
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in LAPCO HOLDINGS LIMITED, you should at once hand this Prospectus and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "14. Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates 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.

Lapco Holdings Limited 立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

Placing Agent to the Rights Issue



Capitalised terms used in this Prospectus shall have the same meanings as defined in the section headed "Definitions" in this Prospectus unless the context otherwise requires.

The Rights Issue is on a non-underwritten basis. There is no statutory requirement regarding minimum subscription level in respect of the Rights Issue. The Rights Issue is subject to fulfilment of the conditions set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional. If the Conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 2 February 2024 to Friday, 9 February 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 2 February 2024 to Friday, 9 February 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Friday, 16 February 2024. The procedure for acceptance and payment or transfer is set out on pages 14 to 15 of this Prospectus.

31 January 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled.

All times and dates stated below refer to Hong Kong local times and dates. All dates and deadlines specified in the expected timetable are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

<i>Event</i>	<i>2024</i>
First day of dealings in nil-paid Rights Shares	Friday, 2 February
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Tuesday, 6 February
Last day of dealings in nil-paid Rights Shares	Friday, 9 February
Latest time for Acceptance	4:00 p.m. on Friday, 16 February
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 19 February
Commencement of Placing by the Placing Agent	Tuesday, 20 February
Latest time of Placing by the Placing Agent	6:00 p.m. on Friday, 23 February
Latest time for the Rights Issue to become unconditional and Latest Time for Termination	6:00 p.m. on Tuesday, 27 February
Announcement of the results of Rights Issue (including results of the Placing and the amount of the Net Gain) to be posted on the Stock Exchange's website and the Company's website	Thursday, 29 February
Share certificates for Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful applications expected to be despatched	Friday, 1 March
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 4 March
Payment of the Net Gain (if any) to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Friday, 22 March

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 16 February 2024. Instead the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 16 February 2024. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 24 November 2023 in relation to the Rights Issue
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday, or a day on which the typhoon signal no. 8 or above or “black” rainstorm warning signal is hoisted or “extreme conditions” is announced by the Government of Hong Kong between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company date 22 December 2023 in relation to, among others, the Rights Issue
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Lapco Holdings Limited (Stock Code: 8472), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM
“Compensatory Arrangements”	the compensatory arrangements made pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in the letter from the Board of this Prospectus
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company convened and held on Thursday, 18 January 2024 to consider and approve the Rights Issue

DEFINITIONS

“ES Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Shareholders”	any Shareholder(s) who is (are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the GEM Listing Rules
“Independent Third Parties”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 November 2023 given by Mr. Tam in favour of the Company
“Last Trading Day”	24 November 2023, the last trading day for the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Practicable Date”	23 January 2024, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Friday, 16 February 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	6:00 p.m. on Tuesday, 27 February 2024 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“May Share Placing”	the shares placing under general mandate completed on 31 May 2023
“Mr. Tam”	Mr. Tam Wai Tong, a substantial Shareholder and a director of a subsidiary of the Company
“Net Gain”	the premium paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing Agent
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Shareholders”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	institutional, corporate or individual investor(s) procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to the Placees on the terms and conditions of the Placing Agreement

DEFINITIONS

“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 SFO
“Placing Agreement”	the placing agreement dated 24 November 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	Tuesday, 27 February 2024 or such other date as the Company and the Placing Agent may agree
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of the Placing Shares, which is expected to be Tuesday, 20 February 2024, and ending at the 6:00 p.m. on Friday, 23 February 2024
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Rights Shares
“Prospectus”	the prospectus issued to the Shareholders on the Prospectus Posting Date containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	31 January 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholders”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 30 January 2024 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined
“Rights Issue”	the issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price

DEFINITIONS

“Rights Shares”	up to 72,000,000 new Shares (assuming no change in the number of issued Shares on or before the Record Date)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.60 per Rights Share under the Rights Issue
“substantial Shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

LETTER FROM THE BOARD

Lapco Holdings Limited 立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

Executive Director:

Mr. Tam Yiu Shing, Billy

Mr. Au Pak Lun Patrick

Mr. Wang Rong

Independent Non-executive Directors:

Mr. Mak Kwok Kei

Ms. Lam Kit Yan

Ms. Wan Hoi Shan

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarters and Principal Place of

Business in Hong Kong:

Unit No. 301A, 3/F., Tower III

Enterprise Square

9 Sheung Yuet Road

Kowloon Bay

Kowloon

Hong Kong

31 January 2024

*To the Qualifying Shareholders; and
for information only, the Excluded Shareholders*

Dear Sirs or Madams,

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE

INTRODUCTION

Reference is made to the Announcement and the Circular, in relation to, among others, the Rights Issue. The Company proposes to raise gross proceeds of up to approximately HK\$43.20 million by way of the issue of up to 72,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.60 per Rights Share on the basis of three (3) Rights Share for every one (1) Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

At the EGM, the resolution approving the Rights Issue including the Placing Agreement and the transaction contemplated respectively thereunder was duly passed by the Independent Shareholders by way of poll. The purpose of this Prospectus is to provide you with, among others, the information of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with certain financial and other general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Assuming no further change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.60 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	HK\$0.579 per Rights Share
Number of Shares in issue as at date of the Announcement	:	24,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 72,000,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	up to HK\$14,400,000
Number of Shares in issue immediately upon completion of the Rights Issue	:	up to 96,000,000 Shares
Maximum amount of gross proceeds raised from the Rights Issue (before expenses)	:	up to approximately HK\$43.20 million
Maximum amount of net proceeds raised from the Rights Issue	:	up to approximately HK\$41.70 million

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 72,000,000 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of

LETTER FROM THE BOARD

issued Shares as at the Latest Practicable Date; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Subject to the Rights Shares undertaken to be subscribed by Mr. Tam as set out in section headed "Irrevocable Undertaking" in the letter from the Board, there is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Irrevocable Undertaking

As at the Latest Practicable Date, Mr. Tam, a substantial Shareholder and a director of a subsidiary of the Company, is interested in 5,980,000 Shares, representing approximately 24.92% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking, Mr. Tam has, among other things, irrevocably and unconditionally undertaken to the Company:

- (i) subject to the Note to Rule 10.26(2) in relation to scaling down mechanism in case of an obligation to make a general offer being triggered under the Takeovers Code, to subscribe for the 17,940,000 Rights Shares to be offered to Mr. Tam; and
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by Mr. Tam from the date of the Irrevocable Undertaking to the close of business on the Record Date.

LETTER FROM THE BOARD

Save for the above Irrevocable Undertaking, the Company has not received, as at the Latest Practicable Date, any other information or irrevocable undertaking from other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is of HK\$0.60 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of 30.23% to the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 19.35% to the average closing price of HK\$0.744 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 9.77% to the theoretical ex-rights price of HK\$0.665 per Share based on the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 22.67% represented by the theoretical diluted price of HK\$0.665 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.86 per Share;
- (v) a discount of 84.85% to the unaudited net asset value per Share of HK\$3.96 (based on the unaudited consolidated net asset value of the Group of HK\$94.94 million as at 30 June 2023 and 24,000,000 Shares in issue as at the Latest Practicable Date); and
- (vi) a discount of 36.17% to the closing price of HK\$0.94 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.579 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest financial position of the Group; and (iv) the reasons for and benefits of the Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" in this Prospectus.

LETTER FROM THE BOARD

The Board has noted the relatively large discount mentioned in (v) above. Nevertheless, given the pre-emptive nature of the Rights Issue and taking into account of the fact that the Shares were traded at a discount to the net asset value attributable to the Shareholders per Share (based on unaudited net asset value of the Group of HK\$94.94 million as at 30 June 2023 and 24,000,000 shares in issue as at the Latest Practicable Date) for the six months preceding the Last Trading Day ranging from approximately 32.32% to 84.60%, with an average of approximately 63.32%, after balancing the funding needs of the Company and the recent prevailing market price of the Shares, the Board is of the view that the prevailing market price of the Shares would be a more appropriate reference, instead of net asset value per Share to determine the Subscription Price.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" below, the Board (including the independent non-executive Directors) considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL(s) relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant documents for transfer of Shares (with the relevant share certificates) with the Share Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 23 January 2024.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

LETTER FROM THE BOARD

Qualifying Shareholders who do not fully take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their proportionate shareholdings in the Company will be diluted.

Please refer to the section headed “Dilution Effect on the Shareholding Interests of the Existing Public Shareholders” for the dilution impact to existing public Shareholders if they elect not to participate the Rights Issue.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder’s address on the Company’s register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder with registered addresses situated outside Hong Kong. Accordingly, there will be no Excluded Shareholder for the purpose of Rights Issue.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of the enquiries with the legal advisers made by the Board pursuant to Rule 17.41(1) of the GEM Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders and whether such exclusion of the Overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

If any Overseas Shareholders are excluded from the Rights Issue and such exclusion is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of this prospectus to such Excluded Shareholders for their information only, but will not send any PAL to them. Receipt of a copy of this Prospectus does not and will not constitute an offer to the Excluded Shareholder(s).

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Excluded Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit.

LETTER FROM THE BOARD

Any such ES Unsold Rights Shares to which such Excluded Shareholders would otherwise have been entitled will be placed by the Placing Agent to the Placees at the price at least equal to the Subscription Price under the Placing.

Overseas Shareholders should note that they may or may not be eligible to take part in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Friday, 16 February 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR TRUST (HONG KONG) LIMITED — A/C NO.34" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Share Registrar by not later than 4:00 p.m. on Friday, 16 February 2024 whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Tuesday, 6 February 2024 to the Share Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's

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order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Share Registrar on or before Friday, 1 March 2024.

No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the fully-paid Rights Shares.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 10.31(1)(b) of the GEM Listing Rule, the Company will make Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (i.e. Placing Shares) by offering the Placing Shares to independent placees for the benefit of the relevant No Action Shareholders and Excluded Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 24 November 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Placing Shares during the Placing Period to Placee(s) who and whose ultimate beneficial owner(s) are Independent

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Third Party(ies) on a best efforts basis. Any premium over the Subscription Price that is realised will be paid to the No Action Shareholders and the Excluded Shareholders on a pro-rata basis. Any Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any but rounded down to the nearest cent) will be paid (without interest) on a pro-rata basis to the relevant No Action Shareholders and Excluded Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Excluded Shareholders become entitled on the basis described above to an amount of (i) more than HK\$100, the entire amount will be paid to the relevant No Action Shareholders or Excluded Shareholders in Hong Kong Dollars only; or (ii) HK\$100 or less, such amount will be retained by the Company for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

PLACING AGREEMENT

On 24 November 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

- Date : 24 November 2023
- Parties : (i) the Company, as issuer; and
(ii) the Placing Agent
- Placing Agent : Zijing Capital Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Placing Shares during the Placing Period.

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The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

- Placing Period : A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Tuesday, 20 February 2024, and ending at the 6:00 p.m. on Friday, 23 February 2024.
- Fees and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission of 2.5% of the actual gross proceeds from the subscription of the Placing Shares (i.e. amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent) and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorized to deduct from the payment to be made by the Placing Agent to the Company at completion of the Placing.
- Placing price of the Placing Shares : The placing price of the Placing Shares shall be not less than the Subscription Price. The final price shall be determined by the Placing Agent based on the demand for and the market conditions of the Placing Shares during the placing.
- Placees : The Placing Shares shall only be offered to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties, such that:
- (i) no Placee shall become a substantial Shareholder of the Company immediate following the placing;
 - (ii) the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and
 - (iii) the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing.

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Ranking of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Placing Shares (when allotted, issued and fully-paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Termination : The Placing Period shall end at 6:00 p.m. on Friday, 23 February 2024 or any other date by mutual agreement between the Placing Agent and the Company.

The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 6:00 p.m. on Tuesday, 27 February 2024 (or any other date any mutually agreed between the Company and the Placing Agent) upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, to be material in the context of the Placing or has or may have a material adverse effect on the business or financial conditions or prospects of the Group or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the Company fails to comply with its material obligations under the Placing Agreement;
- (ii) 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 materially and adversely affect the success of the Placing;
or

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- (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in material respect by reference to the facts subsisting at the time.

If notice of termination is given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

Conditions precedent : The Placing is subject to and conditional upon:

- (i) passing by the Independent Shareholders at the general meeting of the Company of the necessary resolution(s) to approved the Rights Issue;
- (ii) the GEM Listing Committee having granted the listing of, and permission to deal in, the Rights Shares; and
- (iii) the Company having obtained all necessary consents and approvals for allotting and issuing the Rights Shares.

None of the above conditions are capable of being waived.

Placing Completion Date : Tuesday, 27 February 2024 or such other date as the Company and the Placing Agent may agree in writing.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue, and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Placing Shares will be placed by the Placing Agent to independent Placees on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Placing Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

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Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing of the Rights Shares

The Company has applied to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Eligibility for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

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Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 1 March 2024. You, except HKSCC Nominees Limited, will receive one share certificate for all the Rights Shares issued to you.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) passing by the Independent Shareholders at the EGM of the resolution to approve the Rights Issue by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Prospectus Posting Date of Prospectus Documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the GEM Listing Rules;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders; and
- (v) the Placing Agreement not being terminated.

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, save for the above condition (i), none of the other conditions has been fulfilled.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

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. The Group has a well-established presence in the environmental hygiene service industry in Hong Kong since 1990 and long history of business relationships with customers in both public and private sectors. Driven by the increasing public awareness of environmental hygiene due to outbreaks of past diseases, including COVID-19 in the past three years, the Directors believes that the environmental hygiene service industry in Hong Kong has strong growth potentials.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$41.70 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to (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.

The cleaning segment forms the core service of the Group. As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group's revenue mainly derived from the provision of cleaning services, which contributed to approximately 81.43% and approximately 78.35% of the Group's revenue for the years ended 31 December 2022 and 31 December 2021 respectively and a large portion of the Group's revenue from cleaning segment was generated from street cleaning service contracts with the Government of Hong Kong that the Group obtained from open tenders. As of the Latest Practicable Date, the Group has 10 contracts on hand with a duration of three years for the provision of street cleaning services to the Government of Hong Kong and the aggregate contract sum is amounted to approximately HK\$1.76 billion. In addition, based on the Group's latest data on the Hong Kong Government's outsourced street cleaning contracts, there are total of 14 contracts (only 2 contracts in 2023) with an aggregate contract sum of approximately HK\$3.61 billion (of which 2 contracts with total contract sum of approximately HK\$654.88 million are existing contracts of the Group) that will be expired in year 2024 ("**2024 Expiring Contracts**") and will open for tendering. The Group intends to submit tenders for these 2024 Expiring Contracts taking into account the available financial resources of the Group.

The delivery of the environmental hygiene services, in particular the street cleaning services requires substantial financial and operational resources. Over the years, the Group relies on bank financings and internally generated funds to obtain new contracts from customers in both public and private sectors and manage its working capital associated with undertaking contract works (i.e. time lags between making payments to our employees/suppliers and receiving payments from our customers). Further, the Group is generally required to provide performance guarantee at a rate of 2%-6% of the

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total contract sum to public sector customers, as security for due performance of the Group's contractual obligations during the contract period (i.e. three years for public sector customers). Considering the expected increase in numbers of contracts to be undertaken by the Group in the coming years as disclosed above, the net proceeds raised from the Rights Issue will be substantially utilised to satisfy the expansion and relevant business opportunities anticipated by the Group. In addition, given the relatively long contract period for these contracts and the provision of performance guarantee would result in the lock-up of a portion of the Group's capital and available banking facilities for a prolonged period of time, which affects the Group's liquidity position, the maintenance and expansion of the Group's existing businesses entail a healthy and sufficient level of cash flow of the Company.

Furthermore, the Group is required to use different types of specialised vehicles and equipment in performing the Group's cleaning services and waste management and recycling services and taking into account the existing and potential contracts as discussed above, the Group plans to purchase five cleaning vehicles as new additions to replace some of the Group's existing vehicles, which would allow an increase in the Group's service capacity and accommodate business growth of the Group.

Considering, as at 30 June 2023, (i) the short-term bank loans of the Group, bearing interest rates from 4.13% to 4.45% per annum amounted to HK\$18.77 million; (ii) the Group's cash and cash equivalent and net current assets amounted to approximately HK\$44.70 million and approximately HK\$54.36 million; and (iii) the utilised amounts of bank guarantees (as performance guarantees) in favour of the Group's customers under the Group's existing banking facilities were HK\$159.00 million as at 30 June 2023, representing approximately 96% of the available banking facilities of the Group, the Directors have been exploring ways to enhance the Group's liquidity position to cope with the Group's business operations and development requirements as discussed above.

In addition, the Directors are of the view that (i) the interest rates for debt financing may remain high in the medium term; and (ii) it is difficult and time consuming for the Group to liaise with banks to obtain new/additional loan facilities for the Group as banks in Hong Kong have become more prudent in lending amid the slowdown of the Hong Kong and global economy, the Rights Issue could enhance the Group's cash flow position to accommodate the liquidity needs for the Group's business operations and development without increasing its gearing ratio and finance costs.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds cannot be ascertained at this moment. In the event that the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue are expected to be utilised with proportional reductions in the same usage scenarios as above.

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The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Directors has also considered other fund-raising alternatives available before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

It is considered that the Rights Issue would give the Qualifying Shareholders an equal opportunity to participate in the growth of the Group. Given it is pre-emptive in nature, it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Accordingly, the Board (including the independent non-executive Directors) considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; (iii) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders (other than Mr. Tam pursuant to Irrevocable Undertaking) and none of the Placing Shares having been placed by Placing Agent; and (iv) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders (other than Mr. Tam pursuant to Irrevocable Undertaking) and all the Placing Shares having been placed by Placing Agent:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders (other than Mr. Tam pursuant to Irrevocable Undertaking) and none of the Placing Shares having been placed by Placing Agent		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders (other than Mr. Tam pursuant to Irrevocable Undertaking) and all the Placing Shares having been placed by Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Tam (Note 1)	5,980,000	24.92	23,920,000	24.92	7,686,000	29.90	23,920,000	24.92
Public Shareholders								
– Independent Placees (Note 2)	–	–	–	–	–	–	54,060,000	56.31
– Other public Shareholders	18,020,000	75.08	72,080,000	75.08	18,020,000	70.10	18,020,000	18.77
	24,000,000	100.00	96,000,000	100.00	25,706,000	100.00	96,000,000	100.00

Notes:

- The total number of Rights Shares to be subscribed by Mr. Tam will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.
- As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company.

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DILUTION EFFECT ON THE SHAREHOLDING INTERESTS OF THE EXISTING PUBLIC SHAREHOLDERS

As illustrated in the table under the section headed “Change in Shareholding Structure of the Company” in this letter from the Board, assuming there are no other changes to the issued share capital of the Company other than the Rights Issue from the Latest Practicable Date to the date of the completion of the Rights Issue; and if (i) none of the Qualifying Shareholders have taken up their entitled Rights Shares (other than Mr. Tam pursuant to the Irrecoverable Undertaking) and none of the Placing Shares having been placed by the Placing Agent, the shareholding interests of the existing public Shareholders will decrease from approximately 75.08% to approximately 70.10%; and (ii) none of the Qualifying Shareholders have taken up their entitled Rights Shares (other than Mr. Tam pursuant to the Irrecoverable Undertaking) and all the Placing Shares having been placed by the Placing Agent, the shareholding interests of the existing public Shareholders will decrease from approximately 75.08% to approximately 18.77%.

In addition, the Directors’ noted that the theoretical dilution effect of the Rights Issue is approximately 22.67%, which is close to the dilution effect of 22.1% of the Comparable Dilution Range (as defined in the Letter from the Independent Financial Adviser in the Circular) and higher than the average dilution effect of approximately 10.2% of the Rights Issue Comparables (as defined in the Letter from Independent Financial Adviser in the Circular).

Nonetheless, in view of (a) the imminent need of capital of the Group for the purposes of financing the provision of performance guarantee to satisfy the expansion and development of existing business of the Group and repayment of the Group’s bank loans and payables due within the next twelve months as disclosed in the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this letter from the Board; (b) the theoretical dilution effect of the Rights Issue of approximately 22.67% which is below 25.0% as required under Rule 10.44A of the GEM Listing Rules; (c) the theoretical dilution effect of the Rights Issue of approximately 22.67% is slightly higher than the maximum of Comparable Dilution Range (as defined in the Letter from the Independent Financial Adviser in the Circular) of approximately 22.1%; (d) the Subscription Price was determined after considering the prevailing market conditions, the downward trend and the prevailing market price of the Shares; (e) it is common for the listed issuers in Hong Kong to issue rights shares at a discount to the market price in order to enhance the attractiveness of a rights issue transaction; and (f) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares and maintain their respective pro rata shareholdings in the Company and the dilution effect will not be prejudicial to the interests of the Qualifying Shareholders as long as they choose to subscribe for their full entitlements of the Rights Shares, the Directors are of the view that the potential dilution effect of the Rights Issue on the shareholding interests of the public Shareholders is acceptable.

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EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the twelve months immediately preceding the date of the Announcement:

Date of Announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds	Actual use of proceeds as at the date of the Announcement
4 May 2023	May Share Placing	HK\$7.91 million	(i) approximately HK\$5.54 million for acquisition of additional vehicles including waste compaction vehicles and street washing vehicles	Used as intended
			(ii) approximately HK\$2.37 million, for the business operation and general working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of the Announcement.

RISK FACTORS INVOLVED IN THE OPERATIONS OF THE GROUP

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the attention of the Shareholders and potential investors. The Directors believe that there are certain risks involved in the operations of the Group, which includes but are not limited to, the following:

- (i) The Group derives its revenue mainly from contracts awarded through competitive tendering. The Group cannot guarantee that the Group can successfully renew its existing contracts upon their expiry or secure new contracts with the terms and conditions that would be comparable to the existing contracts. In view of the competitiveness of the tendering process, the Group may have to offer a more competitive price and/or more favourable terms to customers in order to be awarded the contract. If the Group is unable to renew the existing contracts, secure new contracts or control the Group's costs accordingly, the Group's financial results and profitability would be adversely affected;

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- (ii) The Group is regulated by, among others, the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) and the statutory minimum wage rate has been raised to HK\$40 per hour with effect from 1 May 2023. The Group has a total of 3,853 employees (including both full-time and part-time), as at 31 December 2022 and the Group's reported staff costs (excluding Directors' and chief executive remuneration) of approximately HK\$771.91 million as at 31 December 2022 represented approximately 79.88% of the Group's revenue for the year ended 31 December 2022. The Group expects that the Group's staff costs will continue to represent a significant percentage of the Group's total costs and the increase in labour costs may adversely affect the Group's profitability;
- (iii) The Group is engaged in a labour-intensive industry which may be subject to the risk of labour disputes and labour strikes, which may have a material adverse effect on the Group's reputation, business, results of operation and financial conditions;
- (iv) The Group's employees are susceptible to workplace accidents and injuries as they are required to undertake certain tasks including but not limited to (a) working at height or on slippery floor; (b) operation of site equipment; (c) lifting of heavy objects; (d) use of corrosive and inflammable chemicals; and (e) working in environments containing dust, dirt, viruses and bacteria. The Group cannot guarantee that the Group's employees will fully comply with the safety measures during their execution of work. Employees of the Group who suffer bodily injury or death as a result of accidents or contract occupational diseases arising out of and in the course of their employment with our Group are entitled to claim damages under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) as well as under the common law. The Group may also become liable to third parties who suffer personal injuries in workplace where the Group provides its services;

The Group considers that the employees' compensation insurance policy currently effective generally covers the full amount of valid employees' compensation claims. However, the Group cannot assure you that the Group's insurance policies will fully cover the Group against its liability under all litigations and claims and that the Group will not need to pay additional compensation out of the Group's own resources for these potential litigations and claims. The Group may also become involved in litigations relating to, among other things, labour disputes with its employees and contractual disputes with its customers. Furthermore, regardless of the merits of cases, the Group may need to spend resources and incur costs to handle these claims, and these claims may also affect the Group's reputation in the environmental hygiene service industry, therefore adversely affect the Group's business operations, financial results and profitability;

LETTER FROM THE BOARD

- (v) The Group is responsible for the quality of services provided by its staff. The Group is generally required to provide performance guarantee (“**Performance Guarantee**”) to the Group’s customers, for example, 2%-6% of the total contract sum to public sector customers, as security for due performance of the Group’s contractual obligations. As at 31 December 2022, the aggregate amount of performance guarantee maintained in favour of the Group’s customers was approximately HK\$168.5 million. If the Group fails to meet the requirements of the Group’s contracts or quality standards of the Group’s customers, the Group may be liable to compensate the Group’s customers for losses and damages caused by delay or non-performance. Furthermore, the Group customers may be entitled to retain performance guarantee maintained in their favour. Any delay or failure in collecting performance guarantee may have a material and adverse effect on the Group’s cash flow and financial position;
- (vi) When undertaking contract works, there are often time lags between making payments to the Group’s employees and suppliers and receiving payments from the Group’s customers, resulting in cash flow mismatch. The Group generally grants a credit term of 90 days for its customers and makes payments to its employees on a monthly basis and its suppliers in a period of 30 days to 60 days. However, the Group cannot assure that its customers will settle the payment on time and in full and delay in collecting the Group’s trade receivables could materially and adversely affect the Group’s cash flows and financial position. Further, the Group generally requires to provide Performance Guarantee to the Group’s customers as discussed above. This would result in the lock-up of a portion of the Group’s capital for potentially a prolonged period of time and thereby affecting the Group’s liquidity position; and
- (vii) The Group’s revenue was derived from its operation in Hong Kong. As such, the Group’s business depends on the economic, political and social conditions in Hong Kong. Any unfavourable economic, political and social conditions may adversely affect the spending budget of the Group’s target customers, and thus the results of the Group’s operations, financial condition and sustainability. In addition, any changes in laws, policies and regulations on environmental hygiene industry in Hong Kong may have unfavourable impact to the Group’s business.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt on an ex-rights basis from Monday, 22 January 2024. Dealings in the nil-paid rights are expected to take place from Friday, 2 February 2024 to Friday, 9 February 2024 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this Prospectus) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus.

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

* For identification purpose only

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of three years ended 31 December 2020, 2021 and 2022, the three months ended 31 March 2023, the six months ended 30 June 2023 and the nine months ended 30 September 2023, together with the accompanying notes to the financial statements, are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.lapco.com.hk>):

Annual report for the year ended 31 December 2020 (pages 56 to 115):
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001330.pdf>

Annual report for the year ended 31 December 2021 (pages 54 to 113):
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033002604.pdf>

Annual report for the year ended 31 December 2022 (pages 55 to 115):
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033001208.pdf>

First quarterly report for the three months ended 31 March 2023 (pages 1-7):
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0515/2023051500729.pdf>

Interim report for the six months ended 30 June 2023 (pages 1 to 16):
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081401081.pdf>

Third quarterly report for the nine months ended 30 September 2023 (pages 1-7):
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/1113/2023111300730.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness and performance guarantees:

- (a) Secured and guaranteed bank loans from factoring of trade receivables with full recourse of approximately HK\$18,291,000;
- (b) Unsecured and guaranteed other bank loans of approximately HK\$16,383,000;
- (c) Lease liabilities of approximately HK\$263,000 relating to right-of-use assets in respect of leased properties which were unsecured and unguaranteed;
- (d) Lease liabilities of approximately HK\$5,771,000 relating to right-of-use assets in respect of leased properties which were secured by rental deposits and unguaranteed;

- (e) Lease liabilities of approximately HK\$27,646,000 relating to right-of-use assets in respect of leased motor vehicles which were secured by motor vehicles and guaranteed by the Company or a subsidiary of the Company;
- (f) Unsecured and unguaranteed exchangeable bond with principal amount of HK\$20,000,000; and
- (g) Secured and guaranteed performance guarantees of approximately HK\$161,380,000.

The secured and guaranteed bank borrowings and performance guarantees were secured and/or guaranteed by:

- (i) the pledged bank balances of the Group;
- (ii) the pledge of the Group's trade receivables to the factoring loans;
- (iii) the subordination deed given by the Group to subordinate HK\$12,000,000 to the facilities against HK\$12,000,000 indebted to a director of the Company's subsidiaries;
- (iv) unlimited corporate guarantee provided by the Company and its subsidiaries; and
- (v) personal guarantee of HK\$20,000,000 from a director of the Company's subsidiaries.

Save as aforesaid and apart from intra-group liabilities, normal trade and wages payables, as at the close of business on 31 December 2023, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowing, mortgages, charges, guarantees or contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

4. WORKING CAPITAL SUFFICIENCY

After taking into account the financial resources available to the Group, including the internally generated funds, currently available facilities and the net proceeds from the Rights Issue, the Directors, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of the publication of this Prospectus.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the annual report of the Company for the year ended 31 December 2022 and the interim report of the Company for the six months ended 30 June 2023, the competition in the environmental hygiene service industry remained keen. Shortage of labour and high operating costs continued to be the challenges of the business. Looking ahead, the global and local economies are expected to continue to fluctuate. The Group will remain vigilant and actively respond to the challenges to the Group's operation and financial position, and will contribute to the society by the Group's professional services. With the increasing public awareness of environmental hygiene and health as well as the escalating demand for services in response to the increase in public health awareness, the Group is optimistic and confident about the future of the environmental hygiene service industry.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited net tangible assets of the Group attributable to owners of the Company as at 30 June 2023, as extracted from the published interim report of the Company for the six months ended 30 June 2023 and is adjusted for the effect of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue or at any future dates.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 (Note 1) HK\$'000	Estimated net proceeds from the Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per Share (Note 3) HK\$
Rights Issue of 72,000,000 Rights Shares to be issued at Subscription Price of HK\$0.6 per Rights Share	94,935	41,700	136,635	1.42

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 was approximately HK\$94,935,000 as disclosed in the published interim report of the Company for the six months ended 30 June 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$41,700,000 is calculated based on 72,000,000 Rights Shares on the basis of three Rights Shares for every one Share held at the Subscription Price of HK\$0.6 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,500,000 in the event of full acceptance of the Rights Shares by all Qualifying Shareholders and no Placing has to be conducted.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue is calculated based on 96,000,000 Shares which represent the 24,000,000 shares (being 480,000,000 Shares in issue as at 30 June 2023, adjusted for the consolidation of 20 shares into 1 as if the consolidation of shares took place on 30 June 2023) and 72,000,000 Rights Shares assumed to be issued on the completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2023.
4. No other adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2023.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Company's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Lapco Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lapco Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2023 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 31 January 2024 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 72,000,000 rights shares at HK\$0.6 per rights share on the basis of three rights shares for every one existing share (the “**Rights Issue**”) on the Group's financial position as at 30 June 2023 as if the Rights Issue had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 January 2024

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 Prospectus 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 in this Prospectus or this Prospectus misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the completion of the Rights Issue (assuming no change in the number of issued Shares from the Latest Practicable Date to completion of the Rights Issue and full acceptance by Qualifying Shareholders) are as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>	HK\$
<u>500,000,000</u> Shares of HK\$0.2 each	<u>100,000,000</u>
<i>Issued and fully paid up:</i>	
<u>24,000,000</u> Shares of HK\$0.2 each	<u>4,800,000</u>

(b) Immediately after completion of the Rights Issue (assuming no change in the number of issued Shares from the Latest Practicable Date to completion of the Rights Issue and full acceptance by Qualifying Shareholders)

<i>Authorised:</i>	HK\$
<u>500,000,000</u> Shares	<u>100,000,000</u>
<i>Issued and fully paid up:</i>	
24,000,000 Shares of HK\$0.2 each	4,800,000
<u>72,000,000</u> Rights Shares of HK\$0.2 each to be allotted and issued under the Rights Issue	<u>14,400,000</u>
<u>96,000,000</u>	<u>19,200,000</u>
Total enlarged number of Shares upon completion of the Rights Issue	<u>19,200,000</u>

All issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Rights Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company has applied to the GEM Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants or other similar rights which confer any right to convert into or subscribe for Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in Shares, underlying Shares and debentures

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions of in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, based on the disclosure of interests filed on the Stock Exchange's website and so far is known to the Directors, the following person (not being a Director or chief executive of the Company or their respective associates) or entities which had, or was deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Nature of interest	Number of issued Shares held	Approximate % of the total issued share capital of the Company
Tam Wai Tong	Beneficial owner	5,980,000	24.92%

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, the Company has not been notified of any other person (other than a Director or chief executive of the Company or their respective associates) who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware of, none of the members of the Group was involved in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his respective close associates had any interests in any business apart from the Group's business which competed or might compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors had any material interest, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this Prospectus and are or may be material:

- (i) the Placing Agreement;
- (ii) the placing agreement dated 4 May 2023 entered into between the Company, as the issuer and the Zijing Capital Limited, as the placing agent in relation to the placing of up to 80,000,000 shares of the Company, on a best efforts basis, at the placing price of HK\$0.1 per placing Share. Completion took place on 31 May 2023;

- (iii) the subscription agreement dated 19 January 2023 entered into among the Company, Shiny Glory Services Limited and the Mr. Tam in relation to the subscription of the exchangeable bond in the face value of HK\$20,000,000 by Mr. Tam; and
- (iv) the Irrevocable Undertaking dated 24 November 2023 given by Mr. Tam.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions, letters or advice contained in this Prospectus:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Board of Directors***Executive Directors*

Mr. Tam Yiu Shing, Billy

Mr. Au Pak Lun Patrick

Mr. Wang Rong

Independent non-executive Directors

Mr. Mak Kwok Kei

Ms. Lam Kit Yan

Ms. Wan Hoi Shan

*Audit Committee*Ms. Lam Kit Yan (*Chairman*)

Ms. Wan Hoi Shan

Mr. Mak Kwok Kei

*Remuneration Committee*Ms. Wan Hoi Shan (*Chairman*)

Mr. Tam Yiu Shing, Billy

Mr. Mak Kwok Kei

*Nomination Committee*Mr. Tam Yiu Shing, Billy (*Chairman*)

Mr. Mak Kwok Kei

Ms. Wan Hoi Shan

Registered officeCricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands**Principal place of business in Hong Kong**Unit No. 301A, 3/F
Tower III, Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon
Hong Kong**Authorised representatives under GEM Listing Rules**

Mr. Wang Rong

Mr. Tam Yiu Shing, Billy

Authorised representative under the Companies Ordinance

Mr. Tam Yiu Shing, Billy

Compliance officer

Mr. Tam Yiu Shing, Billy

Joint company secretaries	Mr. Tam Yiu Shing, Billy Mr. Au Pak Lun Patrick
Auditors and reporting accountants	Deloitte Touche Tohmatsu <i>Registered Public Interest Entity Auditors</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Financial Adviser	BaoQiao Partners Capital Limited Unit 2803-05, 28/F, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
Legal adviser to the Company as to Hong Kong laws	ONC Lawyers 19th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong
Placing Agent	Zijing Capital Limited Room 503, 5/F, Tower 2 Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central, Hong Kong
Hong Kong share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal share registrar and transfer office in Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Stock Code	8472
Company Website	www.lapco.com.hk

11. EXPENSES

In the event of full acceptance of the Rights Shares by all Qualifying Shareholders and no Placing has to be conducted, the relevant expenses which would be incurred in the Rights Issue would be approximately HK\$1.50 million; on the other hand, in the event of no acceptance by any Qualifying Shareholder other than Mr. Tam which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent, the relevant expenses would be approximately HK\$2.31 million.

Accordingly, the gross proceeds from the Rights Issue will be up to approximately HK\$43.20 million and the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$41.70 million. The net subscription price per Rights Share is expected to be approximately HK\$0.579.

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tam Yiu Shing, Billy (“**Mr. Tam**”), aged 43, is our executive Director, financial controller, company secretary and compliance officer of the Group. He was appointed as our executive Director on 25 January 2019. Mr. Tam joined our Group on 3 May 2016 as an assistant financial controller and is responsible for the overall financial administration. Prior to joining our Group, he served Eddingpharm (Hong Kong) Company Limited, a pharmaceutical company, as a finance and administrative manager from June 2012 to February 2016 and he was primarily responsible for the management of accounting and financial operations. From March 2007 to May 2012, he served PricewaterhouseCoopers Ltd., an international auditing firm, as a manager as his last position in the firm and was primarily responsible for auditing, accounting, financial due diligence, works associated with initial public offerings and mergers and acquisitions.

Mr. Tam graduated from the Hong Kong Polytechnic University with a bachelor degree in Accountancy in November 2004 and was admitted as a member of Hong Kong Institute of Certified Public Accountants in May 2010.

Mr. Au Pak Lun Patrick (“**Mr. Au**”) aged 37, has more than 10 years of experience in global corporate structuring solutions for listed companies, mergers and acquisitions, venture capital, family offices, offshore funds, trust, finance and treasury. From May 2013 to October 2015, he joined Oilco Asia Pacific Limited as assistant general manager and senior accountant. From January 2016 to May 2017, Mr. Au was an associate (financial accounting) at SBI Securities (Hong Kong) Limited, a subsidiary of SBI Holdings, Inc., and the issued shares of SBI Holdings, Inc. are listed on the Tokyo Stock Exchange (stock code: 8473). From September 2017 to April 2019, Mr. Au joined Hui Kai Financial Group Limited as assistant accounting manager. From May 2019 to April 2021, he was appointed as vice president of GreenPro Holding Limited, a subsidiary of Greenpro Capital Corp and

the issued shares of Greenpro Capital Corp. are listed on the Nasdaq Stock Market (stock code: GRNQ). From June 2021 to August 2022, Mr. Au served as president, chief executive officer and director of MSB Global Capital Corp, the issued shares of which are traded in the over-the-counter market in the US (stock code: MSBM). Mr. Au is currently the director of QMMM Holdings Limited and the chief financial officer of ManyMany Creations Limited, both of which are engaged in the provision of Digital Media Advertising Service, Virtual Avatar & Virtual Apparel Technology Services.

Mr. Au was the joint company secretary of CROSSTEC Group Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 3893) from October 2022 to September 2023. Mr. Au is also a lecturer at the Hong Kong Management Association. Mr. Au is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Au obtained a master degree of corporate governance from the Hong Kong Polytechnic University in September 2020.

Mr. Wang Rong (“Mr. Wang”), aged 41, has extensive experience in the finance and private equities sectors. From March 2009 to July 2011, Mr. Wang was manager at Chief Securities Limited (致富證券有限公司), a licensed securities firm that provides stock/securities trading solutions and wealth management services to clients. From August 2011 to March 2013, he joined as senior manager at Essence International Securities (Hong Kong) Limited (安信國際證券(香港)有限公司), a licensed securities firm that offers solutions in investment, assets management and cross-border mergers and acquisitions. From April 2013 to February 2021, Mr. Wang served as vice president at Fulbright Financial Group (富昌金融集團(香港)有限公司), a securities firm that provides stock/securities trading solutions to clients. From April 2021 to April 2023, he was a director, of Zhong Zi Xin Rong (Hainan) Private Equity Fund Management Co., Limited* (中資鑫融(海南)私募基金管理有限公司), and is responsible for strategic development and investment and fund management. Upon his appointment as an executive Director of the Company, he will be responsible for managing the Group’s investment profile, strategic development and business expansion in the PRC.

Mr. Wang has been the executive director and chief executive officer of CROSSTEC Group Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 3893) since 13 July 2023 and 20 September 2023, respectively. Mr. Wang obtained a diploma in English language education from Yunyang Teachers’ College (鄖陽師範高等專科學校) (currently known as Hanjiang Normal University (漢江師範大學)) in June 2006. He further obtained a bachelor’s degree in finance, through distance learning, from Dongbei University of Finance & Economics (東北財經大學) in July 2021.

Independent non-executive Directors

Mr. Mak Kwok Kei (“Mr. Mak”), aged 38, was appointed as our independent non-executive Director on 24 June 2017. Mr. Mak has over ten years of experience in

securities dealing and capital markets advisory, specialising in capital fund raising for companies in China and Hong Kong. He worked as a trainee in Credit Agricole Corporate and Investment Bank (Hong Kong Branch), a financial services company, where he was mainly engaged in transacting high grade corporate and government bonds with central banks in Asia, from September 2009 to November 2010. From November 2010 to August 2015, he worked at Nomura International (Hong Kong) Limited, a financial services company, as associate where he was mainly engaged in both primary and secondary equity fund raising activities for listed companies and high-net-worth individuals in Asia. From October 2015 to June 2018, he served as a managing director and Head of Equity Capital markets in Zhongtai International Capital Limited, a corporate finance advisory company. He is primarily responsible for providing capital markets advisory services to clients and operating and managing the equity capital markets franchise. From January 2019 to July 2021, he has served as Head of Investment Banking Division of China Investment Securities (Hong Kong) Financial Holdings Limited, which was subsequently acquired by Soochow Securities International Financial Holdings Limited where Mr. Mak is a Member of Executive Committee and Head of Investment Banking Division. He oversees the investment banking division, including IPO sponsoring, capital fund raising and financial advisory.

Mr. Mak has been a limited partner in WI Harper Fund VIII LP, which is mainly engaged in venture capital investments in healthcare and technology sectors, since May 2016.

Mr. Mak is currently an independent non-executive director of Renco Holdings Group Limited (formerly known as China HKBridge Financial Holdings Limited) (stock code: 2323), the issued shares of which are listed on the Main Board of the Stock Exchange.

Mr. Mak obtained a bachelor degree with first class honour in Applied Business Management from Imperial College London, United Kingdom in August 2008 and subsequently obtained a master degree in philosophy from University of Cambridge, United Kingdom in October 2009.

Ms. Lam Kit Yan (“Ms. Lam”), aged 49, was appointed as our independent non-executive Director on 24 June 2017. Ms. Lam has worked for international audit firms and various companies with extensive experience in financial reporting, auditing, mergers and acquisitions, compliance and initial public offerings. She had been the company secretary, chief financial officer and the authorised representative of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (stock code: 01250), the issued shares of which are listed on the Stock Exchange from June 2013 to May 2015. From January 2016 to February 2016, Ms. Lam served as an executive director and company secretary of Aurum Pacific (China) Group Limited (stock code: 08148) the issued shares of which are listed on GEM of the Stock Exchange. In November 2016, Ms. Lam was appointed as the company secretary and chief financial officer of StarGlory Holdings Company Limited (stock code: 08213) the issued shares of which are listed on GEM of the Stock Exchange.

Ms. Lam obtained a degree of bachelor of business administration from The Chinese University of Hong Kong in December 1997. Ms. Lam is as a certified tax adviser and a fellow member of The Taxation Institute of Hong Kong. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

Ms. Wan Hoi Shan (“Ms. Wan”), aged 43, has over 20 years in the accounting and finance industry. From July 2002 to June 2004, Ms. Wan worked at Moore Stephens CPA Limited with her last position as audit assistant. From June 2004 to March 2010, she worked at Deloitte Touche Tohmatsu with her last position as audit manager. From September 2011 to November 2018, she was finance manager of AirMedia Group Inc., a company engages in the operation of out-of-home advertising platforms and travel Wi-Fi market in the PRC. Since May 2018, Ms. Wan has been serving as director of Master Professional Consulting Company Limited (萬得專業顧問有限公司) for the provision of consultation services in accounting and statutory and advisory matters. She is also a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Ms. Wan graduated with a bachelor’s degree in accountancy from the Hong Kong Polytechnic University in November 2002. Ms. Wan has also been appointed as the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee with effect from 12 May 2023.

Joint company secretaries

Mr. Tam Yiu Shing, Billy, the executive Director and financial controller of the Group, was appointed as the company secretary of the Company on 14 March 2017.

Mr. Au Pak Lun Patrick, the executive Director, was appointed as the joint company secretaries of the Company on 12 May 2023.

Further details on the joint company secretaries are set forth in the paragraph headed “Executive Directors” in this section.

Compliance officer

Mr. Tam Yiu Shing, Billy, the executive Director and financial controller of the Group, was appointed as the compliance officer of the Company on 31 December 2021. Further details on the compliance officer are set forth in the paragraph headed “Executive Directors” in this section.

Business address of the Directors

The business address of the Directors is the same as the principal place of business of the Company in Hong Kong, which is at Unit No. 301A, 3/F., Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Ms. Lam Kit Yan (the chairman of the Audit Committee), Mr. Mak Kwok Kei and Ms. Wan Hoi Shan. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY” in this appendix. The primary duties of the Audit Committee are (a) to review the Group’s annual reports, interim reports and quarterly reports; (b) to discuss and review with the auditor of the Company on the scope and findings of the audit; and (c) to supervise the financial reporting process, risk management and internal control systems of the Group.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents, having attached thereto the written consent as referred to in the paragraph headed “9. Expert and Consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, there is no material foreign exchange exposure to the Company. Therefore, no financial instrument was made to hedge such exposures.
- (iii) As at the Latest Practicable Date, there was no contracts for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which were substantial in relation to the Group’s business.
- (iv) This Prospectus has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the respective Chinese text.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites on the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.lapco.com.hk>) from the date of this Prospectus up to and including the date of the EGM:

- (i) the letter from the Board, the text of which is set out on pages 8 to 30 of this Prospectus;

- (ii) the accountant's report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Prospectus;
- (iii) the written consent referred to in the paragraph under the heading "9. EXPERT AND CONSENT" in this appendix;
- (iv) the material contracts referenced to in the paragraph under the heading "8. Material Contracts" in this appendix; and
- (v) the Prospectus Documents.

17. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.