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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that on 4 May 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the Placing of a maximum of 80,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.1 per Placing Share.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 80,000,000 Placing Shares under the Placing Agreement represents: (a) 20.00% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The Placing Price of HK\$0.1 per Placing Share represents: (i) a premium of approximately 4.1% over the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on 4 May 2023, being the date of the Placing Agreement; and (ii) a premium of approximately 6.4% over the average closing price of HK\$0.0936 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$8.0 million and the net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing are estimated to be approximately HK\$7.91 million, representing a net placing price of approximately HK\$0.0989 per Placing Share.

The Directors intend to use the net proceeds from the Placing in the following manner:

- (i) approximately 70%, or HK\$5.54 million, will be used to acquire additional vehicles including waste compaction vehicles and street washing vehicles;
- (ii) approximately 30%, or HK\$2.37 million, will be used for the business operation and general working capital of the Group, among others, staff costs, office rental, and general administrative and operating expenses;

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Application will be made by the Company to the Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 4 May 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the Placing of a maximum of 80,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.1 per Placing Share.

The principal terms of the Placing Agreement are summarised below:

Date:	4 May 2023
Issuer:	The Company
Placing Agent:	Zijing Capital Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

The terms of the Placing Agreement were arrived at arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions and the recent trading performance of the Shares. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will charge the Company a placing commission of 0.5% of the aggregate amount equal to the Placing Price multiplied by the number of the Placing Shares being placed by the Placing Agent. The placing commission payable to the Placing Agent under the Placing Agreement was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing commission rate for similar transactions, the size of the Placing and the price performance of the Shares.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial shareholder of the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement up to Completion, the maximum number of 80,000,000 Placing Shares under the Placing represents (i) 20.00% of the existing issued share capital of the Company of 400,000,000 Shares as at the date of this announcement; and (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$800,000.

Ranking of Placing Shares

The Placing Shares will, on allotment and issue, rank *pari passu* in all respects with other existing Shares upon issuance free from all claims, charges, liens, encumbrances and equities, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on the record date of which falls on or after the date of issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents:

- (a) a premium of approximately 4.1% over the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a premium of approximately 6.4% over the average closing price of HK\$0.0936 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares, the recent trading performance of the Shares and the nominal value of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is determined on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then number of issued Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 80,000,000 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate. Therefore the Placing will not be subject to any further Shareholders approval.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon fulfilment of the following conditions:

- (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consent and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above conditions is not fulfilled on or before 31 May 2023 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within four (4) Business Days after the fulfillment of the above conditions precedent or such other date to be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may, upon the occurrence of the following events, terminate the Placing Agreement by notice in writing given to the Company at any time prior to 9:00 a.m. on Completion Date.

- (i) 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 adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
- (v) any breach of any of the representations and warranties of the Company to the Placing Agent under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to this section, the Placing Agreement shall terminate and be of no further effect and neither party shall have any claim against the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$8.0 million and the net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing are estimated to be approximately HK\$7.91 million, representing a net placing price of approximately HK\$0.0989 per Placing Share. The Directors intend to use the net proceeds from the Placing in the following manner:

- (i) approximately 70%, or HK\$5.54 million, will be used to acquire additional vehicles including waste compaction vehicles and street washing vehicles;
 - (ii) approximately 30%, or HK\$2.37 million, will be used for the business operation and general working capital of the Group, among others, staff costs, office rental, and general administrative and operating expenses;
- Acquisition of vehicles

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. During the year ended 31 December 2022, the Group has obtained additional cleaning service contracts from the Government of Hong Kong. With a view to accommodating the increased number of projects, the Company intends to acquire more cleaning vehicles to maintain its service quality and efficiency. In addition, the proceeds allocated for the procurement of additional vehicles for its services, which derived from the Company's public offer in 2017, was fully utilised by the year ended 31 December 2021. Given the Company has expanded its service capability throughout these years, the Directors believe the Placing would benefit the Group in strengthening and expanding its business operations.

- General working capital

The Group relies on bank financing for its business operations and if the Group does not obtain bank financing, the Group's portion of capital could be locked up for a period of time and affects its liquidity. During the latest bank's review of the Group's existing facilities, the banks performed a comprehensive assessment on the financial position of the Group, and required the Group to provide additional collateral and deposits for renewing the existing facilities. Additionally, the Group failed to obtain new trade finance facilities with other financial institutions. As the economy is gradually reviving in the post COVID-19 stage, the Directors believes that it provides a good opportunity to obtain equity financing and the Placing will be advantageous to the Group as it would not increase the Group's collateral or interests burden derived from debt financing.

The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the Placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion) is set out as below:

Name of Shareholders	As at the date of this announcement		Immediately upon Completion ^(Note 1)	
	<i>No. of Shares</i>	<i>Approximate % of number of Share in issue</i>	<i>No. of Shares</i>	<i>Approximate % of number of Shares in issue</i>
Cheung Chun Man Anthony Ravarock Financial Group Limited ^(Note 2)	119,600,000	29.90	119,600,000	24.91
Tan Guichu	21,000,000	5.25	21,000,000	4.37
The Placees	–	–	80,000,000	16.66
Other Public Shareholders	259,400,000	64.85	259,400,000	54.06
Total	400,000,000	100.00	480,000,000	100.00

Notes:

1. Assuming that there is no change in the issued share capital of the Company other than the Placing.
2. Ravarock Financial Group Limited is wholly-owned by Cheung Chun Man Anthony.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 6 May 2022
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding a Saturday) on which banks generally open for business in Hong Kong
“Company”	Lapco Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8472)
“Completion”	completion of the Placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within four (4) Business Days after the date on which all the conditions set out in the section headed “Conditions of the Placing” in this announcement have been satisfied or such other date as the Company and the Placing Agent may agree in writing
“Directors”	the directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted by the shareholders of the Company at the annual general meeting of the Company on 6 May 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons in accordance with the GEM Listing Rules
“Listing Committee”	the GEM Listing Committee of the Stock Exchange

“Placee(s)”	any independent institutional, professional and/or individual investors whom the Placing Agent or its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing by the Company of the Placing Shares on a best effort basis to not less than six Placees on the terms and subject to the 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 agreement entered into between the Company and the Placing Agent dated 4 May 2023 in respect of the Placing
“Placing Price”	HK\$0.1 per Placing Shares
“Placing Share(s)”	Up to 80,000,000 new Shares to be placed under the Placing
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“%”	per cent

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

Hong Kong, 4 May 2023

As at the date of this announcement, the Board comprises one executive Director, namely, Mr. Tam Yiu Shing, Billy and three independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Mr. Ho Kin Wai.

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 matters the omission of which would make any statement in this announcement misleading.

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