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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 19 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 15,910,000 Placing Shares at the Placing Price of HK\$1.96 per Placing Share to the Placees who and whose beneficial owners shall be Independent Third Parties.

Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 15,910,000 Placing Shares represent (i) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$1.96 represents (i) a discount of approximately 4.85% to the closing price of HK\$2.06 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 3.35% to the average closing price per Share of approximately HK\$2.03 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming the maximum 15,910,000 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$31,183,600 and HK\$30,054,523 respectively. The Company intends to apply the net proceeds from the Placing for repayment of bank and other borrowing, settlement of external debts and general working capital of the Group.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the condition precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Details of the Placing Agreement are set out as follows:

THE PLACING AGREEMENT

Date

19 February 2024 (after trading hours)

Parties

Issuer: The Company

Placing Agent: Space Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent has conditionally agreed with the Company to place a maximum of 15,910,000 Placing Shares on best effort on a best effort basis to Placees who and whose ultimate beneficial owners will be Independent Third Parties. The Placees shall be individual, institutional or professional investors. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 79,556,865 Shares in issue. Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 15,910,000 Placing Shares represent (i) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Assuming all 15,910,000 Placing Shares are successfully placed by the Placing Agent, the aggregate nominal value of the maximum number of Placing Shares is HK\$159,100.

Placing Price

The Placing Price of HK\$1.96 represents:

- (i) a discount of approximately 4.85% to the closing price of HK\$2.06 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 3.35% to the average closing price per Share of approximately HK\$2.03 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Board pursuant to which the Board is authorised to allot, issue and deal with up to 15,911,373 Shares, being 20% of the then issued share capital of the Company. As at the date of this announcement, no Shares has been allotted and issued pursuant to the General Mandate and therefore the allotment and issue of the Placing Shares is not subject to the approval by the Shareholders.

Commission

The Placing Agent will be entitled to a commission of 3.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment of all of the following:

- (i) there shall not have occurred any material breach or any event rendering materially untrue or inaccurate, any of the representations, warranties or undertakings by the Company under the Placing Agreement;
- (ii) the granting by the Listing Committee of listing of, and permission to deal in, all of the Placing Shares being obtained and not being subsequently revoked; and

(iii) the Placing Agreement not being terminated by the Placing Agent pursuant to the terms of the Placing Agreement.

If any of the conditions are not fulfilled on or before 18 March 2024 or such later date as the parties of the Placing Agreement may agree in writing, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Completion

The Completion shall take place on a date falling within 3 Business Days after the fulfillment of the conditions set out above are satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Termination

If at any time between the execution of the Placing Agreement and at 8:00 a.m. on the Completion Date, there occurs:

- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations (or the judicial interpretation thereof) which is or is likely to be materially adverse to the financial position, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of the Group and the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or
- (ii) any event, or series of events in the nature of force majeure (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, PRC, the United Kingdom, the European Union or the United States, or the declaration by Hong Kong, PRC, the United Kingdom, the European Union or the United States of war or a state of emergency or calamity or crisis; or

- (iii) any change or development in local, national or international financial, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) which is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or
- (iv) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Completion Date; or
- (v) any temporary suspension of the Shares on the Stock Exchange (but excluding any suspension pending the approval of the Press Announcement or any other announcement relating to the transactions contemplated by the Placing Agreement) before the Completion Date; or

there has come to the notice of the Placing Agent:

- (vi) any material breach of the representations, warranties and undertakings set out in the Placing Agreement by the Company (or, in the case of any such representations, warranties and undertakings which are not qualified by materiality, any breach of any of such representations, warranties and undertakings in any material respect); or
- (vii) any material breach of the obligations imposed upon the Company; or
- (viii) any of the representations, warranties and undertakings set out in the Placing Agreement would be untrue or inaccurate or misleading in any material respect if given at that time; or
- (ix) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Assuming the maximum 15,910,000 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$31,183,600 and HK\$30,054,523 respectively. The Company intends to apply the net proceeds from the Placing for repayment of bank and other borrowing, settlement of external debts and general working capital of the Group.

In light of the prevailing financial conditions of the Group, the Board considers that the Placing to be a suitable financial option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group, strengthen the financial position of the Company and represents a good opportunity to broaden the Shareholders' base and capital base of the Company.

The Board considers that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcements	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the date of this announcement
21/07/2023 05/07/2023, 13/06/2023, 14/04/2023, 17/03/2023 and 27/01/2023	Rights Issue	HK\$89.25 million	(i) approximately HK\$39.00 million for repayment of bank and other borrowings owed by the Group;	approximately HK\$ 20.00million has been applied for repayment of bank and other borrowings
			(ii) approximately HK\$37.08 million for settlement of external debts; and	approximately HK\$ 28.00 million has been applied for settlement of external debts
			(iii) approximately HK\$13.17 million for the general working capital of the Group.	applied as intended

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Completion:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Toh Cheng Hock Kenneth	5,500,000	6.91	5,500,000	5.76
The Placees	–	–	15,910,000	16.67
Other public Shareholders	<u>74,056,865</u>	<u>93.09</u>	<u>74,056,865</u>	<u>77.57</u>
Total	<u>79,556,865</u>	<u>100</u>	<u>95,466,865</u>	<u>100</u>

Shareholders and potential investors of the Company shall be aware that the Placing is on a best effort basis and Completion is subject to fulfillment of the conditions set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“AGM”	the annual general meeting of the Company held on 23 August 2023
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Company”	Alco Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement

“Completion Date”	the date of Completion, three Business Days after the date on which the conditions of the Placing are fulfilled, but in any event no later than 18 March 2024, or such other date as the Company and the Placing Agent may agree in writing
“Conditions of the Placing”	the conditions of the Placing referred to in P.3, P.4 of this Announcement
“Connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	The general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM, to allot and issue up to 15,911,373 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors who are Independent Third Parties, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares, on a best effort basis, procured by the Placing Agent to the Placees, on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Space Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement dated 19 February 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$1.96 per Placing Share
“Placing Share(s)”	a maximum up to 15,910,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Alco Holdings Limited
Liang Yanan
Chairman

Hong Kong, 19 February 2024

As at the date of this announcement, the executive directors of the Company are Mr. HO Chak Yu and Mr. LIANG Yanan. Non-executive director of the Company is Mr. YANG Min. Independent non-executive directors of the Company are Mr. CHU Hoi Kan, Mr. LAM Chi Wing, Mr. TANG Sher Kin, Mr. DENG Chaowen and Ms. MAK Suet Man.