterns, where credit periods are extended to a longer period by additional 30-60 days. An ageing analysis of the trade receivables presented based on the invoice dates which approximated the respective dates on which revenue was recognised at the end of the reporting period.

	2024 HK\$'000	2023 <i>HK\$'000</i>
0–30 days	18,909	77,670
31–60 days	16,889	32,740
61–90 days	5,956	13,091
91–180 days	4,477	2,839
Over 180 days	<u>99</u>	<u>163</u>
	46,330	126,503

At 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$962,000 (2023: HK\$3,002,000) which are past due at the reporting date. Out of the past due balances, HK\$913,000 (2023: HK\$2,839,000) has been past due 1-90 days and is not considered as default as the Group has good understanding on the financial position of the counterparties and with satisfactory settlement history. The remaining balance of HK\$49,000 (2023: HK\$163,000) has been past due over 90 days, the directors of the Company do not consider these receivables as credit-impaired as these customers have good business relationships with the Group and recurring overdue records of these customers were supported by satisfactory settlement history. The Group does not hold any collateral over these balances.

At 31 December 2024, carrying amount of trade receivables amounted to HK\$32,670,000 (2023: HK\$126,067,000) have been pledged as security for the Group's bank borrowings.

Transfer of financial assets

The followings were the Group's trade receivables at 31 December 2024 and 2023 that were transferred to banks by factoring trade receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the trade receivables and has recognised the cash received on the transfer as secured bank borrowings. These financial assets were carried at amortised cost in the Group's consolidated statement of financial position.

	2024 HK\$'000	2023 HK\$'000
Carrying amount of transferred assets	12,972	34,673
Carrying amount of associated liabilities	(8,701)	(18,291)
Net position	<u>4,271</u>	<u>16,382</u>

11. 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 the reporting period:

	2024 HK\$'000	2023 HK\$'000
0-30 days	2,279	5,397
31-60 days	1,402	5,366
61-90 days	523	1,337
Over 90 days	45	163
	<u>4,249</u>	<u>12,263</u>

12. SHARE CAPITAL

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 1 January 2023	10,000,000,000	100,000
Share consolidation (<i>note (ii)</i>)	(9,500,000,000)	–
At 31 December 2023 and 31 December 2024	500,000,000	100,000
Issued and fully paid:		
At 1 January 2023	400,000,000	4,000
Placing of shares (<i>note (i)</i>)	80,000,000	800
Share consolidation (<i>note (ii)</i>)	(456,000,000)	–
At 31 December 2023 and 1 January 2024	24,000,000	4,800
Issue of ordinary shares under rights issue (<i>note (iii)</i>)	72,000,000	14,400
At 31 December 2024	96,000,000	19,200

Notes:

- (i) On 4 May 2023, the Company entered into a placing agreement with a placing agent for placing a maximum of 80,000,000 ordinary shares (the “**Placing Shares**”) of the Company at a placing price of HK\$0.1 per Placing Share. On 5 June 2023, 80,000,000 Placing Shares were placed at a subscription price of HK\$0.1 per Placing Share. The shares issued rank pari passu with other shares in issue in all aspects.
- (ii) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 28 July 2023, the share consolidation of every twenty issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.2 each became effective on 1 August 2023.
- (iii) On 24 November 2023, the Company announced to raise gross proceeds of up to approximately HK\$43.2 million by way of the issue of up to 72,000,000 new shares (“**Rights Shares**”) at the subscription price of HK\$0.60 per Rights Share on the basis of three (3) Rights Share for every one (1) Share held on 30 January 2024. The Rights Issue was completed on 1 March 2024. A total of 72,000,000 Rights Shares were issued. The gross and net proceeds were approximately HK\$43.2 million and HK\$41.7 million respectively. The net price was approximately HK\$0.579 per Rights Share. For details of the Rights Issue, please refer to the Company’s announcements dated 24 November 2023, 19 February 2024 and 29 February 2024, the circular of the Company dated 21 December 2023 and the prospectus of the Company dated 30 January 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended 31 December 2024 include various departments of the Hong Kong Government, property management companies and other corporations in the private sector.

During the Reporting Period, the competition in the environmental hygiene service industry remained keen. Shortage of labour and high operating costs, particularly the insurance expenses, labour costs, vehicle expenses, legal and professional expenses continued to be the challenges of the business.

Looking ahead, the Group will maintain its strategic focus to achieve on profitability and strengthen its competitive edge by delivering greater value to its customers through quality management, competitive pricing and customer service. The Group will also cautiously explore and identify any new business opportunities with an objective to broaden its business scope and benefit from diversified return from the future.

During the Reporting Period, the Group first expanded its principal business in the online game industry by entering into its first online game licensing agreement with game developers in April 2024, pursuant to which, the licensor granted to the Group the exclusive, transferable and sub-licensable rights to promote, operate, publish, reproduce and distribute the licensed games and the products and services related thereto. After the Reporting Period, the Group further entered into more online game licensing agreements which on an aggregate basis with its first online game licensing agreement entered into in April 2024 constitute a discloseable transaction of the Company under the GEM Listing Rules. The Group will continue to use its best endeavours to market and promote its licensed games to expand its online game business.

Financial Results

Revenue of the Group decreased by approximately 39.6% from approximately HK\$948.7 million for the year ended 31 December 2023 to approximately HK\$573.4 million for the Reporting Period. The Group, recorded a decrease in the cost of services by approximately 39.6% to approximately HK\$537.5 million (2023: approximately HK\$890.7 million) and an decrease of approximately 38.2% in gross profit to approximately HK\$35.9 million (2023: approximately HK\$58.0 million). Gross profit margin increased by approximately 0.2% to 6.3% (2023: increased by approximately 1.1% to 6.1%). Due to decrease in business scale as a result of disposal of subsidiary and overall administrative expenses remained relatively stable despite of the decrease in business cycle for the Reporting Period, the Group recorded a profit attributable to equity shareholders of the Company (the “Shareholders”) for the year ended 31 December 2024 which amounted to approximately HK\$3.4 million (as compared to a profit of approximately HK\$14.1 million for the corresponding period in 2023).

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

HUMAN RESOURCES

As at 31 December 2024, the Group employed 645 employees, including both full time and part time (31 December 2023: 3,279). Remuneration packages are generally structured by reference to market terms, individual qualifications and experience.

During the Reporting Period, various training activities, such as training on operational safety, administrative and management skills, were conducted to improve the quality of front-end services, office support and management. In addition, employees are also encouraged, subsidised and sponsored to attend job-related seminars and courses organised by professional and/or educational institution to ensure the smooth and effective management of the Group’s business.

FINANCIAL REVIEW

Revenue

The Group's revenue for the years ended 31 December 2024 and 2023 were approximately HK\$573.4 million and HK\$948.7 million, respectively, representing an decrease of approximately 39.6%. The decrease was mainly driven by the decrease in business scale as a result of disposal of a subsidiary.

The following table sets forth our revenue by business segments during the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Cleaning services	447,619	78.1	816,547	86.1
Pest management services	13,404	2.3	24,111	2.5
Waste management and recycling services	99,406	17.3	107,284	11.3
Landscaping services	149	0.1	741	0.1
Online game integrated services	12,812	2.2	–	–
Total	<u>573,390</u>	<u>100.0</u>	<u>948,683</u>	<u>100.0</u>

The revenue from cleaning services decreased by approximately 45.2% for the year ended 31 December 2024 as comparing with that of the previous year as the decrease in business scale as a result of disposal of a subsidiary. The revenue from pest management services decreased by approximately 44.4% for the Reporting Period as compared to the previous year as the decrease in business scale as a result of disposal of a subsidiary. The revenue from waste management and recycling services decreased by approximately 7.3% for the Reporting Period as compared to the previous year as certain waste management and recycling services contracts were expired during the year.

More details of the Group's performance for the Reporting Period by business segments are set out in note 3 to the consolidated financial statements.

Cost of Services

For the years ended 31 December 2024 and 2023, the cost of services of the Group amounted to approximately HK\$537.5 million and HK\$890.7 million respectively, representing approximately 93.7% and 93.9% of the Group's revenue for the corresponding years. Our cost of services mainly consists of direct labour costs, vehicle expenses, consumables, and direct overheads. The decrease in cost of services was mainly caused by the decrease in business scale as a result of disposal of a subsidiary.

Gross Profit

The Group's gross profit for the Reporting Period was approximately HK\$35.9 million, representing a decrease of approximately 38.2% from approximately HK\$58.0 million for the year ended 31 December 2023. The decrease was mainly caused by the decrease of revenue.

Gross Profit Margin

The gross profit margins of the Group for the years ended 31 December 2024 and 2023 were approximately 6.3% and 6.1% respectively.

Other income

The Group's other income for the years ended 31 December 2024 and 2023 were approximately HK\$11.9 million and HK\$3.8 million respectively. The significant increase was mainly due to the supportive management fee from a former subsidiary with HK\$9.5 million after the disposal at 25 June 2024.

Administrative Expenses

The administrative expenses incurred by the Group for the years ended 31 December 2024 and 2023 were approximately HK\$35.8 million and HK\$37.3 million respectively, representing a decrease of approximately 4.2%, and approximately 6.2% and 3.9% of the respective year's total revenue. The decrease was mainly due to the decrease in business scale as a result of disposal of a subsidiary for the year ended 31 December 2024.

Finance Costs

The finance costs of the Group amounted to approximately HK\$3.8 million and HK\$5.9 million for the years ended 31 December 2024 and 2023 respectively, representing approximately 0.7% and approximately 0.6% of the Group's revenue in the respective years.

Profit Attributable to Owners of The Company

As a result of the foregoing, the profit attributable to the Shareholders for the Reporting Period amounted to approximately HK\$3.4 million as compared to the approximately HK\$14.1 million for the year ended 31 December 2023.

FOREIGN CURRENCY EXPOSURE

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars. There were no foreign currency investments hedged by foreign currency borrowings and other hedging instruments during the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Right Issue

On 1 March 2024, the Company raised gross proceeds of up to approximately HK\$43.2 million by way of the issue of up to 72,000,000 Rights Shares, at the Subscription Price of HK\$0.60 per Rights Share on the basis of three (3) Rights Share for every one (1) Share held on 30 January 2024. The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$41.7 million.

As at 31 December 2024, total bank borrowings of the Group amounted to approximately HK\$9.2 million (2023: approximately HK\$54.7 million) which represented the secured and guaranteed bank borrowings including loans from factoring of trade receivables with full recourse, unsecured and unguaranteed other borrowings, exchangeable bond and unsecured and unguaranteed loan from a director of the Company's subsidiaries. As at 31 December 2024, the cash and cash equivalents and pledged bank balances of the Group amounted to approximately HK\$76.7 million (2023: approximately HK\$102.0 million). As at 31 December 2024 and 2023, the Group is in net cash position. Debt to equity ratio is calculated by dividing the net debt, which is defined to include bank borrowings and lease liabilities net of pledged bank balances and bank balances and cash, by total equity at the end of the respective years. Current ratio as at 31 December 2024 was approximately 3.7 time (2023: approximately 1.3 time).

The Group maintained sufficient working capital as at 31 December 2024 with bank balances and cash of approximately HK\$59.0 million (2023: approximately HK\$72.3 million). The Board of Directors will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

As at 31 December 2024, the Group's net current assets amounted to approximately HK\$117.2 million (2023: approximately HK\$61.8 million). The Group's operations are financed principally by operating cashflow generated from its business operation, available cash and bank balances, bank and other borrowings and lease liabilities.

CONTINGENT LIABILITIES

As at 31 December 2024, performance guarantee of approximately HK\$39,412,000 (2023: HK\$154,494,000) and HK\$7,922,000 (2023: HK\$6,490,000) was given by bank and insurance companies respectively in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantee have been given, such customers may demand the banks to pay the sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantee will be released upon completion of the service contracts.

USE OF PROCEEDS

Use of Proceeds from Initial Public Offer

The net proceeds from the issue of new shares of the Company through the Public Offer of an aggregate of 10,000,000 Public Offer Shares and the placing of 90,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.50 per share, after deducting the underwriting commission and listing expenses borne by our Group and excluding the net proceeds of the Sale Shares, were approximately HK\$18.7 million ("**Actual Proceeds**"), as compared to the estimated net proceeds of approximately HK\$20.8 million as disclosed in the prospectus dated 30 June 2017 of the Company (the "**Prospectus**"), there was a shortage of approximately HK\$2.1 million mainly due to the additional listing expenses at final payment. Accordingly, the Group has adjusted the use of proceeds on a pro-rata basis. The utilization of net proceeds as at 31 December 2024 is set out below:

Summary of use of proceeds

	Total planned amount to be used	Actual amount utilised up to 31 December 2023	Actual amount utilised during the year ended 31 December 2024	Actual amount utilised up to 31 December 2024	Unutilised balance as at 31 December 2024
	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million
Use of net proceeds					
Procure additional vehicles	9.0	9.0	–	9.0	–
Procure additional equipment	0.9	0.9	–	0.9	–
Hire additional staff	1.4	1.4	–	1.4	–
Enhance information technology application system to enhance					
operational efficiency	2.7	2.4	0.3	2.7	–
Repay a bank loan	2.9	2.9	–	2.9	–
General working capital	1.8	1.8	–	1.8	–
Total	18.7	18.4	0.3	18.7	–

Use of Proceeds from Rights Issue

The Company raised gross proceeds of up to approximately HK\$43.2 million by way of the issue of up to 72,000,000 Rights Shares, at the Subscription Price of HK\$0.60 per Rights Share on the basis of three (3) Rights Share for every one (1) Share held on the 1 March 2024. The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$41.7 million. The utilisation of the placing net proceeds as at 31 December 2024 is set out below:

Use of placing net proceeds	Original allocation of placing net proceeds HK\$ million	Actual use of net proceeds up to 4 October 2024 HK\$ million	Revised allocation of unutilised net proceeds as at 4 October 2024 HK\$ million	Placing net proceeds utilised from 5 October 2024 to 31 December 2024 HK\$ million	Unutilised placing net proceeds as at 31 December 2024 HK\$ million	Expected timeline for utilising the remaining placing net proceeds
Financing the provision of performance guarantee	26.0	0.6	12.7	1.1	11.6	31 December 2025
Acquisition of additional vehicles	7.0	0.4	6.6	–	6.6	31 December 2025
Repayment of the Group's bank loans and payables	4.8	4.8	12.7	12.7	–	
General working capital for business operation and general administrative and operating expenses	3.9	3.9	–	–	–	
Total	41.7	9.7	32.0	13.8	18.2	

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

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, the amount of lease liabilities within one year was approximately HK\$7.0 million (31 December 2023: HK\$11.4 million), and after one year but within five years was approximately HK\$11.6 million (31 December 2023: HK\$22.3 million).

As at 31 December 2024, we had approximately HK\$8.7 million (31 December 2023: HK\$54.7 million) of secured bank borrowings and exchangeable bond. Such loans were primarily used in financing the working capital requirement of our operations.

In addition, we have (i) pledged bank balances of approximately HK\$17.7 million as at 31 December 2024 (31 December 2023: HK\$29.7 million), (ii) pledged trade receivables of approximately HK\$32.7 million as at 31 December 2024 (31 December 2023: HK\$126.5 million) and (iii) pledged motor vehicles of approximately HK\$16.0 million (31 December 2023: HK\$35.2 million).

As at 31 December 2024, the gearing ratio of the Group was approximately 0.2 times (2023: 0.9 times), which was calculated based on the total interest-bearing bank borrowings, non-interest bearing loan from exchangeable bond and lease liabilities over total equity of the Group.

Save as mentioned above in this section, we did not have any outstanding mortgages or charges, borrowings or indebtedness including bank overdrafts, loans or debentures, loan capital, debt securities or other similar indebtedness, finance lease or hire purchase.

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

Save as disclosed below, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2024.

Exercise of the Exchangeable Bond

On 17 February 2023, the Company issued an exchangeable bond (the “**Exchangeable Bond**”) to Mr. Tam Wai Tong (“**Mr. Tam**”) at a principal amount of HK\$20,000,000, payable by automatically and immediately setting off in its entirety against the Company’s obligation to repay loans in an aggregate principal amount of HK\$20,000,000 due from the Company to Mr. Tam. Mr. Tam was a connected person at the subsidiary level of the Company under Chapter 20 of the GEM Listing Rules at the time of issue of the Exchangeable Bond.

The issue of the Exchangeable Bond grants the bondholder an exchange right (the “**Exchange Right**”) to exchange the Exchangeable Bond into 100% of the issued share capital of Shiny Glory Services Limited (“**Shiny Glory**”) during the period from the first day of the fourth month from the issue date of the Exchangeable Bond and up to the day immediately prior to 31 December 2024, which will be deemed to be a disposal of interest in Shiny Glory to the bondholder under the GEM Listing Rules. For details of the terms of the Exchangeable Bond, please refer to the Company’s announcements dated 19 January 2023 and 17 February 2023 and the circular of the Company dated 20 January 2023.

Mr. Tam subsequently disposed of the Exchangeable Bond to an independent third party (the “**Bondholder**”). On 25 June 2024, the Bondholder exercised the Exchange Right to exchange all the outstanding principal amount of the Exchangeable Bond for the entire issued share capital of Shiny Glory, upon which, Shiny Glory ceased to be a subsidiary of the Company.

Disposal of vehicles

On 24 June 2024, Shiny Hope Limited and ET Global Limited, each being an indirect wholly-owned subsidiary of the Company, as transferors (the “**Transferors**”), entered into a vehicles purchase agreement with Global Start Development Limited, an independent third party, as transferee (the “**Transferee**”), pursuant to which each of the Transferors has agreed to sell and the Transferee has agreed to purchase, 163 specialised cleaning vehicles used in the Group’s business for, among others, waste compaction and street washing, at the consideration of HK\$19,000,000.

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules. For details of the transaction, please refer to the announcements of the Company dated 24 June 2024 and 16 July 2024.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 December 2024, the Company has complied with all the applicable code provisions of the Code.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 84 of the Articles, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

Pursuant to article 84 of the Articles, Mr. Wang Rong, Ms. Liu Jingjing and Mr. Leung Ka Wai will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

Mr. Wang Rong, being an executive Director, has entered into a service agreement with the Company for an initial fixed term of one year commencing from 12 May 2023 unless terminated by at least seven-days’ notice in writing served by either party on the other and is subject to retirement and re-election in accordance with the Articles.

Ms. Liu Jingjing, being an executive Director, has entered into a service agreement with the Company for an initial fixed term of one year commencing from 29 August 2024, unless terminated by at least seven-days’ notice in writing served by either party on the other and is subject to retirement and re-election in accordance with the Articles.

Mr. Mak Kwok Kei, being independent non-executive Directors, has entered into a service agreement with the Company for a term of three years commencing from 24 June 2017 which has been renewed for a further term of three years and may be terminated by either party by giving not less than one month's prior written notice to the other.

Mr. Chow Yun Cheung, being an independent non-executive Director, has entered into a service agreement with the Company for an initial fixed term of one year commencing from 1 April 2024 unless terminated by at least seven-days' notice in writing served by either party on the other and is subject to retirement and re-election in accordance with the Articles.

Mr. Leung Ka Wai, being an independent non-executive Director, has entered into a service agreement with the Company for an initial fixed term of one year commencing from 1 June 2024 unless terminated by at least seven-days' notice in writing served by either party on the other and is subject to retirement and re-election in accordance with the Articles.

None of the Directors (including those proposed for re-election at the AGM) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules, as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this announcement, none of the Directors of the Company and directors of the Company's subsidiaries, or their respective associates had interests in business, which compete or are likely to compete either directly or indirectly, with the business of the Company and its subsidiaries as required to be disclosed pursuant to the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION AND INSURANCE

Pursuant to the Articles and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the Reporting Period. The Company has arranged for appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2024, none of the Directors and chief executive of the Company had any 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 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on Friday, 6 June 2025. A notice convening the AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, Hong Kong, no later than 4:30 p.m. on Friday, 30 May 2025.

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. Chow Yun Cheung, Mr. Mak Kwok Kei and Mr. Leung Ka Wai. Mr. Chow Yun Cheung 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 officers or auditors. Members of the Audit Committee are also responsible for reviewing our Group's financial reporting process and internal control and risk management systems.

During the Reporting Period and up to the date of this announcement, the Audit Committee had reviewed the final results of the Group for the year ended 31 December 2023 and the interim results (and interim report) of the Group for the six months ended 30 June 2024. The Group's final results for the Reporting Period had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors on 28 March 2025. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CL Partners CPA Limited on the preliminary announcement.

By order of the Board of
Lapco Holdings Limited
Wang Rong
Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tam Yiu Shing, Billy, Mr. Wang Rong and Ms. Liu Jingjing; and three independent non-executive Directors, namely Mr. Mak Kwok Kei, Mr. Chow Yun Cheung and Mr. Leung Ka Wai.

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company's website at www.lapco.com.hk.

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