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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 SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes that every twenty (20) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. As at the date of this announcement, there are 480,000,000 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 24,000,000 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$100,000,000 but will be divided into 500,000,000 Consolidated Shares of par value of HK\$0.2 each.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 5,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 5,000 Existing Shares to 2,000 Consolidated Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and if, thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Friday, 7 July 2023.

Shareholders and potential investors should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every twenty (20) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, and there are 480,000,000 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 24,000,000 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$100,000,000 but will be divided into 500,000,000 Consolidated Shares of par value of HK\$0.2 each.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Tuesday, 1 August 2023, being the second Business Day after the EGM, subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the GEM Listing Committee of Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 5,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 5,000 Existing Shares to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.115 per Existing Share as quoted on the Stock Exchange as at the date of this announcement (equivalent to a theoretical price of HK\$2.3 per Consolidated Share, assuming the Share Consolidation had already been effective), (i) the value of each existing board lot of Consolidated Shares is HK\$11,500; and (ii) the value of each board lot of 2,000 Consolidated Shares, assuming the Change in Board Lot Size had also been effective, would be HK\$4,600.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “**Guide**”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of GEM Listing Rules. It is also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Based on the closing price of HK\$0.115 per Existing Share as at the date of this announcement, and the board lot size of 5,000 Existing Share, equivalent to the existing board lot value is HK\$575, which is lower than HK\$2,000. The Board considers that after the Share Consolidation (resulting in a theoretical price of HK\$2.3 per Consolidated Share) and the Change in Board Lot Size to 2,000 Consolidated Share became effective, the estimated board lot value will be HK\$4,600.

It is expected that the Share Consolidation will reduce the number of board lots and substantially increase the value of each board lot if the board lot size remains unchanged at 5,000 Existing Shares. To improve the liquidity of the Consolidated Shares, the Board proposed the Change in Board Lot Size from 5,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective in order to produce (i) a larger number of board lots and (ii) a relatively lower market value of each board lot.

Furthermore, in view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction costs for each securities trade. The Company believes that the corresponding upward adjustment in the trading price per Consolidated Share as a result of the Share Consolidation will make investing in the Shares of the Company more attractive to a broader range of investors, and thus further broaden the Shareholder base of the Company.

In view of the above reasons, the Company considers that the Share Consolidation and Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Company is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no concrete plans to carry out other corporate actions or conduct any equity fundraising which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months. However, the Directors cannot rule out the possibility that the Company will conduct equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with GEM Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares (if any) will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 1 August 2023, Shareholders may on or after Tuesday, 1 August 2023 and until Wednesday, 6 September 2023 (both days inclusive), submit their Existing Share certificates in green colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange for new share certificates in yellow colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.5 per share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for exchange of new share certificates.

After 4:10 p.m. on Monday, 4 September 2023, trading will only be in Consolidated Shares which share certificates will be issued in yellow colour. Existing Share certificates in green colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title, and may be exchanged for share certificates for the Consolidated Shares at any time at the expense of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced under a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and Date
Expected date of despatch of the circular with notice of the EGM and form of proxy.	On or about Friday, 7 July 2023
Latest time for lodging transfers of Existing Shares for attending the EGM.	4:30 p.m. on Monday, 24 July 2023
Closure of register of members (both dates inclusive)	Tuesday, 25 July 2023 to Friday, 28 July 2023
Latest date and time for lodging forms of proxy for the EGM	3:00 p.m. on Wednesday, 26 July 2023
Expected date and time of the EGM	3:00 p.m. on Friday, 28 July 2023
Publication of announcement of voting results of the EGM.	Friday, 28 July 2023

Event	Time and Date
<i>The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.</i>	
Effective date of the Share Consolidation	Tuesday, 1 August 2023
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares.	Tuesday, 1 August 2023
Dealing in the Consolidated Shares commences	9:00 a.m. on Tuesday, 1 August 2023
Original counter for trading in the Existing Shares in board lots of 5,000 Existing Shares temporarily closes	9:00 a.m. on Tuesday, 1 August 2023
Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Tuesday, 1 August 2023
Original counter for trading in the Consolidated Shares in board lots of 2,000 of Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Tuesday, 15 August 2023
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 15 August 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares.	9:00 a.m. on Tuesday, 15 August 2023
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares.	4:00 p.m. on Monday, 4 September 2023
Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 4 September 2023

Event	Time and Date
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Monday, 4 September 2023
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 6 September 2023

GENERAL

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Shareholders should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Existing Shares to 2,000 Consolidated Shares

“Company”	Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8472)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Directors”	Director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“GEM”	GEM operated by The Stock Exchange of Hong Kong Limited
“GEM Listing Committee”	the GEM listing sub-committee of the board of directors of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.2 each
“Shareholder(s)”	registered holder(s) of the Existing Share(s) or the Consolidated Share(s), as the case may be

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Trading Day(s)” means a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time

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

Hong Kong, 23 June 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 Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement in this announcement misleading.

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