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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Website: <http://www.alco.com.hk>

(Stock Code: 328)

ISSUE AND ALLOTMENT OF NEW SHARES FOR SUBSCRIPTION UNDER GENERAL MANDATE

On 20 August 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 70,000,000 Subscription Shares at a price of HK\$0.2434 per Subscription Share. The Subscription is subject to various conditions set out below under the heading “Conditions precedent to the Subscription”.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent approximately 9.68% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, subject to completion of the Subscription.

The Subscription Price represents:

- (1) the average of the closing prices of HK\$0.2434 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 August 2021, being the date of the Subscription Agreement; and
- (2) a premium of approximately 2.27% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on 20 August 2021, being the date of the Subscription Agreement.

The gross proceeds raised from the Subscription will be HK\$17,038,000, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$16,500,000, which are intended to be used for the further development of the Group’s existing notebook computers and tablets production business and general working capital purposes.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

As completion of the Subscription is subject to the fulfilment of the Conditions Precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION

On 20 August 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 70,000,000 Subscription Shares at a price of HK\$0.2434 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date

20 August 2021 (after trading hours)

Parties

- (1) The Company, as issuer; and
- (2) the Subscriber, as subscriber.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Subscription Shares

The Subscription Shares represent approximately 9.68% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, subject to completion of the Subscription.

The Subscription Shares have an aggregate nominal value of HK\$7,000,000 and the market value of the Subscription Shares is approximately HK\$16,660,000 based on the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

Subscription Price

The Subscription Price of HK\$0.2434 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the market condition and the prevailing market price of the Shares.

The Subscription Price represents:

- (1) the average of the closing prices of HK\$0.2434 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 August 2021, being the date of the Subscription Agreement; and
- (2) a premium of approximately 2.27% to the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on 20 August 2021, being the date of the Subscription Agreement.

Conditions precedent to the Subscription

Completion of the Subscription is conditional upon fulfillment of the following Conditions Precedent:—

- (1) listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (2) the warranties given by each party remaining true, accurate and not misleading in all respects; and
- (3) the Company having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement by the Company.

If the Conditions Precedent are not fulfilled on or prior to 7 September 2021 or such later date as may be agreed between the Company and the Subscriber in writing, the Subscription shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breaches.

Completion of the Subscription

Completion of the Subscription will take place on the business day immediately after the date upon which the last of the Conditions Precedent has been satisfied.

Ranking

The Subscription Shares, when issued, shall be duly authorised and shall rank pari passu in all respects with all other existing Shares outstanding on the Completion Date and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the issue.

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscriber undertakes, among other things, that it will not, at any time during the period of six months following the Completion Date dispose of any of the Subscription Shares without the prior written consent of the Company.

General Mandate to issue the Subscription Shares

The Subscription Share will be allotted and issued pursuant to the General Mandate and the Subscription is not subject to Shareholders' approval. The Directors were authorised to allot, issue or otherwise deal with up to 72,324,465 new Shares under the General Mandate. As at the date of this announcement, apart from the Subscription Shares, no new Shares have been issued or agreed to be issued under the General Mandate. After completion of the Subscription, 2,324,465 Shares may be allotted and issued pursuant to the General Mandate.

Application for listing

An application will be made to the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment activities. It is wholly-owned by Mr. Poon Ka Ho Stanley and he is the ultimate beneficial owner. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, both the Subscriber and its ultimate beneficial owner are Independent Third Parties.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 723,244,650 Shares in issue. The table below summaries the shareholding structure of the Company (1) as at the date of this announcement and (2) immediately upon Completion:–

Name of Shareholders	Shareholding as at the date of this announcement		Shareholding immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. LEUNG Kai Ching, Kimen (deceased) (Note 1)	267,812,500	37.03%	267,812,500	33.76%
Mr. LEUNG Wai Sing, Wilson	76,706,986	10.61%	76,706,986	9.67%
Mr. LEUNG Wai Lap, David	60,676,464	8.39%	60,676,464	7.65%
Mr. Webb David Michael (Note 2)	75,344,884	10.42%	75,344,884	9.50%
The Subscriber	–	–	70,000,000	8.82%
Other public Shareholders	242,703,816	33.55%	242,703,816	30.60%
Total	723,244,650	100%	793,244,650	100%

Notes:

1. Mr. LEUNG Kai Ching, Kimen (deceased) held 267,812,500 shares through Shunde Investments Limited, which was 100% directly owned by him. Mr. LEUNG's interests are now undergoing probate.
2. Mr. Webb David Michael beneficially owned 27,264,043 shares, and in addition he held 48,080,841 shares through Preferable Situation Assets Limited, which was 100% directly owned by him.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is presently principally engaged in notebook computers and tablets production. The Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening the Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Subscription Agreement is fair and reasonable and the Subscriptions is in the interest of the Company and the Shareholders as a whole.

The gross proceeds raised from the Subscriptions will be HK\$17,038,000, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$16,500,000, which are intended to be used for the further development of the Group's existing notebook computers and tablets production business and general working capital purposes.

As completion of the Subscription is subject to the fulfilment of the Conditions Precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“Company”	Alco Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Subscription under the Subscription Agreement;
“Completion Date”	the business day immediately after the date upon which the last of the Conditions Precedent has been satisfied;
“Conditions Precedent”	conditions precedent to the Completion;
“connected person”	the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate to issue and deal with Shares granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 August 2020;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Share(s)”	share(s) of par value of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Growing Capital Group Limited, a company incorporated in Hong Kong with limited liability;
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 20 August 2021 between the Company and the Subscriber;
“Subscription Price”	the subscription price of HK\$0.2434 per Subscription Share;
“Subscription Shares”	an aggregate of 70,000,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreement; and
“%”	per cent.

By order of the Board
Alco Holdings Limited
LEUNG Wai Sing, Wilson
Chairman and Chief Executive Officer

Hong Kong, 20 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. LEUNG Wai Sing, Wilson, Mr. LEUNG Kam Fai, Peter and Mr. YIU Wang Tsun. The independent non-executive directors are Mr. LEE Tak Chi, Mr. CHEUNG, Johnson and Mr. WU Zhi-Ling.