
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 to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this prospectus, unless otherwise stated.

If you have sold or transferred all your shares in Alco Holdings Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser(s) or other transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “16. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this prospectus, have been registered by 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 Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of the Prospectus Documents.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Letter from the Board – Warning of the Risks of Dealing in the Shares and/or the nil-paid Rights Shares” in this prospectus.

Subject to the granting of the listing of, and the 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 and you should consult a stockbroker or other registered securities dealer, 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. 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their 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 the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the section headed “Letter from the Board – Proposed Rights Issue – Rights of Overseas Shareholders” in this prospectus.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.



ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial Adviser to the Company



Placing Agent



It should be noted that the Shares have been dealt in on an ex-rights basis from Thursday, 11 May 2023. The nil-paid Rights Shares will be dealt in from Thursday, 15 June 2023 to Friday, 23 June 2023 (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 Thursday, 15 June 2023 to Friday, 23 June 2023 (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 nil-paid Rights Shares should therefore exercise caution, and is recommended to consult his/her/its own professional adviser(s) if in any doubt about his/her/its own position.

The Rights Issue is on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Shares or NQS Unsold 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. There is no minimum amount to be raised under the Rights Issue. The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law. The Rights Issue is subject to the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue” in this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:10 p.m. on Friday, 14 July 2023). 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. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled. 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 adviser(s).

The Latest Time for Acceptance is 4:00 p.m. on Wednesday, 28 June 2023. The procedures for acceptance and payment and/or transfer are set out on pages 22 to 23 of this prospectus.

13 June 2023

NOTICE

The Rights Issue is conditional upon the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue” in this prospectus.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid 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 adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully paid Rights Shares, this prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully paid Rights Shares, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

NOTICE

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the section headed “Letter from the Board – Proposed Rights Issue – Rights of Overseas Shareholders” in this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

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

“Adjusted Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Announcements”	the announcements of the Company dated 27 January 2023, 17 March 2023, 11 April 2023, 13 April 2023, 14 April 2023, 19 May 2023, 25 May 2023 and 5 June 2023 in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, a Sunday, a public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business in Hong Kong throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK\$5.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$4.99 on each issued Consolidated Share and the cancellation of any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation

DEFINITIONS

“Capital Reorganisation”	the capital reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Subdivision, (iv) the Share Premium Reduction, and (v) the transfer of all the credits arising from the Capital Reduction and Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which will be applied to reduce the accumulated losses of the Company and be applied by the Board in any other manner in accordance with the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Circular”	the circular of the Company dated 17 March 2023 in relation to, among other things, the Capital Reorganisation, the Rights Issue, the Placing and the transaction contemplated thereunder
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Alco Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 328)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the NQS Unsold Shares and the Compensatory Arrangements” in this prospectus
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$5.00 each in the share capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction and the Share Subdivision
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the SGM
“Independent Third Party(ies)”	third party(ies) who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company
“Last Trading Day”	Friday, 27 January 2023, being the last full trading day before the release of the announcement dated 27 January 2023
“Latest Practicable Date”	5 June 2023, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 28 June 2023 (or such other time and date as may be determined by the Company), being the latest time for the acceptance of, and payment for, the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees) after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholder(s)”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) 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
“NQS Unsold Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Old Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation having become effective
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at close of business on the Record Date and whose address(es) as shown on such register at that time is(are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placing”	arrangements to place the Unsubscribed Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Innovax Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO
“Placing Agreement”	the placing agreement dated 27 January 2023 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing End Date”	4:00 p.m. on Thursday, 13 July 2023 or such other date as the Company may announce
“Placing Long Stop Date”	4:10 p.m. on Friday, 14 July 2023 or such later date as the Company may announce
“Placing Period”	the period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the eleventh Business Day after the Latest Time for Acceptance
“Placing Shares”	Unsubscribed Share(s) and the NQS Unsold Share(s)
“Posting Date”	Tuesday, 13 June 2023 (or such other date as may be determined by the Company), being the date of despatch of Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	this prospectus and the PAL

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	Friday, 19 May 2023 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	The proposed issue of the Rights Shares on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Issue Completion”	completion of the Rights Issue
“Right Issue Settlement Date”	Thursday, 20 July 2023
“Rights Share(s)”	up to 63,645,492 Shares to be allotted and issued pursuant to the Rights Issue (assuming there is no change in the number of Shares in issue on or before Record Date other than the Capital Reorganisation becoming effective)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company held on Monday, 8 May 2023 to consider and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Consolidation”	the consolidation of every fifty (50) Old Shares of par value of HK\$0.10 each into one (1) Consolidated Share of par value of HK\$5.00 each in the share capital of the Company
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the reduction of the entire amount standing to the credit of the Share Premium Account of the Company to nil
“Share Subdivision”	the subdivision of each authorised but unissued Consolidated Share of par value of HK\$5.00 into five hundred (500) Adjusted Shares of par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.425 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC (as may be amended from time to time)
“Unsubscribed Share(s)”	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the proposed Rights Issue, the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the satisfaction of the conditions of the Rights Issue and the Placing and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this prospectus refer to Hong Kong local times and dates.

Event	Time and Date
First day of dealings in nil-paid Rights Shares	Thursday, 15 June 2023
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Monday, 19 June 2023
Last day of dealings in nil-paid Rights Shares	Friday, 23 June 2023
Latest Time for Acceptance	4:00 p.m. on Wednesday, 28 June 2023
Announcement of the number of the Unsubscribed Shares and NQS Unsold Shares subject to the Placing	Wednesday, 5 July 2023
Commencement of the Placing Period (if there are any Unsubscribed Shares and NQS Unsold Shares available)	Thursday, 6 July 2023
Placing End Date for the Placing	4:00 p.m. on Thursday, 13 July 2023
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:10 p.m. on Friday, 14 July 2023
Rights Issue Settlement Date and Placing completion date	Thursday, 20 July 2023
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Friday, 21 July 2023
Despatch of share certificates for the Rights Shares and/or refund cheques	Monday, 24 July 2023
First day of dealings in the fully paid Rights Shares	Tuesday, 25 July 2023
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Tuesday, 8 August 2023

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this prospectus are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance falls. Instead the Latest Time for Acceptance 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 the date of the Latest Time for Acceptance. 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 warning 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 section headed “Expected Timetable” in this prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

LETTER FROM THE BOARD



ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

Executive Directors:

Mr. Lei Kam Chao (*Chairman*)

Mr. Ho Chak Yu

Independent non-executive Directors:

Mr. Chu Hoi Kan

Mr. Lam Chi Wing

Mr. Tang Sher Kin

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and Principal Place
of Business:*

11/F, Metropole Square

2 On Yiu Street

Sha Tin

New Territories

Hong Kong

13 June 2023

*To the Qualifying Shareholders, and for information only,
to the Non-Qualifying Shareholders,*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcements and the Circular in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing. The Board announced that the Company proposed to raise up to approximately HK\$90.69 million (before expense) by issuing up to 63,645,492 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$1.425 per Rights Share (after taking into account the effect of the Capital Reorganisation) on the basis of four (4) Rights Shares for every one (1) Share held on the Record Date.

LETTER FROM THE BOARD

The purpose of this prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted to you; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

At the SGM held on Monday, 8 May 2023, the necessary resolutions for approving, among other things, the Capital Reorganisation, the Rights Issue, the Placing and the transactions contemplated thereunder, were duly passed by the Shareholders or the Independent Shareholders (as the case may be). The Capital Reorganisation became effective on Wednesday, 10 May 2023. Please refer to the announcement of the Company dated 8 May 2023 in relation to, among others, the poll results of the SGM and the effective date of the Capital Reorganisation for further details.

PROPOSED RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Share held as at the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$1.425 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$1.406 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the Latest Practicable Date	:	15,911,373 Shares (assuming there is no change in number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective)

LETTER FROM THE BOARD

Maximum number of Rights Shares : Up to 63,645,492 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective, representing approximately 80% of the total number of issued Shares immediately upon completion of the Rights Issue)

The aggregate nominal value of the Rights Shares will be HK\$636,454.92

Gross proceeds to be raised from the Rights Issue : Approximately HK\$90.69 million before expenses

The Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the Latest Practicable Date.

The Subscription Price

The Subscription Price is HK\$1.425 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares. According to the relevant Bermuda laws, the Company shall not issue Shares at a price below its par value.

The Subscription Price represents:

- (i) a discount of approximately 25.0% to the adjusted closing price of HK\$1.900 per Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.038 per Old Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.1% to the adjusted average closing price of HK\$1.830 per Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0366 per Old Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 20.2% to the adjusted average closing price of HK\$1.785 per Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0357 per Old Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a premium of approximately 7.1% to the closing price of HK\$1.330 per Share (as quoted on the Stock Exchange on the Latest Practicable Date); and
- (v) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 20.0%, represented by the theoretical diluted price of approximately HK\$1.520 per Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK\$1.900 per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Adjusted Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the five (5) previous consecutive trading days prior to 27 January 2023 and taking into account the effect of the Capital Reorganisation).

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reasons for the Rights Issue, the Placing and the Use of Proceeds” in this letter, and the amount of funds the Company intends to raise under the Rights Issue.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Non-underwritten basis

Subject to the fulfilment of conditions of the Rights Issue, 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 of an undersubscription of the Rights Issue, any Unsubscribed Shares together with the NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Shares or NQS Unsold Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the Rights Issue. The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

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As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL 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 (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder 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 7.19(5)(b) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Capital Reorganisation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully paid forms;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Posting Date;
- (v) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Friday, 14 July 2023 (or such later date as the Company may determine), the Rights Issue will not proceed.

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As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the 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 fully paid Rights Shares. 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, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Abacus Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 12 May 2023.

The last day of dealing the Shares on a cum-rights basis was Wednesday, 10 May 2023. The Shares have been dealt with on an ex-rights basis from Thursday, 11 May 2023.

Closure of register of members

The register of members of the Company were closed from Monday, 15 May 2023 to Friday, 19 May 2023 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares were registered during this period.

Basis of provisional allotment

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

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Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may or may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the close of business on the Record Date, there was one Overseas Shareholder with registered address in the PRC who held 40 Shares, representing approximately 0.0003% of the issued share capital of the Company. In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries to its legal adviser on PRC law regarding the feasibility of extending the Rights Issue to such Overseas Shareholder. On the basis of the result of such enquiries obtained as at the Latest Practicable Date, the Company has been advised that the Prospectus Documents may be required to be registered or filed with or subject to approval by the relevant PRC regulatory authorities and thus the Company would need to take additional steps to comply with the regulatory requirements of the relevant PRC regulatory authorities. The Company, therefore, would be required to comply with the relevant PRC laws and regulations if the Rights Issue is to be extended to such Overseas Shareholder with registered address in the PRC. Having considered the circumstances, the Directors are of the view that it is not expedient to extend the Rights Issue to such Overseas Shareholder taking into consideration that the time and costs involved in complying with the PRC legal requirements will outweigh the possible benefits to the Company. Thus, the Rights Issue would not be extended to such Overseas Shareholder in the PRC. Such Overseas Shareholder with registered address in the PRC is a Non-Qualifying Shareholder. The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for information only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Procedures in respect of the Unsubscribed Shares and the NQS Unsold Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Shares and the NQS Unsold Shares by offering the Unsubscribed Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. On 27 January 2023, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of Unsubscribed Shares and the NQS Unsold Shares to independent placees on a best effort basis.

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Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best effort basis, any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on the Placing End Date, placees to subscribe for all (or as many as possible) of those Unsubscribed Shares and the NQS Unsold Shares. Any Unsubscribed Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

- A. the relevant No Action 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
- B. the relevant Non-Qualifying Shareholders 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 and Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for Unsubscribed Shares and the NQS Unsold Shares

Details of the Placing Agreement are summarised below:

Date : 27 January 2023 (after trading hours)
Issuer : The Company

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Placing Agent : Innovax Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on the best effort basis, placees to subscribe for the Unsubscribed Shares and NQS Unsold Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not the Shareholder; and (ii) they are Independent Third Parties.

Placing Period : The period commencing from the sixth Business Day after the Latest Time for Acceptance and end at 4:00 p.m. on the eleventh Business Day after the Latest Time for Acceptance.

Commission and expenses : The Placing Agent shall be entitled to a commitment fee equal to 0.5% of the amount which is equal to the placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

Placing price : The placing price of each of the Placing Shares shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of placement.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

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Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the Shares in issue at the date of completion of the Placing.

Condition Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

(i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

(ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstances having arisen and nothing having been done or omitted to be done with would render any of such undertaking, representations or warranties untrue or inaccurate in any material respect of it was repeated as at the time of completion; and

(iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

As at the Latest Practicable Date, the Rights Issue has been approved by the Independent Shareholders at the SGM.

Termination : The Placing Agreement shall end on 20 July 2023 or any other date by mutual written agreement between the Placing Agent and the Company.

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The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing completion : Completion is expected to take place within eleven Business Days after publication of an announcement by the Company of the number of the Unsubscribed Shares and NQS Unsold Shares under the Compensatory Arrangements and upon fulfillment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfillment of such conditions precedent to the Placing Agreement by the Placing Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfillment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

As explained above, the Unsubscribed Shares and NQS Unsold Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders and Non-Qualifying Shareholders. If all or any of the Unsubscribed Shares and NQS Unsold Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders.

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The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders.

The timetable of the Placing is driven by the timetable of the Rights Issue. Under the terms of the Placing Agreement, the Placing Period shall commence on Thursday, 6 July 2023, or such other date as the Company may announce. The Placing Period shall end at 4:00 p.m. on Thursday, 13 July 2023, or such other date as the Company may announce.

If all the Rights shares are already fully taken up in the Rights Issue through valid applications of the PAL(s), the Placing will not proceed.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or before Monday, 24 July 2023 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Monday, 24 July 2023 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

No Fractional Entitlement

The Company will not provisionally allot fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully paid Rights Shares will be traded in board lots of 2,000 Shares.

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RIGHTS SHARES WILL BE ELIGIBLE 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 dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) 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 PALs, 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 Registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Wednesday, 28 June 2023. All remittances must be made by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Alco International Limited**" and must be crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar for registration by no later than 4:00 p.m. on Wednesday, 28 June 2023, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) 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. It should be noted that Hong Kong ad

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valorem stamp duty is payable in connection with the transfer of a Qualifying Shareholder's rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

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 original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Monday, 19 June 2023 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations as required. The new PALs will be available for collection at the Registrar, Tricor Abacus Limited, 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 and banker's cashier orders will be presented for payment following receipt and all interests earned on such application monies (if any) will be retained for the benefit of the Company. 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 accompanying cheque and/or banker's cashier 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. Completion and return of the PAL together with a cheque or banker's cashier order in payment of the Rights Shares, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by such person that the cheque or banker's cashier order will be honoured upon first presentation.

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

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid Rights Shares. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this prospectus.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

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

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:10 p.m. on Friday, 14 July 2023, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE USE OF PROCEEDS

The Group mainly operates in Hong Kong and Taiwan and is principally engaged in designing and distribution of consumer electronic products including notebook products.

Assuming the maximum gross and net proceeds (after deducting the related expenses) from the Rights Issue are estimated to be approximately HK\$90.69 million and HK\$89.25 million, respectively. The Company currently intends to apply the net proceeds from the Rights Issue primarily for repayment of bank loans and other borrowings, and for general working capital of the Group.

The Group intends to apply the net proceeds from the proposed Rights Issue as follows:

- (i) approximately HK\$39.00 million for repayment of bank and other borrowings owed by the Group;
- (ii) approximately HK\$37.08 million for settlement of external debts; and
- (iii) approximately HK\$13.17 million for the general working capital of the Group.

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In the event that there is an under subscription of the Rights Issue, the net proceeds will be prioritised and utilised as follows:

- (i) approximately HK\$24.26 million for the repayment of unsecured borrowings owed by the Group;
- (ii) to settle outstanding sums of bank and other borrowings and other external debts to the greatest extent taking into account of the respective maturity dates, interest rates and the amount overdue; and
- (iii) any remaining amount (if any) shall be applied to the general working capital of the Group.

The Board considers fund-raising for additional general working capital is essential although, on 23 September 2022, a total of 72,324,000 new shares of the Company at nominal value of HK\$0.1 each were successfully placed at the placing price of HK\$0.1 per placing share (the “**September Placing**”). The net proceeds from the September Placing, after deducting the placing commission and other related expenses of the September Placing, amounted to approximately HK\$6.98 million, of which was intended for the use for general working capital. As at the Latest Practicable Date, the net proceeds from the September Placing had been fully utilised.

Based on the published annual report for the year ended 31 March 2022, dated 29 July 2022, of the Company, the Group incurred a loss attributable to the owners of the Company of approximately HK\$594.6 million. As at 31 March 2022, the Company had current liabilities of approximately HK\$1,093.6 million mainly comprising of (i) trade and other payables of approximately HK\$337.4 million; (ii) bank and other borrowings of approximately HK\$285.0 million; and (iii) loans from shareholders of approximately HK\$402.0 million.

As disclosed in the Company’s interim results announcement for the six months ended 30 September 2022 dated 28 November 2022, the Group incurred a loss attributable to the owners of the Company from the continuing operations of approximately HK\$48.6 million. As at 30 September 2022, the Company had current liabilities of approximately HK\$1,028.9 million mainly comprising of (i) trade and other payables of approximately HK\$347.1 million; (ii) bank and other borrowings of approximately HK\$242.9 million; and (iii) loans from shareholders of approximately HK\$432.7 million.

As further disclosed in the supplemental announcement of the Company in relation to interim report for the period ended 30 September 2022, dated 13 January 2023, the Company is experiencing (i) dropping in revenue primarily due to the sudden pass away of our ex-chairman and change of market condition; (ii) gross loss position primarily due to instability in sourcing of raw materials and high purchase cost of raw materials due to small quantity of purchase; and (iii) impairment loss in relation to the discontinued operation. However, the Board is of the view that

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(i) the appointment of the new chairman; (ii) the implementation of the subcontracting model; and (iii) fund raising as described in this prospectus, the loss-making financial position would gradually improve.

As at the Latest Practicable Date, (i) bank borrowings of approximately HK\$28.0 million included in the current liabilities of the Company as at 31 March 2022 were settled; (ii) other borrowings of approximately HK\$68.9 million included in the current liabilities of the Company as at 31 March 2022 were settled; and (iii) approximately HK\$96.2 million of loans from shareholders were obtained subsequent to 31 March 2022 to facilitate the Group's existing principal business. The increase in shareholder loans was entirely attributed to the proceeds from the sale of three properties owed by the family members of the ex-chairman of the Company, which were disposed in July, October 2022 and April 2023 respectively. The three disposals contributed to an increase of approximately HK\$96.2 million in loan from shareholders. These properties were used as collateral to obtain loans from banks and other financial institutions for the purpose of financing the Group. The proceeds from the sale of these properties were borrowed into the Group and used to repay the outstanding loans to provide financial support to the Group.

Details of the above-mentioned short-term liabilities to be repaid within the next twelve months from 30 April 2023 and details of the short-term liabilities to be settled via proceeds from the Rights Issue and/or the Placings are as follows:

Nature	Total outstanding amount (HK\$'000)	Terms	Amount to be settled via proceeds from the Rights Issue and/or the Placing (HK\$'000)
Bank and other borrowings, secured, bearing interest rate of 5.65%-6.1% p.a.	155,613	Overdue from over 8 months to over 18 months	14,740
Bank borrowings, unsecured, bearing interest rate of 6.1% p.a.	24,260	Overdue from over 17 months to over 18 months	24,260
Loans from shareholders	498,215	Overdue for over 5 months	Nil
Trade and other payables	<u>362,675</u>	Overdue from over 1 month to over 30 months	<u>37,078</u>
	<u>1,040,763</u>		<u>76,078</u>

The Company confirmed that any default of the above short-term liabilities will not cause cross default under the terms of the above short-term liabilities.

LETTER FROM THE BOARD

As at 30 April 2023, the Group had bank balances and cash of approximately HK\$4.8 million. Given that there are short-term liabilities in the aggregate amount of approximately HK\$1,041 million which are required to be satisfied within the next twelve months from 30 April 2023, current available financial resources of the Group is not sufficient to satisfy the aforementioned liabilities and the Company has imminent need to further raise funds to satisfy the aforementioned liabilities.

The Group has two principal bankers, namely Hang Seng Bank Limited (“**HSB**”) and Shanghai Commercial Bank Limited (“**SCB**”). Pursuant to the terms and conditions of the banking facilities with HSB and SCB, payment of the principal amount of HK\$133.0 million and HK\$24.3 million has fallen due as of December 2021 due to insufficient financial resources. The Company is in active discussion with these two banks for a potential resolution, such as longer repayment periods. Accordingly, immediate funding is required for negotiation with the bankers on the repayment plan.

Taking into account that the Group had a bank balance and cash of approximately HK\$4.8 million as at 30 April 2023, and the net proceeds from the September Placing has been fully utilised by the Group, the Board considers it is prudent and in the interest of the Company and the Shareholders as a whole to raise additional funds to (i) repay bank and other borrowings; (ii) settle external debts; and (iii) for general working capital purposes, so that the Group has sufficient financial resources to meet the financial obligations when they fall due in the following 12 months from the date of this prospectus.

Alternative fund-raising methods considered

The Directors (excluding the independent non-executive Directors) have considered other financing alternatives to raise funds including (i) additional debt financing; and (ii) equity fund raising such as placement of shares and open offer.

(i) Debt financing

The availability of debt financing is usually subject to the Group’s existing financial positions. As at 30 September 2022, the unaudited consolidated net liabilities value of the Company was approximately HK\$0.929 per Share. Given that (a) the Group was in net liabilities position as at 30 September 2022 and has a considerable amount of outstanding bank and other borrowings and external debts; (b) the Group has a loss making financial performance; and (c) the amount of funds required for settling the outstanding sums of the Group, the Company is of the view that it is not commercially feasible for the Company to obtain further debt financing from financial institutions. Moreover, debt financing would increase the interest burden as well as driven up the gearing ratio of the Group.

LETTER FROM THE BOARD

(ii) Other equity fund raising

As for other fund raising, such as placement of 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. Furthermore, to raise fund from placing, substantial amount of securities must be issued and it is not uncommon that the subscriber(s) request for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved. As for open offer, it is similar to a rights issue, it also offers qualifying shareholders to participate but it does not provide the Shareholders with an option to trade their rights entitlement in the open market.

Having considered the above-mentioned alternatives, the Directors (excluding the independent non-executive Directors) are of the view that the Rights Issue provides a better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing its financial position without incurring additional interest expenses, and also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid dilution from those Shareholders who take up their entitlement under the Rights Issue in full, and thus in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had conducted the following equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date:

Date of relevant announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
29 August 2022	Placing of new shares under general mandate	Approximately HK\$6.98 million	For general working capital of the Group	For general working capital of the Group

Save as disclosed above, the Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

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 Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue; (iii) immediately after the Rights Issue Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing, assuming there is no change in the issued share capital of the Company on or before the Record Date other than the Capital Reorganisation becoming effective:

Shareholder	As at the Latest Practicable Date		Immediately after the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue		Immediately after the Rights Issue Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Leung Wai Sing, Wilson (Note 1)	1,534,139	9.64	7,670,695	9.64	1,534,139	1.93
Ms. Lee Wing Yin	911,680	5.73	4,558,400	5.73	911,680	1.15
Placees (Note 2)	–	–	–	–	63,645,492	80.00
Other public Shareholders	<u>13,465,554</u>	<u>84.63</u>	<u>67,327,770</u>	<u>84.63</u>	<u>13,465,554</u>	<u>16.92</u>
	<u>15,911,373</u>	<u>100.00</u>	<u>79,556,865</u>	<u>100.00</u>	<u>79,556,865</u>	<u>100.00</u>

Notes:

- (1) Ex-chairman (deceased) of the Company.
- (2) Pursuant to the terms of the Placing Agreement, none of the placees will become a substantial shareholder of the Company immediately following the Placing.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

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

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE RIGHTS ISSUE AND THE PLACING ARE CONDITIONAL UPON, AMONG OTHERS, CONDITIONS SET OUT IN THE SECTIONS HEADED “LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – CONDITIONS OF THE RIGHTS ISSUE” AND “LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – PLACING AGREEMENT FOR UNSUBSCRIBED SHARES AND THE NQS UNSOLD SHARES” IN THIS PROSPECTUS, RESPECTIVELY. ACCORDINGLY, THE RIGHTS ISSUE AND/OR THE PLACING MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES AND/OR THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE RIGHTS ISSUE AND THE PLACING ARE FULFILLED WILL BEAR THE RISK THAT THE RIGHTS ISSUE AND/OR THE PLACING MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

ADDITIONAL INFORMATION

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

By order of the Board
Alco Holdings Limited
LEI Kam Chao
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 March 2020, 2021 and 2022 and the interim report for the period ended 30 September 2022 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.alco.com.hk):

- annual report of the Company for the year ended 31 March 2020 published on 27 July 2020 (pages 59 to 140);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072701507.pdf>)
- annual report of the Company for the year ended 31 March 2021 published on 29 July 2021 (pages 56 to 132);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0729/20210729006666.pdf>)
- annual report of the Company for the year ended 31 March 2022 published on 29 July 2022 (pages 33 to 108);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0729/2022072902194.pdf>)
- interim report of the Company for six months ended 30 September 2022 published on 28 December 2022 (pages 1 to 21).

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1228/2022122800195.pdf>)

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this prospectus, the details of the Group's indebtedness are as follows:

	<i>Notes</i>	As at 30 April 2023 HK\$'000
Current liabilities		
Lease liabilities – unsecured and unguaranteed		949
Bank loans – secured and guaranteed	<i>(a)</i>	153,856
Bank loans – unsecured and guaranteed	<i>(b)</i>	24,260
Other borrowings – secured and unguaranteed	<i>(c)</i>	1,757
Loans from Shareholders – unsecured and unguaranteed		<u>498,215</u>
Non-current liabilities		
Lease liabilities – unsecured and unguaranteed		<u>1,406</u>
Total		<u><u>680,443</u></u>

Notes:

- (a) As at 30 April 2023, bank loans of approximately HK\$153,856,000 were secured by the Group's leasehold buildings, right-of-use assets, investment properties and a shareholder's personal properties and guaranteed by a shareholder, the Company and certain subsidiaries.
- (b) As at 30 April 2023, bank loans of approximately HK\$24,260,000 were guaranteed by the Company.
- (c) As at 30 April 2023, other borrowings of approximately HK\$1,757,000 were secured by the Group's equipment and machineries.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, debentures, mortgages, charges, other recognised lease liabilities, finance lease, hire purchase or lease commitments, liabilities under acceptances and acceptance credits, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 30 April 2023.

3. WORKING CAPITAL STATEMENT

As at 30 September 2022, the Group had net current liabilities of approximately HK\$892 million. Total bank and other borrowings and loans from shareholders amounted to approximately HK\$243 million and HK\$433 million, respectively, which were repayable on demand or within 12 months from 30 September 2022. Among the bank and other borrowings, approximately HK\$184 million were overdue, as at 30 September 2022 as the Group had breached certain financial covenants in respect of the loan in the principal amount of HK\$184 million.

In view of the circumstances, major assumptions, measures and plans taken into account by the Directors in preparing the working capital forecast include:

- (i) The Rights Issue will be completed in July 2023;
- (ii) The disposal of 3 carpark lots owned by the Group as repayment of certain bank borrowing will be completed in June 2023;
- (iii) The disposal of investment properties owned by the Group as repayment of certain bank borrowing will be completed in June 2023;
- (iv) Administrative expenses are expected to grow with the annual inflation rate of 1.50%;
- (v) Core business operation and asset base (including real assets, financial assets and any other forms of assets and/or liabilities and contingent liabilities) of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present, including no acquisition or disposal and/or intended acquisition or disposal (save for the Disposal) with concrete terms would be proposed, conducted and/or completed by the Group during the forecast period;
- (vi) Extension agreement of shareholder's loan can be signed upon the official appointment of Mrs. Leung, the wife of Mr. Leung Wai Sing (“Wilson”) as the estate administrator of Wilson; and
- (vii) Restructuring trade payables amounted to approximately HK\$190 million. The Group will negotiate with certain creditors to further extend the repayment and agree a repayment schedule.

In order to improve the Group's working capital, the Directors intend to seek medium-term financing (i.e. 3 to 5 years) from other bank to refinance, in particular, the major loans not covered by the proposed repayment by the net proceeds from the Rights Issue. Alternatively, the Board will devote its best effort to negotiate for extension and/or revision of repayment terms. In addition, the Directors would ensure the extension of shareholder's loan to be completed as soon as practicable.

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 this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were no material adverse changes in the financial or trading position of the Group since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group had developed a number of valuable intellectual properties, patents and trademarks (i.e. Venturer tablet and Avita notebook computer). The Group also retained well established distribution channels world-wide. Leveraging on these valuable assets, the Board had been actively seeking new business opportunities during the reporting period.

As disclosed in the interim report, the Group has secured direct investment from a strategic investor as well as bank facilities to issue letter of credit and payment to suppliers. The Group received the continuing financial support from family members of late ex-Chairman. The Group will continue to preserve and strive for more financial assets to survive through the hard time. Despite the challenges, the Group is pursuing the following:

- To leverage the OEM/ODM business model to maintain cost efficiency and flexibility;
- To minimize its operational fixed cost in all functions;
- To seek cooperation opportunities with business partners through the supply chain to share the financial obligation for operating our business;
- To dispose its investment properties, production equipment, lands and offices to generate positive cash flows for operation and to reduce the gearing of the Group;
- To leverage on its track record and explore different commercially viable and profitmaking business opportunities;
- To raise funds through capital markets.

Based on the published annual report for the year ended 31 March 2022, dated 29 July 2022, of the Company, the Group incurred a loss attributable to the owners of the Company of approximately HK\$594.6 million. As at 31 March 2022, the Company had current liabilities of approximately HK\$1,093.6 million comprising of (i) trade and other payables of approximately HK\$337.4 million; (ii) bank and other borrowings of approximately HK\$285.0 million; and (iii) loans from shareholders of approximately HK\$402.0 million.

As disclosed in the interim results announcement for the six months ended 30 September 2022, the Company dated 28 November 2022, the Group incurred a loss attributable to the owners of the Company from the continuing operations of approximately HK\$48.6 million. As at 30 September 2022, the Company had current liabilities of approximately HK\$1,028.9 million comprising of (i) trade and other payables of approximately HK\$347.1 million; (ii) bank and other borrowings of approximately HK\$242.9 million; and (iii) loans from shareholders of approximately HK\$432.7 million.

As further disclosed in the supplemental announcement of the Company in relation to interim report for the period ended 30 September 2022, dated 13 January 2023, the Company is experiencing (i) dropping in revenue primarily due to the sudden pass away of our ex-chairman and change of market condition; (ii) gross loss position primarily due to instability in sourcing of raw materials and high purchase cost of raw materials due to small quantity of purchase; and (iii) impairment loss in relation to the discontinued operation. However, the Board is of the view that (i) the appointment of the new chairman; (ii) the implementation of the subcontracting model; and (iii) fund raising as described in this prospectus, the loss-making financial position would gradually improve.

In terms of financial prospects, the Board considers a continuing trend of reducing the Company's debt through internal financial sources, capital marketing fundraising activities including but not limited to the Rights Issue, the introduction of strategic investors and the continued support of family members of former Chairman. Bank and other borrowings are considered to have a significant decrease, easing the pressure on financial costs. With the Board's solid control and the Company's restructuring direction, the financial outlook is considered to gradually normalise and overcome all significant changes in the Company from the previous years.

With regard to the trade outlook, the Board believes that market in different regions will recover, especially after the Company selects and prioritises its resources mainly for more profitable strategic markets. This year, the Company was able to secure existing partners and was able to build relationships with new local agents. The gradual recovery of sales allows the Company to further enhance the brand and build closer relationships with ODM/OEM partners, which is crucial for the company.

The Group continues to strengthen and uphold the segment for notebook products, the sales revenue for notebook products segment remains and is expected to be the main source of income for the Group for the coming financial year. The revenue under the notebooks products segment is expected to grow gradually with the introduction of new products in current financial year. While the Company will still look for opportunity under the AV segment when there is improvement in the Group's financial performance.

On geographical aspect, the Group will focus in the Asia market as always. The Board believes that sales in the Asia Pacific region will increase in the second half of the year after the establishment of local ODM/OEM factory partners enables the Company to directly penetrate and increase acceptance in the local market.

Taking into account that the Group had a bank balance and cash of approximately HK\$9.9 million as at 30 September 2022, and the net proceeds from the September Placing has been fully utilised by the Group, the Board considers it is prudent and in the interest of the Company and the Shareholders as a whole to raise additional funds to (i) repay bank borrowings; (ii) settle external debts; and (iii) for general working capital purposes, so that the Group has sufficient financial resources to meet the financial obligations when they fall due in the following 12 months from the Latest Practicable Date.

On 21 April 2023, the Company received a winding up petition filed by World Crown Investments Limited, details of which are set out in Appendix III to this prospectus. On 28 April 2023, the Company had fully settled the outstanding amount and together with World Crown Investments Limited jointly filed a consent summon to the High Court of Hong Kong to withdraw the aforesaid petition. On 6 June 2023, the Company received the order of the High Court of Hong Kong, which ordered, among other things, that the Winding-up Petition be withdrawn and hearing of the Winding-up Petition on 28 June 2023 be vacated. Since the petition was withdrawn, the Directors are of the view that it will not post any impact to the Group's financial position.

On 14 February 2023, Ching Kung Metal Products Manufactory Limited (“**Ching Kung**”) filed a winding up petition against Alco Electronics Limited (“**AEL**”) (an indirectly wholly own subsidiary of the Company), details of which are set out in Appendix III to this prospectus. The hearing of the aforesaid winding up petition has been adjourned to 28 June 2023. As at the Latest Practicable Date, AEL is negotiating the repayment plan with the petitioner. In the event that no agreement can be reached, the winding up of AEL will be executed and assets and liabilities of AEL will be handled by liquidator and deconsolidated from the Group's financial statements. Since AEL did not take part in the business model of the Group after the cessation of the PRC production and was classified as discontinued operation in the Group's published interim report and couple with the fact that, as at the Latest Practicable Date, the total liabilities of AEL exceeded its total assets. The Directors are of the view that the winding up of AEL does not and will not have material adverse impact on the overall financial and operation conditions of the Group.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES

The following is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group (the “**Unaudited Proforma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible liabilities of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 30 September 2022. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible liabilities of the Group attributable to equity holders of the Company had of the Rights Issue been completed as at 30 September 2022 or at any future date.

The Unaudited Pro Forma Information is prepared based on the unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 as derived from the Group’s published interim report for the six months ended 30 September 2022, and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed as at 30 September 2022.

		Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 <i>HK\$’000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$’000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 <i>HK\$’000</i>	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 per Share immediately after the completion of the Rights Issue <i>HK\$</i> <i>(Note 3)</i>
Based on 63,645,492 Rights Shares to be issued at the Subscription Price of HK\$1.425 per Rights Share	<u>(738,580)</u>	<u>89,253</u>	<u>(649,327)</u>	<u>(8.16)</u>	

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of HK\$738,580,000 as at 30 September 2022 is extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 set out in the published interim report of the Company.
2. The estimated net proceeds from the Rights Issue are based on 63,645,492 Rights Shares (calculated on the basis of four Rights Shares for every one adjusted share held as at 30 September 2022, details as disclosed in note 3) to be issued at the subscription price of HK\$1.425 per Rights Share, after deducting the estimated related expenses of approximately HK\$1,442,000 to be incurred by the Group.
3. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 of HK\$649,327,000 divided by 79,556,865 shares in issue upon completion of the Rights Issue, which comprises 15,911,373 adjusted shares in issue before the Rights Issue and 63,645,492 Rights Shares to be issued under the Rights Issue.

The 15,911,373 adjusted shares in issue is calculated based on the shares in issue of 795,568,650 as at 30 September 2022 which are adjusted for (i) share consolidation whereby every fifty issued and unissued existing shares would be consolidated into one consolidated share and (ii) capital reduction, as stipulated in the section “Proposed Capital Reorganisation” in the Letter from the Board of this prospectus.
4. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2022.

(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Prism Hong Kong and Shanghai Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors of Alco Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Alco Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 September 2022 and related notes (“**Unaudited Pro Forma Financial Information**”) as set out on pages 37 to 38 of appendix II of the prospectus issued by the Company dated 13 June 2023 (the “**Prospectus**”) issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described in pages 37 to 38 of appendix II of the prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of four rights shares for every one adjusted share held on the record date on a non-underwritten basis (the “**Rights Issue**”) on the Group's financial position as at 30 September 2022 as if the Rights Issue had taken place at 30 September 2022. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2022, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Prospectus” (“**AG7**”) 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 requirement 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.

The firm applies Hong Kong Standard on Quality Management 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 or 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 29(7) of Chapter 4 of the Listing 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 Prospectus”, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 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 the Prospectus 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 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 Rights Issue at 30 September 2022 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 unaudited 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 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Chin Wang Leung

Practising Certificate Number: P07806

Hong Kong

13 June 2023

1. RESPONSIBILITY STATEMENT

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

2. NUMBER OF SHARES IN ISSUE

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company on or before the Record Date other than the Capital Reorganisation becoming effective) are as follows:

As at the Latest Practicable Date:

<i>Authorised:</i>	<i>HK\$</i>
<u>30,000,000,000</u> Shares of HK\$0.01 each	<u>300,000,000.00</u>

Issued and fully paid:

<u>15,911,373</u> Shares of HK\$0.01 each	<u>159,113.73</u>
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Immediately following completion of the Rights Issue:

<i>Authorised:</i>	<i>HK\$</i>
<u>30,000,000,000</u> Shares of HK\$0.01 each	<u>300,000,000.00</u>

Issued and fully paid:

<u>79,556,865</u> Shares of HK\$0.01 each	<u>795,568.65</u>
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The Rights Shares, when issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully paid Rights Shares.

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. 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 the 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 was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, none of the Directors, chief executive and their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of 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 any interests and short positions in which they are 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 (the “**Register**”), or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) who had, or was deemed 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 which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity in which the shares were held	Number of shares – long position	Percentage of the issued share capital of the Company
Mr. Leung Wai Sing, Wilson	Beneficial owner	1,534,139 (note i)	9.64%
Ms. Lee Wing Yin	Beneficial owner	911,680	5.73%

Note:

- (i) Mr. Leung Wai Sing, Wilson (deceased) beneficially owned 1,534,139 Shares. Mr. Leung Wai Sing, Wilson's interests are now undergoing probate.

Save as disclosed above, as at Latest Practicable Date, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares of the Company.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

As disclosed in the announcement titled “Inside Information – Litigation Proceedings and Outstanding Bank Loans of the Company” on 7 June 2022 and “Litigation Update” in the annual report 2022, the Group:

- a) received the writ of summons issued by Seoul Alloy Metal (Huizhou) Co., Ltd.* (首邇合金(惠州)有限公司) against Alco Electronics (Dongguan) Limited* (愛高電業(東莞)有限公司) (indirectly wholly own subsidiary of the Company) in Zhongkai District People’s Court of Huizhou, PRC on 14 April 2022 to recover an amount of HK\$65,882.00 plus interest and costs. As at the Latest Practicable Date, there is no further legal action;
- b) received the writ of summons issued by Ching Kung against Alco Electronics Limited (indirectly wholly own subsidiary of the Company) (“AEL”) in Court of First Instance of the High Court of Hong Kong on 22 April 2022 to recover an amount of HK\$9,386,954.55 plus interest and costs. On 11 October 2022, AEL received the sealed judgment entered against AEL in the sum of HK\$9,386,954.55 with 8% interest per annum from 22 April 2022 to the date of judgment and thereafter until payment. On 10 November 2022, Ching Kung applied for the Garnish nisi order and the bank accounts of AEL were frozen. On 14 February 2023, Ching Kung filed a winding up petition against AEL. On 26 April 2023, the winding up petition was heard at the High Court of Hong Kong before a Master and the hearing was adjourned to 24 May 2023. On 24 May 2023, the hearing was adjourned to 28 June 2023. As at the Latest Practicable Date, AEL is negotiating the repayment plan with Ching Kung and there is no further legal action by Ching Kung;
- c) received the writ of summons issued by Shenzhen Tianjiang Electronics Company Limited* (深圳市天將電子有限公司) (“Tianjiang”) against AEL in District Court of Hong Kong on filed 28 April 2022 to recover an amount of HK\$537,767.96 plus interest and costs. On 11 November 2022, AEL received the sealed judgment against AEL in the sum of HK\$537,767.96 together with interest thereon at judgment rate from the date hereof until payment plus HK\$6,000.00 fixed cost. On 2 December 2022, Tianjiang issued the statutory demand against AEL which was expired 21 days after service to the Company. As at the Latest Practicable Date, there is no further legal action by Tianjiang;

* For identification purposes only

- d) received the statutory demand by World Crown Investments Limited (“**World Crown**”) against the Company on 9 June 2022 in respect of a claim of RMB3,700,000.00 and HK\$652,174.00 being a purported loan from World Crown. On 23 June 2022, the Company filed an injunction against World Crown in presenting a winding-up petition against the Company pursuant to the statutory demand filed by World Crown. On 22 November 2022, the Company received the judgment against the Company in the relation to the injunction filed by the Company. On 6 December 2022, World Crown and the Company agreed on the payment schedule on the said amount. On 21 April 2023, the Company received a winding up petition (“**Petition**”) filed by World Crown against the Company in the High Court of Hong Kong, on the basis of the alleged failure by the Company to repay an outstanding amount of HK\$1,000,000.00 on the agreed settlement date. On 28 April 2023, the Company fully settled the outstanding amount due to World Crown and was notified by World Crown that they would proceed to withdraw the Petition accordingly. World Crown will not have any further claim in this matter. On 3 May 2023, World Crown and the Company filed a consent summons to the High Court of Hong Kong to withdraw the Petition. On 6 June 2023, the Company received the order of the High Court of Hong Kong, which ordered, among other things, that the Winding-up Petition be withdrawn and hearing of the Winding-up Petition on 28 June 2023 be vacated.
- e) received the writ of summons issued by Sunwell Science & Technology Co. Limited (“**Sunwell**”) against AEL on 15 July 2022 to recover the amount US\$709,868.21 and HK\$172,401.43 under High Court Action No. 876 of 2022. On 20 December 2022, AEL received the sealed judgment against AEL in the sum of US\$709,868.21 and HK\$172,401.43 together with interest thereon at the judgment rate from the date hereof until payment plus cost. As at the Latest Practicable Date, there is no further legal action by Sunwell;
- f) received the writ of summons issued by Forever Products Company (“**Forever Products**”) against AEL in District Court of Hong Kong on 3 October 2022 to recover an amount of HK\$2,363,250.00 plus interest and costs. On 14 November 2022, AEL received the sealed judgment against AEL in the sum of HK\$2,363,250.00 together with interest thereon at 8% per annum from the date hereof until payment plus HK\$7,130.00 fixed cost. On 14 December 2022, Forever Products issued the statutory demand against AEL which was expired 21 days after its service to the Company. As at the Latest Practicable Date, there is no further legal action by Forever Products;
- g) received the writ of summons issued by Eurboln Mold and Molding Co., Limited (“**Eurboln**”) against AEL on 31 August 2022 to recover an amount of HK\$5,585,160.00 plus interest and costs under High Court Action No. 1113 of 2022. On 2 February 2023, AEL received the sealed judgment against AEL in the sum of HK\$5,585,160.00 together with interest thereon at the rate of 8% per annum from 31 August 2022 to 13 January 2023 and thereafter at judgment rate until full payment date hereof until payment plus HK\$11,045.00 fixed cost. As at the Latest Practicable Date, there is no further legal action by Eurboln; and

- h) received the writ of summons issued by Bando Electronics (HK) Co., Limited (“**Bando**”) against AEL on 24 April 2023 to recover an amount of US\$582,375.78 under High Court Action No. 606 of 2023. As at the Latest Practicable Date, there is no further legal action by Bando.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during two years preceding the date of this prospectus and are or may be material:

- (i) the subscription agreement dated 20 August 2021 (the “**Subscription Agreement**”) entered into between the Company (as issuer) and Growing Capital Group Limited (as subscriber) in relation to the subscription of 70,000,000 Shares at a subscription price of HK\$0.2434 per subscription share;
- (ii) the supplemental agreement to the Subscription Agreement dated 7 September 2021 entered into between the Company (as issuer) and Growing Capital Group Limited (as subscriber) in relation to the revision of certain terms under the Subscription Agreement;
- (iii) the placing agreement dated 29 August 2022 (the “**2022 Placing Agreement**”) entered into between the Company (as issuer) and Space Securities Limited (as placing agent) in relation to the placing of up to 72,324,465 Shares at a placing price of HK\$0.1 per placing share;
- (iv) the supplemental agreement to the 2022 Placing Agreement dated 7 September 2022 entered into between the Company (as issuer) and Space Securities Limited (as placing agent) in relation to the revision of certain terms under the 2022 Placing Agreement;
- (v) the second supplemental agreement to the 2022 Placing Agreement dated 19 September 2022 entered into between the Company (as issuer) and Space Securities Limited (as placing agent) in relation to the revision of certain terms under the 2022 Placing Agreement;

- (vi) the shareholders' agreement dated 26 September 2022 (the "**Shareholders' Agreement**") entered into among Nexstgo Link Company Limited, Wong Wing Chun, Jasmy Incorporated (collectively as shareholders) and Avita Technologies International Company Limited ("**Avita Tech**") (as target company) in relation to the shareholders' investments in Avita Tech;
- (vii) the loan agreement dated 26 September 2022 entered into among Nexstgo Link Company Limited (as guarantor), Wong Wing Chun (as guarantor), Jasmy Incorporated (as lender) and Avita Tech (as borrower) in relation to the loan arrangement under the Shareholders' Agreement; and
- (viii) the Placing Agreement.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this prospectus:

Name	Qualification
Prism Hong Kong and Shanghai Limited	Registered Public Interest Entity Auditors Certified Public Accountants

As at the Latest Practicable Date, (i) the above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) the above expert was not beneficially interested in any share of any member of the Group nor did it 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; and (iii) the above expert did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. CORPORATE INFORMATION

Directors	Mr. LEI Kam Chao (<i>Chairman</i>) Mr. HO Chak Yu Mr. CHU Hoi Kan* Mr. LAM Chi Wing* Mr. TANG Sher Kin*
	* <i>Independent non-executive directors</i>
Company Secretary	Mr. LAI Ka Fung

Principal Bankers	Hang Seng Bank Limited Shanghai Commercial Bank Limited
Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head Office and Principal Place of Business	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Principal Registrar	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Abacus Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

12. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	Alco Holdings Limited 11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Legal Advisers to the Company	<i>As to Hong Kong law</i> ZM Lawyers 20th Floor, Central 88 Nos. 88-98 Des Voeux Road Central Central Hong Kong

	<i>As to Bermuda law</i> Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Financial adviser to the Company	Innovax Capital Limited Room B, 13/F, Neich Tower 128 Gloucester Road Wan Chai Hong Kong
Reporting accountant of the Company	Prism Hong Kong and Shanghai Limited <i>Registered Public Interest Entity Auditor</i> Units 1903A-1905, 19/F, Observatory Road, Tsim Sha Tsui, Hong Kong
Placing agent	Innovax Securities Limited Unit A-C, 20/F, Neich Tower 128 Gloucester Road Wan Chai Hong Kong

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LEI Kam Chao (“**Mr. Lei**”), aged 66, has over 40 years of business experience. He was an executive director of Diamond Square Investment & Management Company Limited, a company incorporated in Hong Kong, and was primarily responsible for the overall management and supervision of the company’s resources and administrative functions. Mr. Lei had been the executive director and vice chairman of Century Entertainment International Holdings Limited (formerly known as Amax Holdings Limited) (stock code: 959). In addition, Mr. Lei is also the President Honorario of MaKuoc-Mio-Macau (澳門媽閣廟) Development Committee and the President Honorario of Macau Yacht Club. In general, Mr. Lei has extensive experiences in business and as executive director and vice chairman of listed company, and he is also active in public benefit activities.

Mr. HO Chak Yu (“**Mr. Ho**”) aged 35, is appointed as executive director of the Company with effect from 27 January 2023. Mr. Ho has over 12 years of business experience. He is currently a director of Gloadvise SDN BHD, a company incorporated in Malaysia since December 2020. Mr. Ho also works as an overseas business development manager in Stellar Capital since August 2019 and mainly focus on exploring overseas market. In addition, Mr. Ho was director of Sensethere SDN BHD from November 2020 to June 2022. In general, Mr. Ho has extensive experiences in multi-national business.

Independent Non-executive Directors

Mr. CHU Hoi Kan (“**Mr. Chu**”) aged 35, has over 10 years of experience in the accounting and corporate finance industries. He is currently an associate director in Honestum International Limited performing corporate finance advisory work since January 2019. Prior to that, he was mainly engaged in corporate finance advisory work at CLC International Limited from December 2012 to January 2019 with his last position as a manager. He also gained accounting experience from Deloitte Touche Tohmatsu from October 2010 to November 2012, with his last position as an audit senior in the audit function. Mr. Chu obtained a degree of Bachelor of Business Administration in Finance and Professional Accounting with first class honors from the Hong Kong University of Science and Technology in November 2010. He has been certified as a member of the Hong Kong Institute of Certified Public Accountants since September 2014.

Mr. LAM Chi Wing (“**Mr. Lam**”), aged 43, obtained a Bachelor of Business Administration degree in Accounting and Finance at the University of Hong Kong in 2003, a Master of Science degree in Knowledge Management at the Hong Kong Polytechnic University in 2006 and a Master of Business Administration degree at the Chinese University of Hong Kong in 2010. Mr. Lam joined Li & Fung Group in September 2003, where he served as the Group Chief Representative and General Manager, Southern China of Li & Fung Development (China) Limited prior to his departure in July 2015. Mr. Lam is the fourteenth deputy to the National People’s Congress* (第十四屆全國人大代表), a member of the Twelfth & thirteenth Guangdong Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議第十二、十三屆廣東省委員) and the Eleventh & Twelfth Zhongshan Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議第十一屆、十二屆中山市委員). Mr. Lam served as a part-time member of the Central Policy Unit of the HK Government from 2011 to 2012, and currently serves as an advisory committee of the Sustainable Agricultural Development Fund of the HK Government, and a committee member of the Appeal Panel (Housing) of the HK Government. Mr. Lam is currently the vice chairman of the Guangdong Society of Commercial Economy (廣東省商業經濟學會) and an Adjunct Professor at the School of Business of the Renmin University of China (中國人民大學商學院). From July 2020 to December 2020, Mr. Lam was an executive director of Bonjour Holdings Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code: 653). Currently,

* For identification purposes only

Mr. Lam serves as an independent non-executive director of Wai Hung Group Holdings Limited (a company listed on the Stock Exchange of Hong Kong Limited, stock code: 3321) and MTT Group Holdings Limited (a company listed on the Stock Exchange of Hong Kong Limited, stock code: 2350). Mr. Lam has also served as an independent non-executive director of Aidigong Maternal & Child Health Limited (a company listed on the Stock Exchange of Hong Kong Limited, stock code: 0286) and resigned in December 2022.

Mr. TANG Sher Kin (“Mr. Tang”), aged 53, has about 30 years of experience in the engineering industry and project management. Mr. Tang obtained a bachelor’s degree of engineering in mechanical engineering from the Oxford Polytechnic (now known as the Oxford Brookes University) in the United Kingdom in July 1992 and a master’s degree of arts in global business management from the City University of Hong Kong in November 2006. Mr. Tang was admitted as a chartered engineer of the Engineering Council in December 2004, a registered professional engineer of the Engineer Registration Board in April 2009, a BEAM professional of the Hong Kong Green Building Council in July 2010 and a registered energy assessor of the Electrical and Mechanical Services Department of the Government in August 2012. Mr. Tang is a council member of The Hong Kong Institution of Engineers (HKIE) and also a fellow member of HKIE in five disciplines including (i) building services; (ii) control, automation and instrumentation; (iii) environmental; (iv) energy; and (v) mechanical. He is currently an independent non-executive director of Kwong Luen Engineering Holdings Limited, a company listed on the Stock Exchange (stock code: 1413).

Senior Management

Mr. LAI Ka Fung (“Mr. Lai”), aged 31, joined Advance Packaging Limited (“APL”), one of the major subsidiaries of the Company, as its financial controller in October 2022. Before joining APL, Mr. Lai has over 8 years of experience in auditing, accounting and finance field. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lai holds a degree of Bachelor of Business Administration granted by The Hong Kong University of Science and Technology.

Business address of the Directors and senior management

The business address of the Directors and the senior management is the same as the Company’s head office and principal place of business in Hong Kong at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong.

14. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Shares and the NQS Unsold Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.44 million, which are payable by the Company.

15. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of section 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

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

A copy of each of the Prospectus Documents, and the written consent as referred to in the paragraph headed “10. Expert and consent” in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (WUMP) Ordinance.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.alco.com.hk) for 14 days from the date of this prospectus:

- (i) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (ii) the material contracts referred to in the paragraph headed “9. Material contracts” in this appendix; and
- (iii) the written consent from the expert as referred to in the paragraph headed “10. Expert and consent” in this appendix.

18. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) The English text of this prospectus shall prevail over the Chinese text in the event of inconsistency.