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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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF VEHICLES

THE DISPOSAL

The Board is pleased to announce that on 24 June 2024 (after trading hours), the Transferors, each being an indirect wholly-owned subsidiary of the Company and the Transferee, an Independent Third Party, entered into the Vehicles Purchase Agreement, pursuant to which each of the Transferors has agreed to sell and the Transferee has agreed to purchase, the Vehicles, at the consideration of HK\$19,000,000.

The Vehicles comprise 163 specialised cleaning vehicles used in the Group's business for, among others, waste compaction and street washing, which are legally and beneficially owned by the Transferors as at the date of the Vehicles Purchase Agreement.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Completion is conditional upon the satisfaction or, if applicable, waiver of the Conditions under the Vehicles Purchase Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

THE DISPOSAL

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PRINCIPAL TERMS OF THE VEHICLES PURCHASE AGREEMENT

Below is a summary of the principal terms of the Vehicles Purchase Agreement:

Date: 24 June 2024

Parties: (i) Transferor 1: Shiny Hope Limited
Transferor 2: ET Global Limited

(ii) The Transferee: Global Start Development Limited

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Transferee is an Independent Third Party.

Subject Matter: Pursuant to the Vehicles Purchase Agreement, each of the Transferors agreed to sell and the Transferee agree to purchase a total of 163 Vehicles.

The Vehicles comprise 143 Shiny Hope Vehicles and 20 ET Global Vehicles, which are legally and beneficially owned by Transferor 1 and Transferor 2 respectively as at the date of the Vehicles Purchase Agreement.

As at 31 December 2023, the unaudited net book value of 143 Shiny Hope Vehicles and 20 ET Global Vehicles in the management accounts of Transferor 1 and Transferor 2 was HK\$5,042,000 and HK\$6,946,000 respectively.

Consideration: The aggregate purchase price for the Shiny Hope Vehicles payable by the Transferee (or its nominee) to Transferor 1 shall be HK\$13,000,000 (the “**Shiny Hope Consideration**”) and the aggregate purchase price for the ET Global Vehicles payable by the Transferee (or its nominee) to Transferor 2 shall be HK\$6,000,000 (the “**ET Global Consideration**”), being a total sum of HK\$19,000,000 (the “**Consideration**”).

The Consideration shall be paid in the following manner:

- (i) the Shiny Hope Consideration shall be paid by wire transfer to a bank account in Hong Kong designated by Transferor 1 in the following manner:
 - a. HK\$1,300,000, being 10% of the Shiny Hope Consideration (the “**Shiny Hope Deposit**”) shall be paid at the time of execution of the Vehicles Purchase Agreement;
 - b. subject to the satisfaction or waiver (as the case may be) of the Conditions and upon Completion, the Shiny Hope Deposit shall be applied for settling the purchase price for the Shiny Hope Vehicles each time when any such Vehicles are duly registered; and
 - c. upon full application of the Shiny Hope Deposit for settling the purchase price, the Transferee (or its nominee) shall further pay Transferor 1 the purchase price for each of the Shiny Hope Vehicles at the time when such Vehicles are duly registered until the Shiny Hope Consideration is settled in full.

- (ii) the ET Global Consideration shall be paid by wire transfer to a bank account in Hong Kong designated by Transferor 2 in the following manner:
 - a. HK\$600,000, being 10% of the ET Global Consideration (the “**ET Global Deposit**”) shall be paid at the time of execution of the Vehicles Purchase Agreement;
 - b. subject to the satisfaction or waiver (as the case may be) of the Conditions and upon Completion, the ET Global Deposit shall be applied for settling the purchase price for the ET Global Vehicles each time when any such Vehicles are duly registered; and
 - c. upon full application of the ET Global Deposit for settling the purchase price, the Transferee (or its nominee) shall further pay Transferor 2 the purchase price for each of the ET Global Vehicles at the time when such Vehicles are duly registered until the ET Global Consideration is settled in full.

The Consideration was determined based on arm's length negotiations among the Transferors and the Transferee on normal commercial terms and with reference to (i) the market value of the Vehicles as at 31 May 2024 based on the valuation conducted by an independent valuer engaged by the Company; and (ii) the potential benefits of the Disposal as set out in the paragraph headed "Reasons for and benefits of the Disposal" in this announcement.

The Directors consider the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Vehicles Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent:

Completion is subject to the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Transferors' warranties remaining true and accurate and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the Vehicles Purchase Agreement and Completion;
- (ii) all necessary consents, licenses, and approvals required to be obtained on the part of the Transferors in respect of the Vehicles Purchase Agreement and the transactions contemplated therein having been obtained and remain in full force and effect;
- (iii) all necessary consents, licenses, and approvals required to be obtained on the part of the Transferee in respect of the Vehicles Purchase Agreement and the transactions contemplated therein having been obtained and remain in full force and effect;
- (iv) the Transferee having completed the due diligence review on various aspects of the Vehicles to its sole and absolute satisfaction;
- (v) the release and discharge of any Encumbrance in respect of the Vehicles by the relevant financing institutions;
- (vi) the change of insurance policyholder for the current insurance taken out relating to the Vehicles to the satisfaction of the Transferee; and

- (vii) the completion of annual vehicle examination in respect of the Vehicles as required under relevant applicable laws and regulations and a valid vehicle license having been obtained.

The Transferee may waive Conditions (i) and (iv) at any time by notice in writing to the Transferors. Conditions (ii), (iii), (v), (vi) and (vii) may not be waived by any party to the Vehicles Purchase Agreement. If any of the Conditions have not been satisfied or waived (as the case may be) prior to the Long Stop Date, all rights and obligations of the parties thereunder shall cease to be of any effect.

Completion: Subject to the Conditions, Completion shall commence on the Completion Date at a time and place as agreed by the parties to the Vehicles Purchase Agreement. In any event, such end date of Completion shall not be later than forty-five (45) days from the date of the Vehicles Purchase Agreement or such later date as may be agreed by the parties thereunder in writing.

INFORMATION OF THE GROUP

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.

INFORMATION OF THE PARTIES

The Transferors

Each of Transferor 1 and Transferor 2 is a company incorporated in Hong Kong with limited liability and an indirect-wholly owned subsidiary of the Company. Each of Transferor 1 and Transferor 2 principally engages in provision of transportation services to the Group companies in Hong Kong.

The Transferee

The Transferee is an investment holding company incorporated in the BVI with limited liability and an indirect non wholly-owned subsidiary of BEURG. The BEURG Group principally engages in urban services, hazardous waste treatment business and waste electrical and electronic equipment treatment business. As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Transferee is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been continuously reviewing the prevailing market conditions of the cleaning industry and constantly monitor and adjust the Group's vehicles' profile as appropriate. The Directors believe that the Disposal will enable the Group to enhance its working capital position and further strengthen its liquidity, and optimise its fleet profile through ongoing management of asset portfolio.

The Group continues to strike as good as possible, the balance of additional maintenance costs that is associated with the aging of a vehicle and the expected revenue generating ability with regards to the business operations of the Group. The Group will continuously monitor the market as well as its operations going forward and look for opportunities to maintain a reasonably competitive fleet, not ruling out any future disposal of vehicles and/or replace with newer vehicles to enhance its operational competitiveness.

In addition, the Disposal generates positive cash inflow to boost the Group's working capital and liquidity and the Group is expected to recognise an unaudited gain of HK\$6,812,000 million arising from the Disposal. After completion of the Disposal, the unaudited net book value of the Group's vehicle fleet amounted to approximately HK\$49,168,000 as at 31 December 2023.

After taking into account the above factors, the Directors consider that the terms and conditions of the Vehicles Purchase Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

It is expected that the Group will record an unaudited gain of approximately of HK\$6,812,000, which is calculated by the difference between the Consideration and the total unaudited net book value of the Vehicles in the accounts of the Transferors as at 31 December 2023 of approximately HK\$11,988,000. The net proceeds, less related transaction costs and expenses of the Disposal, is estimated to be approximately HK\$18,800,000.

The exact amount of gain on the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 December 2024 is subject to audit.

As disclosed in the annual report of the Company for the year ended 31 December 2023, the Group reported trade and other payables of approximately HK\$83 million and short term bank borrowings of approximately HK\$35 million. The Company intends to apply the net proceeds from the Disposal for the repayment of payables and liabilities of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“BEURG”	Beijing Enterprises Urban Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3718)
“BEURG Group”	BEURG and its subsidiaries from time to time
“Board”	the board of directors
“BVI”	British Virgin Islands
“Company”	Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM of the Stock Exchange (stock code: 8472)
“Completion”	completion of the sale and purchase of the Vehicles in accordance with the terms of the Vehicles Purchase Agreement
“Completion Date”	the third (3rd) Business Day after all of the Conditions have been fulfilled or waived or any later date as the parties to the Vehicles Purchase Agreement may agree in writing
“Conditions”	the conditions precedent to be satisfied or waived (as the case may be) for Completion under the Vehicles Purchase Agreement
“Consideration”	HK\$19,000,000, being the total consideration for the Vehicles
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Vehicles by the Transferors to the Transferee in accordance with the terms and conditions of the Vehicles Purchase Agreement
“Encumbrance”	with respect to any asset, any mortgage, lien, pledge, charge, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other security interest or encumbrance of any kind in respect of such asset or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect

“ET Global Vehicles”	the twenty (20) vehicles legally and beneficially owned by Transferor 2 as at the date of the Vehicles Purchase Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected person(s) and its ultimate beneficial owner(s) or their respective associate(s)
“Long Stop Date”	the day falling on the thirtieth (30th) day from the date of the Vehicles Purchase Agreement or any other date as the parties therein may agree in writing
“Shareholders”	holder(s) of the issued shares of the Company
“Shiny Hope Vehicles”	the one hundred and forty-three (143) vehicles legally and beneficially owned by Transferor 1 as at the date of the Vehicles Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferee”	Global Start Development limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of BEURG
“Transferor 1”	Shiny Hope Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Transferor 2”	ET Global Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Vehicles”	163 specialised cleaning vehicles used in the Group’s business for, among others, waste compaction and street washing, comprising the Shiny Hope Vehicles and the ET Global Vehicles

“Vehicles Purchase Agreement”

the vehicles purchase agreement dated 24 June 2024 and entered into between the Transferors and the Transferee in relation to the Disposal

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per cent.

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

Executive Director and Joint Company Secretary

Hong Kong, 24 June 2024

As at the date of this announcement, 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, Mr. Chow Yun Cheung and Mr. Leung Ka Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at www.lapco.com.hk.