

LAPCO HOLDINGS LIMITED

立高控股有限公司

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

2025

INTERIM REPORT



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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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.*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	4	140,628	461,249
Cost of services		(136,111)	(437,847)
Gross profit		4,517	23,402
Other income		8,755	1,819
Other gains, net	5	1,671	8,243
Net Impairment of losses on financial assets		(744)	–
Loss on disposal of a subsidiary	16	–	(2,431)
Administrative expenses		(16,117)	(19,517)
Finance costs		(913)	(3,563)
(Loss)/profit before taxation	6	(2,831)	7,953
Income tax expense	7	–	(1,101)
(Loss)/profit and other comprehensive income attributable to owners of the Company for the period		(2,831)	6,852
(Loss)/earnings per share	9		
Basic and diluted (HK\$)		(0.03)	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	10	17,089	22,707
Right-of-use assets		16,909	20,515
Intangible asset		144	160
Deposits and prepayments		3,561	2,175
Deferred tax assets		763	763
		38,466	46,320
Current assets			
Trade receivables	11	73,411	46,330
Other receivables, deposits and prepayments	12	25,673	37,837
Pledged bank balances		17,700	17,700
Cash and cash equivalents		44,725	58,994
		161,509	160,861
Current liabilities			
Trade payables	13	5,424	4,249
Other payables and accrued charges	14	17,046	17,625
Provisions		4,317	3,321
Bank borrowings	15	23	8,701
Lease liabilities		7,209	7,041
Loan from a director of the Company	18	–	540
Tax payables		1,851	2,152
		35,870	43,629
Net current assets		125,639	117,232
Total assets less current liabilities		164,105	163,552
Non-current liabilities			
Provisions		4,761	2,809
Deferred tax liabilities		2,721	2,721
Lease liabilities		7,999	11,646
		15,481	17,176
Net assets		148,624	146,376
Capital and reserves			
Issued share capital	17	23,040	19,200
Reserves		125,584	127,176
Equity attributable to owners of the Company		148,624	146,376

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company				
	Issued share capital HK\$'000	Share Premium HK\$'000	Other reserve HK\$'000 (note 1)	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	4,800	38,472	11,051	46,956	101,279
Issue of ordinary shares under rights issue (Note 2)	14,400	27,312	–	–	41,712
Profit and total comprehensive income for the period (Unaudited)	–	–	–	6,852	6,852
At 30 June 2024 (Unaudited)	19,200	65,784	11,051	53,808	149,843
At 1 January 2025 (Audited)	19,200	65,784	11,051	50,341	146,376
Issue of Placing Shares (Note 3)	3,840	1,239	–	–	5,079
Loss and total comprehensive income for the period (Unaudited)	–	–	–	(2,831)	(2,831)
At 30 June 2025 (Unaudited)	23,040	67,023	11,051	47,510	148,624

Note 1: Other reserve represented the difference between the share capital of Lapco Service Limited, Shiny Glory Services Limited ("**Shiny Glory**") and Shiny Hope Limited and that of Sharp Idea Global Limited issued pursuant to a group reorganisation completed in 2017 and fair value adjustment on the non-current shareholder loans using the effective interest rate of 7.5% per annum.

Note 2: 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.

Note 3: On 28 April 2025, the Company entered into a placing agreement with a placing agent for placing a maximum of 19,200,000 ordinary shares (the "**Placing Shares**") of the Company at a placing price of HK\$0.27 per Placing Share. On 19 May 2025, 19,200,000 Placing Shares were placed to not less than six placees. The shares issued rank pari passu with other shares in issue of the Company in all aspects. The net proceeds from the placing after deducting the expenses were approximately HK\$5.1 million.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June		
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(8,354)	9,496
INVESTING ACTIVITIES		
Interest received	521	1,640
Purchases of plant and equipment	–	(1,777)
Proceeds from disposal of plant and equipment	1,555	2,983
Disposal of a subsidiary (Note 16)	–	(23,510)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	2,076	(20,664)
FINANCING ACTIVITIES		
Interest paid	(913)	(2,236)
Repayment of lease liabilities	(3,479)	(13,928)
Repayment of bank and other borrowings, net of new bank borrowings raised	(8,678)	(2,439)
Net proceeds from issuance of shares	5,079	–
Net proceeds from rights issues	–	41,712
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(7,991)	23,109
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(14,269)	11,941
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	58,994	72,277
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	44,725	84,218

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 August 2016. The shares of the Company were listed on GEM of the Stock Exchange on 18 July 2017.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business of the Company is Flat 05, Blk B, 8/F., Hoplite Industrial Centre, 5 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong. The Company is an investment holding company. The principal activities of its subsidiaries are engaged in provision of environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services; (d) landscaping services and (e) online game integrated services.

The Company has established a sponsored Level 1 American Depositary Receipt ("ADR") facility with the Bank of New York Mellon as depositary bank. The stock code is LPCHY.

The Company's shares have also commenced trading on the OTCQB® Venture Market under the symbol "LACHF" starting from 30 June 2025 (New York time).

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollar ("HK\$") which is also the functional currency of the Company and its subsidiaries (collectively the "Group").

2. BASIS OF PREPARATION AND PRESENTATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024.

The Group has not early applied new and revised standards, amendments and interpretations that have been issued but are not yet effective. The Group has adopted and applied the new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2025. The Directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group to external customers. Approximately 97% and approximately 3% of the Group's revenue were derived from Hong Kong and the People's Republic of China (the "**PRC**") respectively for the six months ended 30 June 2025, based on the location of services provided. The Group's operations are solely derived from services provided in Hong Kong for the six months ended 30 June 2024.

Information reported to the executive Directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

- Cleaning services
- Pest management services
- Waste management and recycling services
- Landscaping services
- Online game integrated services

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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	Online game integrated services HK\$'000	Total HK\$'000
<i>For the six months ended 30 June 2025 (Unaudited)</i>						
Segment revenue	45,242	312	48,700	2,535	43,839	140,628
Segment results	342	2	525	231	3,417	4,517
Other income						8,755
Other gains, net						1,671
Net impairment losses on financial assets						(744)
Loss on disposal of a subsidiary						-
Administrative expenses						(16,117)
Finance costs						(913)
Loss before taxation						(2,831)

	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 2024 (Unaudited)</i>					
Segment revenue	399,232	12,794	49,074	149	461,249
Segment results	22,935	43	414	10	23,402
Other income					1,819
Other gains, net					8,243
Loss on disposal of a subsidiary					(2,431)
Administrative expenses					(19,517)
Finance costs					(3,563)
Profit before taxation					7,953

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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	Online game integrated services HK\$'000	Total HK\$'000
As at 30 June 2025 (Unaudited)						
Segment assets	16,547	3,505	38,448	1,070	51,466	111,036
Certain plant and equipment						2,002
Certain right-of-use assets						3,602
Certain other receivables, deposits and prepayments						20,147
Pledged bank balances						17,700
Bank balances and cash						44,725
Deferred tax assets						763
Total assets						199,975
Segment liabilities	13,031	99	15,121	803	660	29,714
Certain other payables and accrued charges						1,834
Bank borrowings						23
Lease liabilities						15,208
Tax payables						1,851
Deferred tax liabilities						2,721
Total liabilities						51,351

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

	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	Total HK\$'000
<i>At 31 December 2024 (Audited)</i>						
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

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, 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 and accrued charges, tax payables, loan from a director of the Company's subsidiaries, bank borrowings, lease liabilities and deferred tax liabilities.

5. OTHER GAINS, NET

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Gain on disposal of plant and equipment, net	1,325	8,166
Net foreign exchange gains	346	77
	1,671	8,243

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Auditor's remuneration	400	600
Directors' remuneration	1,053	1,340
Other staff costs		
– Salaries, bonuses and other benefits	65,652	348,468
– Retirement benefit scheme contributions	2,108	10,019
Total staff costs	68,813	359,827
Depreciation of right-of-use assets, plant and equipment	8,994	12,370
Amortisation of an intangible asset	16	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– Current tax	–	1,101

Note: Hong Kong Profits Tax of the qualifying group entity was calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2 million for current periods.

8. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
(Loss)/earnings for the period attributable to owners of the Company for the purpose of calculating basic (loss)/earnings per share	(2,831)	6,852

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	100,561,326	89,261,964

The weighted average number of ordinary shares for the six months ended 30 June 2025 and 2024 for the purpose of calculating the basic (loss)/earnings per share, had been adjusted to account for (i) the effect of the bonus element of the rights issue of the Company which was completed on 1 March 2024 ("**Rights Issue**"); and (ii) the effect of the placing of 19,200,000 new shares which was completed on 19 May 2025.

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

10. PLANT AND EQUIPMENT

During the current interim period, the Group had no acquisition of plant and equipment (six months ended 30 June 2024: approximately HK\$3,592,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE RECEIVABLES

The Group grants credit terms of 90 days to 150 days (2024: 90 days) to its customers. An ageing analysis of the trade receivables presented based on the invoice date at the end of each reporting period is set out below:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0 – 30 days	60,416	18,909
31 – 60 days	8,334	16,889
61 – 90 days	2,145	5,956
91 – 180 days	2,194	4,477
Over 180 days	322	99
	73,411	46,330

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 30 June 2024, other receivables from the disposal of vehicles amounted to HK\$15,534,000. The balance was subsequently settled on 9 August 2024. For the details of the disposal of vehicles, please refer to the Company's announcements dated 24 June 2024 and 16 July 2024.

13. 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:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0 – 30 days	4,491	2,279
31 – 60 days	41	1,402
61 – 90 days	892	523
Over 90 days	–	45
	5,424	4,249

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Salaries payables	13,018	14,093
Other payables	4,028	3,532
	17,046	17,625

15. BANK BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Secured and guaranteed bank borrowings:		
Loans from factoring of trade receivables with full recourse	23	8,701
	23	8,701

The bank borrowings are at floating rates 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:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Effective interest rate per annum:		
Floating-rate borrowings	3.75%	3.75%-4.38%

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. DISPOSAL OF A SUBSIDIARY

On 25 June 2024, upon the exercise of an exchangeable bond issued by the Company for the entire equity interest in Shiny Glory Services Limited by the bondholder, Shiny Glory Services Limited ceased to be a subsidiary of the Company. Shiny Glory Services Limited is principally engaged in provision of environmental hygiene services in Hong Kong.

The amounts of assets and liabilities of Shiny Glory Services Limited as at the date of disposal were as follows:

	HK\$'000 (Unaudited)
Plant and equipment	223
Deposit	13,031
Trade receivables	116,188
Deposits, other receivables and prepayments	1,873
Pledged bank balances	12,000
Bank balances	38,182
Trade payables	(8,048)
Other payables	(55,945)
Bank borrowings	(24,161)
Tax payables	(478)
Provisions	(55,747)
Deferred tax liabilities	(15)
Total identifiable net assets at fair value	37,103
Loss on disposal	(2,431)
	34,672
Total consideration satisfied by:	
Cash received	14,672
Exercise of exchangeable bond	20,000
	34,672

An analysis of the cash flows in respect of the disposal of a subsidiary is as follows:

	HK\$'000
Cash consideration	14,672
Cash and bank balance acquired	(38,182)
Total net cash outflow from investment activities	(23,510)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. SHARE CAPITAL

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

	Number of shares		Share capital	
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Ordinary shares of HK\$0.2 each				
Authorised:				
At the beginning of the period/year and at the end of the period/year	500,000,000	500,000,000	100,000	100,000
Issued and fully paid:				
At the beginning of the period/year	96,000,000	24,000,000	19,200	4,800
Placing of shares (note (i))	19,200,000	–	3,840	–
Issue of ordinary shares under rights issue (note (ii))	–	72,000,000	–	14,400
At the end of the period/year	115,200,000	96,000,000	23,040	19,200

Notes:

- (i) On 28 April 2025, the Company entered into a placing agreement with a placing agent for placing a maximum of 19,200,000 ordinary shares (the “**Placing Shares**”) of the Company at a placing price of HK\$0.27 per Placing Share. On 19 May 2025, 19,200,000 Placing Shares were placed to not less than six placees. The shares issued rank pari passu with other shares in issue of the Company in all aspects. Please refer to the Company’s announcements dated 28 April 2025 and 19 May 2025 for details.
- (ii) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with its related parties during the period:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Loan from a director of the Company	–	540

Loan from a director of the Company, Mr. Wang Rong, is unsecured, interest-free and repayable on demand. The loan of HK\$540,000 due to Mr. Wong Rong has not been repaid during the six months ended 30 June 2025, since he resigned as the Company's director on 9 June 2025, the balance of the same amount was included in "other payables and accrued charges" as at 30 June 2025.

Compensation of the directors and key management personnel

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Short-term benefits	1,975	2,932
Post-employment benefits	30	36
	2,005	2,968

FINANCIAL REVIEW

The Group's revenue decreased by approximately 69.5% from approximately HK\$461.2 million for the six months ended 30 June 2024 to approximately HK\$140.6 million for the six months ended 30 June 2025 (the **"Reporting Period"**), primarily attributable to the decrease in business scale as a result of disposal of a subsidiary of the Group in the second half of 2024 and the expiration of certain cleaning service contracts. During the Reporting Period the Group's gross profit decreased by approximately 80.7% from approximately HK\$23.4 million for the six months ended 30 June 2024 to approximately HK\$4.5 million for the Reporting Period. The Group's cost of services mainly comprises direct labour costs, vehicle expenses, consumables and direct overheads. The gross profit margins for the six months ended 30 June 2024 and 2025 were approximately 5.1% and approximately 3.2%, respectively. The decrease in the gross profit was mainly caused by the decrease in business scale as a result of disposal of a subsidiary of the Group in the second half of 2024.

Other income increased by approximately 381.3% from approximately HK\$1.8 million for the six months ended 30 June 2024 to approximately HK\$8.8 million for the Reporting Period. The increase was mainly due to the supportive management fee from a former subsidiary of the Group of approximately HK\$8.25 million for the Reporting Period.

Other gains, net, decreased by approximately 79.7% from approximately HK\$8.2 million for the six months ended 30 June 2024 to approximately HK\$1.7 million for the Reporting Period. The decrease was mainly due to the decrease in net gain on disposal of plant and equipment of approximately HK\$6.8 million for the Reporting Period.

Administrative expenses decreased by approximately 17.4% from approximately HK\$19.5 million for the six months ended 30 June 2024 to approximately HK\$16.1 million for the Reporting Period, mainly due to decrease in salaries of approximately HK\$5.1 million.

The Group's finance costs decreased by approximately 74.4% from approximately HK\$3.6 million for the six months ended 30 June 2024 to approximately HK\$0.9 million for the Reporting Period, which was mainly due to the decrease in the borrowings of the Group during the Reporting Period.

The Group's net loss after taxation for the Reporting Period approximately HK\$2.8 million, as compared to net profit after taxation of approximately HK\$6.9 million for the corresponding period in 2024. It was mainly attributed to (1) the decrease in business scale and hence the gross profit as a result of disposal of a subsidiary of the Group in the second half of 2024 and (2) the decrease in the net gain on disposal of plant and equipment of approximately HK\$6.8 million for the Reporting Period.

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 Reporting Period 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.

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. Since then, 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. Please refer to the Company's announcement dated 20 August 2024 for details. The segment of online game integrated services recorded segment revenue and segment profit of approximately HK\$43.8 million and approximately HK\$3.4 million in the Reporting Period respectively. The Group will continue to use its best endeavours to market and promote its licensed games to expand its online game business.

Liquidity, Financial and Capital Resources

As at 30 June 2025, the Group's cash and cash equivalents amounted to approximately HK\$44.7 million (31 December 2024: approximately HK\$59.0 million). Total bank borrowings of the Group amounted to approximately HK\$23,000 (31 December 2024: approximately HK\$8.7 million) which represented the secured and guaranteed bank borrowings and loans from factoring of trade receivables with full recourse. As at 30 June 2025, the bank balances and cash and pledged bank balances of the Group amounted to approximately HK\$62.4 million (31 December 2024: approximately HK\$76.7 million). As at 30 June 2025, and 31 December 2024, the Group were in net cash position. Debt to equity ratio is calculated by dividing the net debt, which is defined to include bank and other borrowings and lease liabilities net of pledged bank balances and bank balances and cash, by total equity at the end of the respective periods. Current ratio as at 30 June 2025 was approximately 4.5 times (31 December 2024: approximately 3.7 times).

As at 30 June 2025, the Group's net current assets amounted to approximately HK\$125.6 million (31 December 2024: approximately HK\$117.2 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, lease liabilities and proceeds from the Company's equity fund raising exercise. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

Capital Structure

As at 30 June 2025, the share capital and equity attributable to owners of the Company amounted to approximately HK\$23.0 million and approximately HK\$125.6 million, respectively (31 December 2024: approximately HK\$19.2 million and approximately HK\$127.2 million, respectively).

Pledge of Assets

As at 30 June 2025 and 31 December 2024, trade receivables, 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, Renminbi (RMB) and United States dollars and the Group is not exposed to significant foreign exchange exposure.

Contingent Liabilities

As at 30 June 2025, performance guarantee of approximately HK\$40,578,500 (31 December 2024: HK\$39,412,000) and approximately HK\$8,471,000 (31 December 2024: HK\$7,922,000) were given by banks and an insurance company 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 and the insurance company to pay to them the sum stipulated in such demand. The Group will become liable to compensate such banks and the insurance company accordingly. The performance guarantee will be released upon completion of the service contracts.

As at 30 June 2025 and 31 December 2024, the Directors do not consider that any material claims will be made against the Group.

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

Save as disclosed below, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2025.

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.

Discloseable Transactions

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.

Exclusive online game licensing agreements

On 20 August 2024, Ligao Hualu Shenzhen Technology Company Limited* (立高華祿(深圳) 科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company (“**Licensee 1**”) and Perfect Capital Limited (財百有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company (“**Licensee 2**”, together with Licensee 1, the “**Licensees**”) entered into four licensing agreements (together with the first licensing agreement (“**Licensing Agreement 1**”) entered into on 8 April 2024, the “**Licensing Agreements**”) with various licensors (the “**Licensors**”), pursuant to which, the Licensors granted to the Licensees the exclusive, transferable and sub-licensable rights to promote, operate, publish, reproduce and distribute the certain licensed games (the “**Licensed Games**”) and the products and services related thereto within the authorised territories for a term of five (5) years.

Since the Licensing Agreements were entered into or completed within a 12 month period or are otherwise related and lead to substantial involvement by the Company in a business activity which did not previously form part of the Company’s principal business activities, the Licensing Agreements are required to be aggregated as a series of transactions pursuant to Rules 20.79 and 20.80 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (on an aggregate basis with Licensing Agreement 1 which was entered into on 8 April 2024, 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 and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. For details of the transaction, please refer to the announcement of the Company dated 20 August 2024.

Capital Commitment

As at 30 June 2025, the Group had no material capital commitments for acquisition of additional motor vehicles to expand our fleet of specialised vehicles (31 December 2024: HK\$ Nil).

Employee and Emolument Policies

As at 30 June 2025, the Group had approximately 657 employees (31 December 2024: approximately 645 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.

Use of Proceeds from Rights Issue

The Company raised gross proceeds of up to approximately HK\$43.20 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 closing price of the Company's share as quoted on the Stock Exchange was HK\$0.86 as at 24 November 2023, the date of the approval of the Rights Issue by the board of directors of the Company (the "**Board**"). The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$41.7 million. The net price was approximately HK\$0.579 per Rights Share. The utilisation of the net proceeds from the Rights Issue as at 30 June 2025 is set out below:

Use of net proceeds	Amount of original net proceeds HK\$ million	Unutilised net proceeds up to 31 December 2024	Net proceeds utilised during the period ended 30 June 2025	Unutilised net proceeds as at 30 June 2025	Expected timeline for utilising the remaining net proceeds
		HK\$ million	HK\$ million	HK\$ million	
Financing the provision of performance guarantee	26.0	11.6	0.7	10.9	31 December 2025
Acquisition of additional vehicles	7.0	6.6	–	6.6	31 December 2025
Repayment of the Group's bank loans and payables	4.8	–	–	–	
General working capital for business operation and general administrative and operating expenses	3.9	–	–	–	
Total	41.7	18.2	0.7	17.5	

Issue of shares under general mandate

On 28 April 2025, the Company entered into a placing agreement with a placing agent for placing a maximum of 19,200,000 ordinary shares (the **"Placing Shares"**) of the Company at a placing price of HK\$0.27 per Placing Share. The closing price of the Company's share as quoted on the Stock Exchange was HK\$0.31 as at 28 April 2025, the date of the placing agreement. On 19 May 2025, 19,200,000 Placing Shares were placed to not less than six placees. The shares issued rank pari passu with other shares in issue of the Company in all aspects.

The gross proceeds from the placing was approximately HK\$5.18 million and the net proceeds (after deduction of placing fees and other expenses of the placing) from the placing was approximately HK\$5.08 million, representing a net placing price of approximately HK\$0.265 per Placing Share.

The net proceeds of the placing were fully utilized as the intended use and were used for the business operation and general working capital of the Group.

Competing Business

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

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

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2025, none of the Directors and chief executive of the Company had any interests or short positions of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2025, 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	Approximate shareholding	Number of ordinary shares
Mr. Tam Wai Tong	Beneficial interest	20.76%	23,920,000
Yongxin Global Investment Limited	Beneficial interest	11.03%	12,702,000
He Hangyu	Beneficial interest	10.79%	12,434,000
Ye Yongchun	Beneficial interest	9.78%	11,262,500

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

Save as disclosed herein, the Company has not been notified of any other person (other than a Director or a chief executive of the Company) who had an interest or a short position 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 as at 30 June 2025.

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.

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 C1 to the GEM Listing Rules. During the Reporting Period and up to the date of this report, save as disclosed elsewhere in this report, the Company has complied with all the applicable code provisions of the Code.

CHANGE OF DIRECTOR’S AND SUPERVISOR’S INFORMATION

Mr. Wang Rong (“**Mr. Wang**”) tendered his resignation as an executive Director with effect from 9 June 2025 due to his other business engagements which require more of his dedication (the “**Resignation**”). He was appointed as a vice president of Perfect Capital Limited, a subsidiary of the Company, on the same date.

Mr. Chow Yun Cheung (“**Mr. Chow**”) has been redesignated from an independent non-executive Director to an executive Director with effect from 9 June 2025.

Upon the redesignation of Mr. Chow from an independent non-executive Director to an executive Director, Mr. Chow ceases to be the chairman of the Audit Committee of the Company, the chairman of the Remuneration Committee of the Company and the member of the Nomination Committee of the Company, with effect from 9 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Mr. Leung Ka Wai, an independent non-executive Director, has been appointed as the chairman of each of the Remuneration Committee and the Nomination Committee of the Company with effect from 9 June 2025.

Mr. Tam Yiu Shing, Billy, an executive Director, has been redesignated from the chairman to a member of the Nomination Committee of the Company with effect from 9 June 2025.

Mr. Pang Wai Ho ("**Mr. Pang**") tendered his resignation as the company secretary of the Company; and Mr. Chow has been appointed as the company secretary of the Company ("**Change of Company Secretary**") with effect from 9 June 2025.

Mr. Tam Yiu Shing, Billy, an executive Director, resigned as a member of the Nomination Committee of the Company and Ms. Liu Jingjing, an executive Director, has been appointed as a member of the Nomination Committee of the Company, with effect from 30 June 2025.

Following the redesignation of Mr. Chow from an independent non-executive Director to an executive Director on 9 June 2025, the Company only has two independent non-executive Directors, thus the Company has failed to meet the requirements of having: (a) at least three independent non-executive Directors; and (b) at least one of the independent non-executive Directors who must have appropriate professional qualifications or appropriate accounting or related financial management expertise under Rule 5.05 of the GEM Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 5.28 of the GEM Listing Rules with regard to the minimum number of members and the composition of the Audit Committee of the Company.

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 two independent non-executive Directors, namely Mr. Mak Kwok Kei (“**Mr. Mak**”), and Mr. Leung Ka Wai (“**Mr. Leung**”) as at the date of this report. The duties of the Audit Committee include reviewing, in draft form, the annual report and accounts, half-year report and providing advice and comments to the Board. In this regard, members of the Audit Committee will liaise with the Board, the senior management and auditors. The Audit Committee will also consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the accounting staff, compliance officer or auditors. Members of the Audit Committee are also responsible for reviewing our Group’s financial reporting process and internal control system.

Up to the date of approval of the Group’s unaudited results for the Reporting Period, the Audit Committee had held meeting and had reviewed the draft interim report and unaudited condensed consolidated financial statements for the Reporting Period 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. Tam Yiu Shing, Billy, Mr. Mak and Mr. Leung as at the date of this report. Mr. Leung currently serves as the chairman of the Remuneration Committee. The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company’s policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 24 June 2017 which comprises one executive Director and two independent non-executive Directors, namely Ms. Liu Jingjing (“**Ms. Liu**”), Mr. Mak and Mr. Leung as at the date of this report. Mr. Leung 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.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this report, there have been no other material events occurring after the reporting period and up to the date of this report.

By order of the Board
Lapco Holdings Limited
Tam Yiu Shing, Billy
Executive Director

Hong Kong, 29 August 2025

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

This report will remain on the “Latest Listed Company Information” page on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company’s website at www.lapco.com.hk.

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