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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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

Independent Financial Adviser to Independent Board Committee and Independent Shareholders



PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$43.20 million by way of the issue of up to 72,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), 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 Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$41.70 million (assuming no change in the number of Shares in issue on or before the Record Date). Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

According to Rule 10.31(1)(b) of the GEM Listing Rule, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (i.e. Placing Shares) by offering the Placing Shares to independent places for the benefit of the relevant No Action Shareholders and Excluded Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 24 November 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Placing Shares during the Placing Period to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price that is realised will be paid to the No Action Shareholders and the Excluded Shareholders on a pro-rata basis. Any Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Tam, a substantial Shareholder and a director of a subsidiary of the Company, is interested in 5,980,000 Shares, representing approximately 24.92% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking, Mr. Tam has, among other things, irrevocably and unconditionally undertaken to the Company:

- (i) subject to the Note to Rule 10.26(2) in relation to scaling down mechanism in case of an obligation to make a general offer being triggered under the Takeovers Code, to subscribe for the 17,940,000 Rights Shares to be offered to Mr. Tam; and
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by Mr. Tam from the date of the Irrevocable Undertaking to the close of business on the Record Date.

Save for the above Irrevocable Undertaking, the Company has not received, as at the date of this announcement, any other information or irrevocable undertaking from other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, (i) the Company does not have any controlling shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Shares, therefore no Shareholders will be required to abstain from voting of the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Ms. Wan Hoi Shan, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. In this connection, the Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 22 December 2023.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing further information the Rights Issue are expected to be despatched to the Qualifying Shareholders on 31 January 2024 and the Prospectus will be despatched to the Excluded Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$43.20 million by way of the issue of up to 72,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), 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 Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The Rights Issue is not underwritten. Further details of the Rights Issue are set out below:

Issue statistics

Assuming no further change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.60 per Rights Share
Net price per Rights Shares (i.e Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)		HK\$0.579 per Rights Share
Number of Shares in issue as at date of this announcement	:	24,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 72,000,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	up to HK\$14,400,000
Number of Shares in issue immediately upon completion of the Rights Issue	:	up to 96,000,000 Shares
Maximum amount of gross proceeds raised from the Rights Issue (before expenses)	:	up to approximately HK\$43.20 million
Maximum amount of net proceeds raised from the Rights Issue	:	up to approximately HK\$41.70 million

As at the date of this announcement, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 72,000,000 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Shares as at the date of this announcement; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Irrevocable Undertaking

As at the date of this announcement, Mr. Tam, a substantial Shareholder and a director of a subsidiary of the Company, is interested in 5,980,000 Shares, representing approximately 24.92% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking, Mr. Tam has, among other things, irrevocably and unconditionally undertaken to the Company:

- (i) subject to the Note to Rule 10.26(2) in relation to scaling down mechanism in case of an obligation to make a general offer being triggered under the Takeovers Code, to subscribe for the 17,940,000 Rights Shares to be offered to Mr. Tam; and
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by Mr. Tam from the date of the Irrevocable Undertaking to the close of business on the Record Date.

Save for the above Irrevocable Undertaking, the Company has not received, as at the date of this announcement, any other information or irrevocable undertaking from other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is of HK\$0.60 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of 30.23% to the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 19.35% to the average closing price of HK\$0.744 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 9.77% to the theoretical ex-rights price of HK\$0.665 per Share based on the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 22.67% represented by the theoretical diluted price of HK\$0.665 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.86 per Share; and

- (v) a discount of 84.85% to the unaudited net asset value per Share of HK\$3.96 (based on the unaudited consolidated net asset value of the Group of approximately HK\$94.94 million as at 30 June 2023 and 24,000,000 Shares in issue as at the date of this announcement).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.579 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest financial position of the Group; and (iv) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this announcement.

The Board has noted the relatively large discount mentioned in (v) above. Nevertheless, given the pre-emptive nature of the Rights Issue and taking into account of the fact that the Shares were traded at a discount to the net asset value attributable to the Shareholders per Share (based on unaudited net asset value of the Group of HK\$94.94 million as at 30 June 2023 and 24,000,000 shares in issue as at the date of this announcement) for the six months preceding the Last Trading Day ranging from approximately 32.32% to 84.60%, with an average of approximately 63.32%, the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL(s) relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant documents for transfer of Shares (with the relevant share certificates) with the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 23 January 2024.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Share Registrar for registration no later than 4:30 p.m. on Tuesday, 23 January 2024.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 19 January 2024 and the Shares will be dealt with on an ex-rights basis from Monday, 22 January 2024.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

Qualifying Shareholders who do not fully take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their proportionate shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Board notes the requirements specified in Rule 17.41(1) of the GEM Listing Rules and will make enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid

Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Excluded Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Excluded Shareholders for information purposes only but will not send any PAL to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Excluded Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit.

Any such ES Unsold Rights Shares to which such Excluded Shareholders would otherwise have been entitled will be placed by the Placing Agent to the Placees at the price at least equal to the Subscription Price under the Placing.

Overseas Shareholders should note that they may or may not be eligible to take part in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the fully-paid Rights Shares.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 10.31(1)(b) of the GEM Listing Rule, the Company will make Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (i.e. Placing Shares) by offering the Placing Shares to independent Placees for the benefit of the relevant No Action Shareholders and Excluded Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 24 November 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Placing Shares during the Placing Period to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price that is realised will be paid to the No Action Shareholders and the Excluded Shareholders on a pro-rata basis. Any Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any but rounded down to the nearest cent) will be paid (without interest) on a pro-rata basis to the relevant No Action Shareholders and Excluded Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Excluded Shareholders become entitled on the basis described above to an amount of (i) more than HK\$100, the entire amount will be paid to the relevant No Action Shareholders or Excluded Shareholders in Hong Kong Dollars only; or (ii) HK\$100 or less, such amount will be retained by the Company for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

PLACING AGREEMENT

On 24 November 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

Date : 24 November 2023

Parties : (i) the Company, as issuer; and
(ii) the Placing Agent

Placing Agent : Zijing Capital Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Placing Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Tuesday, 20 February 2024, and ending at the 6:00 p.m. on Friday, 23 February 2024.

Fees and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission of 2.5% of the actual gross proceeds from the subscription of the Placing Shares (i.e. amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent) and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion of the Placing.

Placing price of the Placing Shares : The placing price of the Placing Shares shall be not less than the Subscription Price.

The final price shall be determined by the Placing Agent based on the demand for and the market conditions of the Placing Shares during the placing.

Placees: : The Placing Shares shall only be offered to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties, such that:

- (i) no Placee shall become a substantial shareholder of the Company immediate following the placing;
- (ii) the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and
- (iii) the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing.

Ranking of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Placing Shares (when allotted, issued and fully-paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Termination : The Placing Period shall end at 6:00 p.m. on Friday, 23 February 2024 or any other date by mutual agreement between the Placing Agent and the Company.

The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 6:00 p.m. on Tuesday, 27 February 2024 (or any other date any mutually agreed between the Company and the Placing Agent) upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, to be material in the context of the Placing or has or may have a material adverse effect on the business or financial conditions or prospects of the Group or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the Company fails to comply with its material obligations under the Placing Agreement;

- (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in material respect by reference to the facts subsisting at the time.

If notice of termination is given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

- Conditions precedent : The Placing is subject to and conditional upon:
- (i) the passing by the Independent Shareholders at the general meeting of the Company of the necessary resolution(s) to approved the Rights Issue;
 - (ii) the GEM Listing Committee having granted the listing of, and permission to deal in, the Rights Shares; and
 - (iii) the Company having obtained all necessary consents and approvals for allotting and issuing the Rights Shares.

None of the above conditions are capable of being waived.

- Placing Completion Date : Tuesday, 27 February 2024 or such other date as the Company and the Placing Agent may agree in writing.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Placing Shares will be placed by the Placing Agent to independent Placers on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Placing Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Eligibility for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 1 March 2024.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Independent Shareholders at the EGM of the resolution to approve the Rights Issue by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Prospectus Posting Date of Prospectus Documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the GEM Listing Rules;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders; and
- (v) the Placing Agreement not being terminated.

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12 January 2024 to Thursday, 18 January 2024 (both dates inclusive) for determining the identity of the Shareholders who entitled to attend and vote at the EGM. The register of members of the Company will be closed from Wednesday, 24 January 2024 to Tuesday, 30 January 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of (a) cleaning services; (b) pest management services; (c) waste management and recycling services; and (d) landscaping services in Hong Kong. The Group has a well-established presence in the environmental hygiene service industry in Hong Kong with a proven track record since 1988 and long history of business relationships with customers in both public and private sectors. Driven by the increasing public awareness of environmental hygiene due to outbreaks of past diseases, including COVID-19 in the past three years, the Directors believes that the environmental hygiene service industry in Hong Kong has strong growth potentials.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$41.70 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 62% (or approximately HK\$26.00 million) will be used for the development of existing business of the Group; (ii) approximately 17% (or approximately HK\$7.00 million) will be used to acquire additional 5 cleaning vehicles; (iii) approximately 12% (or approximately HK\$4.80 million) will be used for the repayment of the Group's loans and payables; and (iv) approximately 9% (or approximately HK\$3.90 million) will be used as the general working capital of the Group.

The cleaning segment forms the core service of the Group. As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group's revenue mainly derived from the provision of cleaning services, which contributed to approximately 81.43% and approximately 78.35% of the Group's revenue for the years ended 31 December 2022 and 31 December 2021 respectively and a large portion of the Group's revenue from cleaning segment was generated from street cleaning service contracts with the Government of Hong Kong that the Group obtained from open tenders. As of the date of this announcement, the Group has 10 contracts on hand with a duration of three years for the provision of street cleaning services to the Government of Hong Kong and the aggregate contract sum is amounted to approximately HK\$1.76 billion. In addition, based on the Group's latest data on the Hong Kong Government's outsourced street cleaning contracts, there are total of 14 contracts (only 2 contracts in 2023) with an aggregate contract sum of approximately HK\$3.61 billion (of which 2 contracts with total contract sum of approximately HK\$654.88 million are existing contracts of the Group) that will be expired in year 2024 ("**2024 Expiring Contracts**") and will open for tendering. The Group intends to submit tenders for these 2024 Expiring Contracts taking into account the available financial resources of the Group.

The delivery of the environmental hygiene services, in particular the street cleaning services requires substantial financial and operational resources. Over the years, the Group relies on bank financings and internally generated funds to obtain new contracts from customers in both public and private sectors and manage its working capital associated with undertaking contract works (i.e. time lags between making payments to our employees/suppliers and receiving payments from our customers). Further, the Group is generally required to provide performance guarantee at a rate of 6% of the total contract sum to public sector customers, as security for due performance of the Group's contractual obligations during the contract period (i.e. three years for public sector customers). Considering the expected increase in numbers of contracts to be undertaken by the Group in the coming years as disclosed above, the net proceeds raised from the Rights Issue will be substantially utilised to satisfy the expansion and relevant business opportunities anticipated by the Group. In addition, given the relatively long contract period for these contracts and the provision of performance guarantee would result in the lock-up of a portion of the Group's capital and available banking facilities for a prolonged period of time, which affects the Group's liquidity position, the maintenance and expansion of the Group's existing businesses entail a healthy and sufficient level of cash flow of the Company.

Furthermore, the Group is required to use different types of specialised vehicles and equipment in performing the Group's cleaning services and waste management and recycling services and taking into account the existing and potential contracts as discussed above, the Group plans to purchase five cleaning vehicles as new additions to replace some of the Group's existing vehicles, which would allow an increase in the Group's service capacity and accommodate business growth of the Group.

Considering the Group's cash and cash equivalent and net current assets amounted to approximately HK\$44.70 million and approximately HK\$54.36 million respectively as at 30 June 2023 and the utilised amounts of bank guarantees (as performance guarantees) in favour of the Group's customers under the Group's existing banking facilities were HK\$159.00 million as at 30 June 2023, representing approximately 96% of the available banking facilities of the Group, the Directors have been exploring ways to enhance the Group's liquidity position to cope with the Group's business operations and development requirements as discussed above.

In addition, the Directors are of the view that (i) the interest rates for debt financing may remain high in the medium term; and (ii) it is difficult and time consuming for the Group to liaise with banks to obtain new/additional loan facilities for the Group as banks in Hong Kong have become more prudent in lending amid the slowdown of the Hong Kong and global economy, the Rights Issue could enhance the Group's cash flow position to accommodate the liquidity needs for the Group's business operations and development without increasing its gearing ratio and finance costs.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds cannot be ascertained at this moment. In the event that the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue are expected to be utilised with proportional reductions in the same usage scenarios as above.

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Directors has also considered other fund-raising alternatives available before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

It is considered that the Rights Issue would give the Qualifying Shareholders an equal opportunity to participate in the growth of the Group. Given it is pre-emptive in nature, it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Accordingly, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the date of this announcement; (ii) immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; (iii) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent; and (iv) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Tam (Note 1)	5,980,000	24.92	23,920,000	24.92	7,686,000	29.90	23,920,000	24.92
Public Shareholders								
Independent Placees (Note 2)	-	-	-	-	-	-	54,060,000	56.31
Other public Shareholders	18,020,000	75.08	72,080,000	75.08	18,020,000	70.10	18,020,000	18.77
	<u>24,000,000</u>	<u>100.00</u>	<u>96,000,000</u>	<u>100.00</u>	<u>25,706,000</u>	<u>100.00</u>	<u>96,000,000</u>	<u>100.00</u>

Notes:

- The total number of Rights Shares to be subscribed by Mr. Tam will be scaled down to the extent that he and his associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.
- As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

2023

Despatch of Circular together with the notice of
EGM and proxy form for EGM on or before
Friday, 22 December 2023

2024

Latest time for lodging transfer documents of the Shares to
qualify for attendance and voting at the EGM 4:30 p.m. on
Thursday, 11 January

Closure of register of members of the Company for
determining the identity of the Shareholders entitled to
attend and vote at the EGM Friday, 12 January –
Thursday, 18 January
(both dates inclusive)

Latest time for lodging proxy forms for the EGM 3:00 p.m. on
Tuesday, 16 January

Record date for attendance and voting at the EGM Thursday, 18 January

Expected date and time of the EGM to
approve the Rights Issue 3:00 p.m. on
Thursday, 18 January

Announcement of the poll results of the EGM. Thursday, 18 January

Register of members of the Company re-open Friday, 19 January

Last day of dealings in Shares on a cum-rights basis Friday, 19 January

First day of dealings in Shares on an ex-rights basis Monday, 22 January

Latest time for lodging transfers of Shares in order to
qualify for the Rights Issue 4:30 p.m. on
Tuesday, 23 January

Closure of the register of members (both dates inclusive) Wednesday, 24 January to
Tuesday, 30 January

Record Date	Tuesday, 30 January
Register of members of the Company re-opens	Wednesday, 31 January
Prospectus Documents expected to be despatched	Wednesday, 31 January
First day of dealings in nil-paid Rights Shares	Friday, 2 February
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Tuesday, 6 February
Last day of dealings in nil-paid Rights Shares	Friday, 9 February
Latest Time for Acceptance	4:00 p.m. on Friday, 16 February
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 19 February
Commencement of Placing by the Placing Agent	Tuesday, 20 February
Latest time of Placing by the Placing Agent	6:00 p.m. on Friday, 23 February
Latest time for the Rights Issue to become unconditional and Latest Time for Termination	6:00 p.m. on Tuesday, 27 February
Announcement of the results of Rights Issue (including results of the Placing and the amount of the Net Gain) to be posted on the Stock Exchange's website and the Company's website	Thursday, 29 February
Share certificates for Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful applications expected to be despatched	Friday, 1 March
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 4 March
Payment of the Net Gain (if any) to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Friday, 22 March

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 16 February 2024. Instead the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 16 February 2024. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the twelve months immediately preceding the date of this announcement:

Date of Announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
4 May 2023	May Share Placing	HK\$7.91 million	(i) approximately HK\$5.54 million for acquisition of additional vehicles including waste compaction vehicles and street washing vehicles	<i>Used as intended</i>
			(ii) approximately HK\$2.37 million, for the business operation and general working capital of the Group	<i>Used as intended</i>

Save as disclosed above, the Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, (i) the Company does not have any controlling Shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Share, therefore no Shareholders will be required to abstain from voting of the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Ms. Wan Hoi Shan, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

In this connection, the Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 22 December 2023.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing further information the Rights Issue are expected to be despatched to the Qualifying Shareholders on 31 January 2024 and the Prospectus will be despatched to the Excluded Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this announcement.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own

professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday or public holiday) on which banks are open in Hong Kong for general banking business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Lapco Holdings Limited (Stock Code: 8472), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM
“Compensatory Arrangements”	the compensatory arrangements made pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Rights Issue
“ES Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM operated the Stock Exchange

“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholders”	any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the GEM Listing Rules
“Independent Third Parties”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 November 2023 given by Mr. Tam in favour of the Company
“Last Trading Day”	24 November 2023, last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 16 February 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	6:00 p.m. on Tuesday, 27 February 2024 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“May Share Placing”	the shares placing under general mandate completed on 31 May 2023

“Mr. Tam”	Mr. Tam Wai Tong, a substantial Shareholder and a director of a subsidiary of the Company
“Net Gain”	the premium paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing Agent
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Shareholders”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	institutional, corporate or individual investor(s) procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Zijing Capital Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) and Type 6 (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 24 November 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	Tuesday, 27 February 2024 or such other date as the Company and the Placing Agent may agree
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of the Placing Share, which is expected to be Tuesday, 20 February 2024, and ending at the 6:00 p.m. on Friday, 23 February 2024
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Right Shares
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues

“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	31 January 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholders”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 30 January 2024 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined
“Rights Issue”	the issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Shares”	up to 72,000,000 new Shares (assuming no change in the number of issued Shares on or before the Record Date)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Registrar”	Tricor Investor Services Limited. at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.60 per Rights Share under the Rights Issue
“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Unsubscribed Rights Shares” the Rights Shares that are not subscribed by the Qualifying Shareholders

“%” per cent

For and on behalf of the Board
Tam Yiu Shing, Billy
Executive Director and Joint Company Secretary

Hong Kong, 24 November 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tam Yiu Shing, Billy, Mr. Au Pak Lun, Patrick and Mr. Wang Rong; and three independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Ms. Wan Hoi Shan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading. This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for seven days and on the website of the Company at <https://www.lapco.com.hk>.