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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)

CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE

Reference is made to the prospectus of Lapco Holdings Limited (the “**Company**”) dated 31 January 2024 in relation to the rights issue on the basis of three (3) rights shares for every one (1) existing share at HK\$0.6 per rights share (the “**Rights Issue**”) (the “**Rights Issue Prospectus**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the the Rights Issue Prospectus.

USE OF PROCEEDS FROM RIGHTS ISSUE

As disclosed in the Rights Issue Prospectus, the gross proceeds from the Rights Issue were approximately HK\$43.2 million and the net proceeds from the Rights Issue, after deducting the underwriting commission and all other relevant expenses for the Rights Issue, were estimated to be approximately HK\$41.7 million (the “**Net Proceeds**”).

It was stated in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**” of the letter from the Board in the Rights Issue Prospectus that the Company intended to use the Net Proceeds received for the following purposes:

- (i) approximately 62% (or approximately HK\$26.00 million) will be used for financing the provision of performance guarantee to satisfy the expansion and development of existing business of the Group;
- (ii) approximately 17% (or approximately HK\$7.00 million) will be used to acquire additional 5 cleaning vehicles;
- (iii) approximately 12% (or approximately HK\$4.80 million) will be used for the repayment of the Group’s bank loans and payables due within the next twelve months; and
- (iv) approximately 9% (or approximately HK\$3.90 million) will be used as the general working capital of the Group.

CHANGES IN USE OF NET PROCEEDS

Set out below is the detailed information, as of the date of this announcement, the status on the allocation and the utilisation of the Net Proceeds, and the change in the use of the Net Proceeds as resolved by the board of directors of the Company:

	Original allocation of Net Proceeds as stated in the Rights Issue Prospectus <i>HK\$'000</i>	Actual use of Net Proceeds as at the date of this announcement <i>HK\$'000</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$'000</i>	Revised allocation of unutilised Net Proceeds as disclosed in this announcement <i>HK\$'000</i>	Expected timeline for utilising the remaining Net Proceeds
Financing the provision of performance guarantee	26.0	0.6	25.4	12.7	On or before 31 December 2025
Acquisition of additional vehicles	7.0	0.4	6.6	6.6	On or before 31 December 2025
Repayment of the Group's bank loans and payables	4.8	4.8	–	12.7	On or before 31 October 2024
General working capital for business operation and general administrative and operating expenses	3.9	3.9	–	–	
Total	<u>41.7</u>	<u>9.7</u>	<u>32.0</u>	<u>32.0</u>	

REASONS FOR THE CHANGE IN USE OF NET PROCEEDS

As disclosed in the above table, the Group will reallocate approximately HK\$12.7 million (and approximately 30.5% of the Net Proceeds) to repay the Group's bank borrowings, thus increasing the percentage of Net Proceeds to be used to repay the Group's bank borrowing and payables to approximately 42.0%. The Board has made a reassessment of the Group's existing utilisation plan of the Net Proceeds after the recent discussion with the principal relationship bank of the Group and is of the view that the adjustment of the use of the Net Proceeds to repay existing banking borrowings is conducive to optimize the debt structure of the Group, thereby strengthen the Group's efficiency and effectiveness of the capital use for the Group's refinancing and business development purposes.

The Board believes that the change in use of Net Proceeds will meet the Group's operational needs more effectively and such change in use of Net Proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 4 October 2024

As at the date of this announcement, the executive Directors are Mr. Tam Yiu Shing, Billy, Mr. Wang Rong and Ms. Liu Jingjing; and the independent non-executive Directors are 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 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 other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> for a minimum period of seven days from the date of its publication and on the Company's website at <http://www.lapco.com.hk>.