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Lapco Holdings Limited

立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION OF CONVERTIBLE BONDS

This announcement is made by Lapco Holdings Limited (the “**Company**”) (together with its subsidiaries, the “**Group**”) pursuant to 17.10 (2) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 22 July 2020 (after trading hours), the Company and Zhongfeng International Investment Holdings Group Co., Limited (“**Strategic Partner**”) entered into a memorandum of understanding (the “**MOU**”), pursuant to which the Strategic Partner expressed its intention to subscribe or procure subscription (the “**Subscription**”) for convertible bonds to be issued by the Company (the “**Convertible Bonds**”). Pursuant to the MOU, it is intended the principal amount of the Convertible Bonds shall be HK\$20,000,000 and the initial conversion price per share shall be HK\$0.6. Save for terms relating to confidentiality, termination, binding effect and governing laws and jurisdiction, the MOU is not legally binding.

THE MOU

Date: 22 July 2020 (after trading hours)

Parties: (i) the Company; and
(ii) Zhongfeng International Investment Holdings Group Co., Limited

The ultimate beneficial owner of the Strategic Partner is Mr. Gao Ran, an non-executive Director and connected person (as defined in the GEM Listing Rules) of the Company.

Subject matter

The Strategic Partner expressed its intention to subscribe or procure subscription for the Convertible Bonds. It is intended the principal amount of the Convertible Bonds shall be HK\$20,000,000 and the initial conversion price per share shall be HK\$0.6. Detailed terms and conditions of the Subscription of the Convertible Bonds have yet to be agreed and shall be subject to further negotiations.

Formal subscription agreement

The parties to the MOU shall endeavour to negotiate, finalise and enter into a formal subscription agreement (the “**Subscription Agreement**”) in relation to the Subscription within three (3) months from the date of the MOU. The Subscription Agreement shall include terms and conditions which are customary in similar type of transaction, including but not limited to the following conditions:

- (a) the Stock Exchange having granted the listing of and permission to deal in the shares of the Company to be allotted and issued upon conversion of the Convertible Bonds; and
- (b) all necessary approvals, permits, waivers and consents in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained.

If the parties to the MOU do not enter into the Subscription Agreement within three (3) months from the date of the MOU, the MOU shall terminate and lapse. The parties to the MOU agreed that, save for the provisions in relation to confidentiality, termination, binding effect and governing laws and jurisdiction under the MOU, the MOU is not legally binding.

INFORMATION ON THE STRATEGIC PARTNER

The ultimate beneficial owner of the Strategic Partner is Mr. Gao Ran, an non-executive Director.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the potential Subscription represents a real opportunity to strengthen its financial position and in particular, improve the liquidity of the Group, and raise additional funds for general working capital and any potential development and investment of the Group. Further, if the conversion rights attached to the Convertible Bonds are exercised, the shareholder base of the Company will be broadened, and synergistic effects may be brought to the businesses of the Group.

The Subscription, if proceeded with, will be implemented in accordance with the GEM Listing Rules, in particular Chapter 20 of the GEM Listing Rules, and other applicable laws and regulations.

The Board wishes to emphasise that the Subscription is subject to, among other things, the signing of formal agreement(s) and the terms and conditions of which are yet to be agreed. As the Subscription may or may not proceed, shareholders and investors of the Company are advised to exercise with caution when dealing in securities of the Company. Further announcement will be made by the Company should any legally binding agreement be entered into as and when appropriate.

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

Hong Kong, 22 July 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lam Pak Ling, Mr. Cai Weiming, Mr. Wong Tsz Chun, Jacky and Mr. Tam Yiu Shing, Billy; one non-executive Director, namely Mr. Gao Ran and three independent non-executive Directors, namely Mr. Mak Kwok Kei, Ms. Lam Kit Yan and Mr. Ho Kin Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.lapco.com.hk. In case of any inconsistency, the English text of this report shall prevail over the Chinese text.