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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 EXCLUSIVE ONLINE GAME LICENSING AGREEMENTS

THE LICENSING AGREEMENTS

The Board is pleased to announce that on 20 August 2024 (after trading hours), the Licensees, each being an indirect wholly-owned subsidiary of the Company, entered into Licensing Agreement 2, Licensing Agreement 3, Licensing Agreement 4 and Licensing Agreement 5 (together with Licensing Agreement 1, the “**Licensing Agreements**”) with the Licensors, pursuant to which, the Licensors granted to the Licensees the exclusive, transferable and sub-licensable rights to promote, operate, publish, reproduce and distribute the Licensed Games and the products and services related thereto within the Authorised Territories for a term of five (5) years.

GEM LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios (on an aggregate basis with Licensing Agreement 1 which was entered into on 8 April 2024, as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

THE TRANSACTION

The Board is pleased to announce that on 20 August 2024 (after trading hours), the Licensees, each being an indirect wholly-owned subsidiary of the Company, entered into Licensing Agreement 2, Licensing Agreement 3, Licensing Agreement 4 and Licensing Agreement 5 with the Licensors, pursuant to which, the Licensors granted to the Licensees the exclusive, transferable and sub-licensable rights to promote, operate, publish, reproduce and distribute the Licensed Games and the products and services related thereto within the Authorised Territories for a term of five (5) years.

PRINCIPAL TERMS OF THE LICENSING AGREEMENTS

Below is a summary of the principal terms of the Licensing Agreements:

Agreement:	Licensing Agreement 1
Date:	8 April 2024
Parties:	(i) Licensor 1 (ii) Licensee 1 (an indirect wholly-owned subsidiary of the Company) As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Licensor 1 is an Independent Third Party.
Subject matter:	The grant of the exclusive, transferable and sub-licensable rights by Licensor 1 to Licensee 1 to promote, operate, publish, reproduce and distribute Licensed Game 1 and the products and services related thereto within the Authorised Territories.
Term:	A term of five (5) years from 8 April 2024 to 7 April 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates Licensing Agreement 1 in writing within thirty (30) days before expiry of Licensing Agreement 1.
Authorised territories:	Europe, the United States and Southeast Asia

License fee: Licensee 1 shall pay a fixed license fee and a prepaid royalty to Licensor 1 according to the arrangement as set forth below:

Fixed license fee

Licensee 1 shall pay Licensor 1 a fixed license fee in the amount of USD70,000 (equivalent to approximately HK\$546,000) in four (4) instalments by electronic fund transfer to the bank account designated by Licensor 1. The fixed license fee is non-refundable unless Licensing Agreement 1 is terminated due to the default of Licensor 1.

The first instalment in the amount of USD25,000 (equivalent to approximately HK\$195,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 1.

The second instalment in the amount of USD25,000 (equivalent to approximately HK\$195,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 becomes online and commences operation in Europe, the United States and Southeast Asia regions (save for Vietnam).

The third instalment in the amount of USD10,000 (equivalent to approximately HK\$78,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 is localised and the Vietnamese version becomes available in Vietnam (as confirmed by the parties).

The fourth instalment in the amount of USD10,000 (equivalent to approximately HK\$78,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 becomes online and commences operation in Vietnam.

Prepaid royalty

Licensee 1 shall pay Licensor 1 a prepaid royalty in the amount of USD180,000 (equivalent to approximately HK\$1,404,000) in four (4) instalments by electronic fund transfer to the bank account designated by Licensor 1. The prepaid royalty is non-refundable unless Licensing Agreement 1 is terminated due to the default of Licensor 1.

The first instalment in the amount of USD75,000 (equivalent to approximately HK\$585,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 1.

The second instalment in the amount of USD75,000 (equivalent to approximately HK\$585,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 becomes online and commences operation in Europe, the United States and Southeast Asia regions (save for Vietnam).

The third instalment in the amount of USD15,000 (equivalent to approximately HK\$117,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 is localised and the Vietnamese version becomes available in Vietnam (as confirmed by the parties).

The fourth instalment in the amount of USD15,000 (equivalent to approximately HK\$117,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 1, such invoice to be issued within five (5) Business Days after Licensed Game 1 becomes online and commences operation in Vietnam.

The payment of the fixed license fee and prepaid royalty was financed through the Group's internal resources. The license fee under Licensing Agreement 1, including the fixed license fee and the prepaid royalty, were determined after arm's length negotiation between the parties with reference to (i) the current development status and the scope of the Authorised Territories of Licensed Game 1; and (ii) the prevailing market practice.

Profit distribution: The revenue generated from the operation of Licensed Game 1 shall be distributed to Licensor 1 according to the profit distribution arrangement as set forth below:

Revenue within RMB10 million:
Revenue x 15%

Revenue between RMB10 million to RMB30 million:
Revenue x 13%

Revenue above RMB30 million:
Revenue x 10%

Agreement: **Licensing Agreement 2**

Date: 20 August 2024

Parties: (i) Licensor 2
(ii) Licensee 1 (an indirect wholly-owned subsidiary of the Company)

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Licensor 2 is an Independent Third Party.

Subject matter: The grant of the exclusive, transferable and sub-licensable rights by Licensor 2 to Licensee 1 to promote, operate, publish, reproduce and distribute Licensed Game 2 and the products and services related thereto within the Authorised Territories.

Term: A term of five (5) years from 20 August 2024 to 19 August 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates Licensing Agreement 2 in writing within thirty (30) days before expiry of Licensing Agreement 2.

Authorised territories: Europe, the United States and Southeast Asia

License fee: Licensee 1 shall pay a fixed license fee and a prepaid royalty to Licensor 2 according to the arrangement as set forth below:

Fixed license fee

Licensee 1 shall pay Licensor 2 a fixed license fee in the amount of RMB1,500,000 (equivalent to approximately HK\$1,612,500) in three (3) instalments by electronic fund transfer to the bank account designated by Licensor 2. The fixed license fee is non-refundable unless Licensing Agreement 2 is terminated due to the default of Licensor 2.

The first instalment in the amount of RMB450,000 (equivalent to approximately HK\$483,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 2.

The second instalment in the amount of RMB450,000 (equivalent to approximately HK\$483,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after Licensed Game 2 is submitted to and confirmed by Licensor 2.

The third instalment in the amount of RMB600,000 (equivalent to approximately HK\$645,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after Licensed Game 2 becomes online and commences operation.

Prepaid royalty

Licensee 1 shall pay Licensor 2 a prepaid royalty in the amount of RMB1,500,000 (equivalent to approximately HK\$1,612,500) in three (3) instalments by electronic fund transfer to the bank account designated by Licensor 2. The prepaid royalty is non-refundable unless Licensing Agreement 2 is terminated due to the default of Licensor 2.

The first instalment in the amount of RMB450,000 (equivalent to approximately HK\$483,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 2.

The second instalment in the amount of RMB450,000 (equivalent to approximately HK\$483,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after Licensed Game 2 is submitted to and confirmed by Licensor 2.

The third instalment in the amount of RMB600,000 (equivalent to approximately HK\$645,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 2, such invoice to be issued within five (5) Business Days after Licensed Game 2 becomes online and commences operation.

The Group currently plans to finance the payment of the fixed license fee and prepaid royalty through the Group's internal resources. The license fee under Licensing Agreement 2, including the fixed license fee and the prepaid royalty, was determined after arm's length negotiation between the parties with reference to (i) the current development status and the scope of the Authorised Territories of Licensed Game 2; and (ii) the prevailing market practice.

Profit distribution: The revenue generated from the operation of Licensed Game 2 shall be apportioned between Licensee 1 and Licensor 2 according to the profit distribution arrangement as set forth below:

Licensee 1: Revenue x 90%

Licensor 2: Revenue x 10%

Agreement: **Licensing Agreement 3**

Date: 20 August 2024

Parties: (i) Licensor 3
(ii) Licensee 2 (an indirect wholly-owned subsidiary of the Company)

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Licensor 3 is an Independent Third Party.

Subject matter: The grant of the exclusive, transferable and sub-licensable rights by Licensor 3 to Licensee 2 to promote, operate, publish, reproduce and distribute Licensed Game 3 and the products and services related thereto within the Authorised Territories.

Term: A term of five (5) years from 20 August 2024 to 19 August 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates Licensing Agreement 3 in writing within thirty (30) days before expiry of Licensing Agreement 3.

Authorised territories: Worldwide except Japan, South Korea, Hong Kong, Macau, Taiwan and the PRC

License fee: Licensee 2 shall pay a fixed license fee and a prepaid royalty to Licensor 3 according to the arrangement as set forth below:

Fixed license fee

Licensee 2 shall pay Licensor 3 a fixed license fee in the amount of USD400,000 (equivalent to approximately HK\$3,120,000) in five (5) instalments by electronic fund transfer to the bank account designated by Licensor 3. The fixed license fee is non-refundable unless Licensing Agreement 3 is terminated due to the default of Licensor 3.

The first instalment in the amount of USD250,000 (equivalent to approximately HK\$1,950,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 3.

The second instalment in the amount of USD45,000 (equivalent to approximately HK\$351,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 40% completion.

The third instalment in the amount of USD45,000 (equivalent to approximately HK\$351,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 60% completion.

The fourth instalment in the amount of USD30,000 (equivalent to approximately HK\$234,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 80% completion.

The fifth instalment in the amount of USD30,000 (equivalent to approximately HK\$234,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 becomes online and commences operation.

Prepaid royalty

Licensee 2 shall pay Licensor 3 a prepaid royalty in the amount of USD300,000 (equivalent to approximately HK\$2,340,000) in five (5) instalments by electronic fund transfer to the bank account designated by Licensor 3. The prepaid royalty is non-refundable unless Licensing Agreement 3 is terminated due to the default of Licensor 3.

The first instalment in the amount of USD150,000 (equivalent to approximately HK\$1,170,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 3.

The second instalment in the amount of USD45,000 (equivalent to approximately HK\$351,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 40% completion.

The third instalment in the amount of USD45,000 (equivalent to approximately HK\$351,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 60% completion.

The fourth instalment in the amount of USD30,000 (equivalent to approximately HK\$234,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 reaches 80% completion.

The fifth instalment in the amount of USD30,000 (equivalent to approximately HK\$234,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 3, such invoice to be issued within five (5) Business Days after Licensed Game 3 becomes online and commences operation.

The Group currently plans to finance the payment of the fixed license fee and prepaid royalty through the Group's internal resources. The license fee under Licensing Agreement 3, including the fixed license fee and the prepaid royalty, was determined after arm's length negotiation between the parties with reference to (i) the current development status and the scope of the Authorised Territories of Licensed Game 3; and (ii) the prevailing market practice.

Profit distribution: The revenue generated from the operation of Licensed Game 3 shall be distributed to Licensor 3 according to the profit distribution arrangement as set forth below:

Revenue within USD2.0 million:
Revenue x 20%

Revenue between USD2.0 million to USD4.0 million:
Revenue x 12%

Revenue above USD4.0 million:
Revenue x 10%

Agreement: **Licensing Agreement 4**

Date: 20 August 2024

Parties: (i) Licensor 4
(ii) Licensee 1 (an indirect wholly-owned subsidiary of the Company)

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Licensor 4 is an Independent Third Party.

Subject matter: The grant of the exclusive, transferable and sub-licensable rights by Licensor 4 to Licensee 1 to promote, operate, publish, reproduce and distribute Licensed Game 4 and the products and services related thereto within the Authorised Territories.

Term: A term of five (5) years from 20 August 2024 to 19 August 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates Licensing Agreement 4 in writing within thirty (30) days before expiry of Licensing Agreement 4.

Authorised territories: Europe, the United States and Southeast Asia

License fee: Licensee 1 shall pay a prepaid royalty to Licensor 4 according to the arrangement as set forth below:

Prepaid royalty

Licensee 1 shall pay Licensor 4 a prepaid royalty in the amount of RMB500,000 (equivalent to approximately HK\$537,500) in two (2) instalments by electronic fund transfer to the bank account designated by Licensor 4. The prepaid royalty is non-refundable unless Licensing Agreement 4 is terminated due to the default of Licensor 4.

The first instalment in the amount of RMB250,000 (equivalent to approximately HK\$268,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 4, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 4.

The second instalment in the amount of RMB250,000 (equivalent to approximately HK\$268,750) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 4, such invoice to be issued within five (5) Business Days after Licensed Game 4 becomes online and commences operation.

The Group currently plans to finance the payment of the prepaid royalty through the Group's internal resources. The license fee under Licensing Agreement 4, being the prepaid royalty, was determined after arm's length negotiation between the parties with reference to (i) the current development status and the scope of the Authorised Territories of Licensed Game 4; and (ii) the prevailing market practice.

Profit distribution: The revenue generated from the operation of Licensed Game 4 shall be apportioned between Licensee 1 and Licensor 4 according to the profit distribution arrangement as set forth below:

Guaranteed profit distribution

Licensee 1: Revenue x 94%
Licensor 4: Revenue x 6%

Profit distribution

In the event the distributable profits from Licensed Game 4 exceeds 12% of the revenue generated from Licensed Game 4 in a calendar month, the distributable profit for such calendar month and all subsequent profit distribution shall be adjusted in the manner set forth below:

Licensee 1 : Revenue x 50%
Licensor 4: Revenue x 50%

Agreement	Licensing Agreement 5
Date:	20 August 2024
Parties:	(i) Licensor 5 (ii) Licensee 2 (an indirect wholly-owned subsidiary of the Company)
	As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Licensor 5 is an Independent Third Party.
Subject matter:	The grant of the exclusive, transferable and sub-licensable rights by Licensor 5 to Licensee 2 to promote, operate, publish, reproduce and distribute Licensed Game 5 and the products and services related thereto within the Authorised Territories.
Term:	A term of five (5) years from 20 August 2024 to 19 August 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates Licensing Agreement 5 in writing within thirty (30) days before expiry of Licensing Agreement 5.
Authorised territories:	South Korea and Japan
License fee:	Licensee 2 shall pay a fixed license fee to Licensor 5 according to the arrangement as set forth below:

Fixed license fee

Licensee 2 shall pay Licensor 5 a fixed license fee in the amount of USD300,000 (equivalent to approximately HK\$2,340,000) in three (3) instalments by electronic fund transfer to the bank account designated by Licensor 5. The fixed license fee is non-refundable unless Licensing Agreement 5 is terminated due to the default of Licensor 5.

The first instalment in the amount of USD150,000 (equivalent to approximately HK\$1,170,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 5, such invoice to be issued within five (5) Business Days after the date of execution of Licensing Agreement 5.

The second instalment in the amount of USD75,000 (equivalent to approximately HK\$585,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 5, such invoice to be issued within five (5) Business Days after Licensed Game 5 is localised and the Japanese version becomes available in Japan.

The third instalment in the amount of USD75,000 (equivalent to approximately HK\$585,000) shall be paid within ten (10) Business Days from the date of invoice issued by Licensor 5, such invoice to be issued within five (5) Business Days after Licensed Game 5 becomes online and commences operation.

The Group currently plans to finance the payment of the fixed license fee through the Group's internal resources. The license fee under Licensing Agreement 5, being the fixed license fee, was determined after arm's length negotiation between the parties with reference to (i) the current development status and the scope of the Authorised Territories of Licensed Game 5; and (ii) the prevailing market practice.

Profit distribution

The revenue generated from the operation of Licensed Game 5 shall be apportioned between Licensee 2 and Licensor 5 according to the profit distribution arrangement as set forth below:

Guaranteed profit distribution

Licensee 2: Revenue x 94%

Licensor 5: Revenue x 6%

Profit distribution

In the event the distributable profits from Licensed Game 5 exceeds 12% of the revenue generated from Licensed Game 5 in a calendar month, the distributable profit for such calendar month and all subsequent profit distribution shall be adjusted in the manner set forth below:

Licensee 2: Revenue x 50%

Licensor 5: Revenue x 50%

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

Licensor 1

Licensor 1 is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. Licensor 1 is wholly-owned by Mr. Wang Dongze (王東澤), an Independent Third Party.

Licensor 2

Licensor 2 is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. Licensor 2 is owned by Chengdu Yuanwu Technology Limited Liability Partnership (成都鳶舞科技合夥企業(有限合夥)), Mr. Xu Tong (許彤) and Mr. Wang Yaoxu (王耀緒), as to 84%, 10% and 6%, respectively. Chengdu Yuanwu Technology Limited Liability Partnership (成都鳶舞科技合夥企業(有限合夥)) is a partnership established in the PRC with limited liability and is owned by Mr. Xu Tong (許彤), Mr. Wang Yaoxu (王耀緒), Mr. Xiao Lang (肖浪) and Mr. Xu Xifeng (許希峰) as to 60%, 30%, 5% and 5%, respectively. Each of the above parties is an Independent Third Party.

Licensor 3

Licensor 3 is a company incorporated in Hong Kong with limited liability and is principally engaged in the design and development of online games. Licensor 3 is owned by Mr. Wei Wei (魏巍) and Mr. Li Mengbin (李夢斌) as to 86% and 14%, respectively. Each of the above parties is an Independent Third Party.

Licensor 4

Licensor 4 is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. Licensor 4 is wholly-owned by Zhongkun Hudong Company Limited* (中坤互動有限公司). Zhongkun Hudong Company Limited* (中坤互動有限公司) is a company established in the PRC with limited liability and is owned by Mr. Wang Kun (王坤) and Mr. Zhang Wenqiang (張文強) as to 90% and 10%, respectively. Each of the above parties is an Independent Third Party.

Licensor 5

Licensor 5 is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. Licensor 5 is wholly-owned by Huolieniao Network (Guangzhou) Company Limited* (火烈鳥網絡(廣州)股份有限公司), a company established in the PRC with limited liability. Each of the above parties is an Independent Third Party.

The Licensees

Licensee 1 is a company established in the PRC with limited liability, and Licensee 2 is a company incorporated in Hong Kong with limited liability. Each of the Licensees is a wholly-owned subsidiary of the Company for the purpose of assisting the Group to tap into the online game industry.

INFORMATION OF THE LICENSED GAMES

Licensed Game 1 is a role-playing online game featuring historical figures from different countries which targets male players aged between 18 to 35 years old developed by Licensor 1.

Licensed Game 2 is a real-time management and construction simulating online game featuring Western cowboys, hamburgers and other cuisines which targets both male and female players aged between 20 to 45 years old developed by Licensor 2.

Licensed Game 3 is an auto battler and strategic online card game featuring Western mythology and wizardry which targets male players aged between 20 to 40 years old developed by Licensor 3.

Licensed Game 4 is a strategic battle online card game featuring Eastern mythology which targets male players aged between 20 to 40 years old developed by Licensor 4.

Licensed Game 5 is a strategic battle online game featuring zombies and the Three Kingdoms of ancient China which targets male players aged between 20 to 40 years old developed by Licensor 5.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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. As mentioned in the annual report of the Company for the year ended 31 December 2023, competition in the environmental hygiene service industry is keen. Shortage of labour, high operating costs particularly the insurance expenses, labour costs, vehicle expenses, etc. continued to be the challenges of the Group. In addition, due to the nature of the Group's cleaning business, substantial financial resource and bank financings are required for managing the Group's liquidity in order to participate in competitive tenders/quotations to obtain the service contracts from the Group's customers and to cover the Group's operational expenses. All of the above negatively affect the Group's overall profitability in the recent years amidst the uncertainties associated with US monetary policy and the economic recovery both in Hong Kong and the Chinese Mainland. The net profit margins of the Group for the years ended 31 December 2022 and 2023 were approximately 2.1% and 1.5% respectively.

The Directors constantly monitor and review the financial performance and outlook of the Group's business. In order to diversify the risks of the Group's business, the Group from time to time explores business opportunities that could broaden the income base of the Group and create maximum returns to the Shareholders. The Board believes that the entering into of the Licensing Agreements represents a good opportunity for the Company to tap into the growing online games market, diversify its business with a view to maximise the return of the Shareholders. According to the 2023 Global Games Market Report published by Newzoo in May 2024, the global games market will generate US\$183.9 billion in 2023. In addition, the global mobile gaming content market was worth an estimated US\$140.5 billion in 2022 and projected to surpass US\$173.4 billion by 2026 based on the data published by Statista.

In addition to enhancing the operational efficiency of the Group's cleaning business with a view to generating a sustainable contribution to the Group, the Group will evaluate further business opportunities within the online game industry. The Company will keep the Shareholders and potential investors informed of any further development of the latest business plan and developments of the Group as and when appropriate.

After taking into account the above factors, the Directors consider that the entering into of the Licensing Agreements is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios (on an aggregate basis with Licensing Agreement 1 which was entered into on 8 April 2024 as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Authorised Territories”	the territories the Licensed Games were authorised to operate under the Licensing Agreements
“Board”	the board of directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday in the PRC
“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)
“Director(s)”	the director(s) of the Company
“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)
“Licensed Game 1”	Niaowenming* (鳥文明)
“Licensed Game 2”	Xibu Hanbaodian* (西部漢堡店)
“Licensed Game 3”	Shi Ke* (噬嗑)

“Licensed Game 4”	Zhaohuanshi Fenzeng* (召喚師紛爭)
“Licensed Game 5”	Moshiwangzhe* (末世王者)
“Licensed Games”	the online games licensed by the Licensors to the Licensees to be launched on Mobile Platforms under the Licensing Agreements which is configured, modified, translated and/or adapted to suit the end users in the Authorised Territories
“Licensee 1”	Ligao Hualu Shenzhen Technology Company Limited* (立高華祿(深圳) 科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Licensee 2”	Perfect Capital Limited (財百有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Licensees”	Licensee 1 and Licensee 2
“Licensing Agreement 1”	the licensing agreement entered into between Licensor 1 and Licensee 1 on 8 April 2024 in respect of Licensed Game 1
“Licensing Agreement 2”	the licensing agreement entered into between Licensor 2 and Licensee 1 on 20 August 2024 in respect of Licensed Game 2
“Licensing Agreement 3”	the licensing agreement entered into between Licensor 3 and Licensee 2 on 20 August 2024 in respect of Licensed Game 3
“Licensing Agreement 4”	the licensing agreement entered into between Licensor 4 and Licensee 1 on 20 August 2024 in respect of Licensed Game 4
“Licensing Agreement 5”	the licensing agreement entered into between Licensor 5 and Licensee 2 on 20 August 2024 in respect of Licensed Game 5
“Licensing Agreements”	Licensing Agreement 1, Licensing Agreement 2, Licensing Agreement 3, Licensing Agreement 4 and Licensing Agreement 5
“Licensor 1”	Hunan Ziyouzhiyi Network Technology Company Limited* (湖南自由之翼網絡科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Licensor 2”	Chengdu Yuanfei Hudong Technology Company Limited* (成都鳶飛互動科技有限公司), a company established in the PRC with limited liability and an Independent Third Party

“Licensor 3”	Sincesky Limited (辰騰網絡科技有限公司), a company incorporated in Hong Kong with Limited liability and an Independent Third Party
“Licensor 4”	Xiamen Changxiangjia Network Technology Company Limited* (廈門市暢想家網絡科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Licensor 5”	Flamingo Entertainment Limited (火烈鳥娛樂有限公司), a company incorporated in Hong Kong with Limited liability and an Independent Third Party
“Licensors”	Licensor 1, Licensor 2, Licensor 3, Licensor 4 and Licensor 5
“Macau”	the Macau Special Administrative Region
“Mobile Platforms”	Apple iOS, Google Android, H5 and their respective platforms, apple stores, marketplace providers and distributors and other similar sales channels as may be agreed between the parties to the Licensing Agreements from time to time
“PRC”	The People’s Republic of China and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“Shareholders”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions on an aggregate basis contemplated under the Licensing Agreements
“United States”	The United States of America
%	per cent.

* For identification purpose only

By order of the Board
Lapco Holdings Limited
Wang Rong
Executive Director

Hong Kong, 20 August 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.