THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Alco Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed security dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (3) NOTICE OF SGM

Financial Adviser to the Company	Placing Agent	Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders
ADVENT 宏智融資 Advent Corporate Finance Limited	ADVENT 宏智證券(香港) Advent Securities (Hong Kong) Limited	MESSIS 大有融資

Capitalised terms used in the lower portion of this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 8 to 36 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser, containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 58 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Tuesday, 30 September 2025. Dealings in the Rights Shares in nil paid form are expected to take place from Wednesday, 15 October 2025 to Wednesday, 22 October 2025 (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 Wednesday, 15 October 2025 to Wednesday, 22 October 2025 (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, the Adjusted Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

A notice convening the SGM to be held at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong on Tuesday, 23 September 2025 at 11:00 a.m. is set out on pages SGM-1 to SGM-5 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or the adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Letter from the Board — Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Shares will be placed to independent placees on a best effort basis 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.

1 September 2025

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The expected timetable for the proposed Capital Reorganisation, the Rights Issue and the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the results of the SGM and satisfaction of the conditions 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 circular refer to Hong Kong local times and dates.

Event	**Date (2025)**
Latest time and date for lodging transfers document in order to qualify for attendance and voting at the SGM	4:30 p.m. on Tuesday, 16 September
Closure of register of members of the Company for attending the SGM (both days inclusive)	Wednesday, 17 September to Tuesday, 23 September
Latest time and date for lodging proxy forms for the SGM	11:00 a.m. on Sunday, 21 September
Record date for determining attendance and voting at the SGM	Tuesday, 23 September
Expected date and time of the SGM	11:00 a.m. on Tuesday, 23 September
Announcement of poll results of the SGM	Tuesday, 23 September
Register of members of the Company re-opens	Wednesday, 24 September
The following events are conditional on the fulfilment of the conditions relating to the implementation of the Capital Reorganisation and the Rights Issue and therefore the dates are tentative only:	
Effective date of the Capital Reorganisation	Monday, 29 September
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Monday, 29 September
Original counter for trading in Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 29 September
Temporary counter for trading in the Adjusted Shares in board lot of 200 Adjusted Shares (in the form of existing share certificates) open	9:00 a.m. on Monday, 29 September

Event	Date (2025)
First day of free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Monday, 29 September
Last day of dealings in the Adjusted Shares on a cum-rights basis relating to the Rights Issue	Monday, 29 September
First day of dealings in the Adjusted Shares on an ex-rights basis relating to the Rights Issue	Tuesday, 30 September
Latest time for the Shareholders to lodge transfer documents of Adjusted Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 2 October
Closure of register of members to determine the entitlements to the Rights Issue (both days inclusive)	Friday, 3 October to Friday, 10 October
Record date for the Rights Issue	Friday, 10 October
Register of members the Company re-opens	Monday, 13 October
Expected despatch date of the Prospectus Documents to Qualifying Shareholders, and in the case of the Non-Qualifying Shareholders, the Prospectus only	Monday, 13 October
First day of dealing in nil-paid Rights Shares in board lot of 2,000 Adjusted Shares	Wednesday, 15 October
Designated broker starts to stand in the market to provide matching services for odd lot of the Adjusted Shares	9:00 a.m. on Wednesday, 15 October
Original counter for trading in the Adjusted Shares in board lot of 2,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 15 October
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 200 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) commences	9:00 a.m. on Wednesday, 15 October

Event	Date (2025)
Latest time for splitting the PAL	4:30 p.m. on Friday, 17 October
Last day of dealing in nil-paid Rights Shares in board lot of 2,000 Adjusted Shares	Wednesday, 22 October
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Monday, 27 October
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 27 October
Announcement of the number of the Unsubscribed Shares and NQS Unsold Shares subject to the Compensatory Arrangements	Friday, 31 October
Commencement of the Placing Period (if there are any Unsubscribed Shares and NQS Unsold Shares available)	Monday, 3 November
Designated broker ceases to provide matching services for odd lot of the Adjusted Shares	4:00 p.m. on Wednesday, 5 November
Temporary counter for trading in the Adjusted Shares in board lot of 200 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 5 November
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 200 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) ends	4:10 p.m. on Wednesday, 5 November
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	Friday, 7 November
Latest time of placing of Unsubscribed Shares and NQS Unsold Shares subject to the Compensatory Arrangements	Tuesday, 11 November
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Friday, 14 November

Event	Date (2025)
Rights Issue settlement and Placing completion date	Tuesday, 18 November
Announcement of results of the Rights Issue (including the results of the Placing and the Net Gain)	Friday, 21 November
Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated	Monday, 24 November
Commencement of dealings in fully-paid Rights Shares	Tuesday, 25 November
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 1 December

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation and the Rights Issue set out above and all dates and deadlines specified in this circular are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS 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 circular 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.

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Adjusted Share(s)"	the ordinary share(s) of par value HK$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"Announcement"	the announcement of the Company dated 9 July 2025 in relation to, among other matters, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
"associate(s)"	has the same meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"Bye-Laws"	the bye-laws of the Company as amended from time to time
"Capital Reduction"	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK$0.10 to HK$0.01 by cancelling the paid-up share capital to the extent of HK$0.09 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

"Capital Reorganisation"	the proposed capital reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Sub-division, (iv) the Share Premium Reduction, and (v) the transfer of all the credit 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 of the Company 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 HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
"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 circular
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Consolidated Share(s)"	the ordinary share(s) of par value of HK$0.10 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"	has the same meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Existing Share(s)"	the ordinary share(s) of HK$0.01 each in the share capital of the Company prior to the Capital Reorganisation having become effective
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen, which has been established to advise the Independent Shareholders in respect of the Rights Issue
"Independent Financial Adviser"	Messis Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
"Independent Shareholder(s)"	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"	Monday, 7 July 2025, being the last full trading of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
"Latest Practicable Date"	29 August 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on Monday, 27 October 2025 (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
"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 the 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 are lapse, or Non-Qualifying Shareholders (as the case may be)
"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 Share(s)"	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
"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

"Provisional Allotment Letter(s)" or "PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placee(s)"	professional, individuals, corporate, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
"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"	Advent Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities as defined under the SFO
"Placing Agreement"	the placing agreement dated 7 July 2025 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
"Placing Long Stop Date"	4:00 p.m. on Friday, 14 November 2025 or such later date as the Company and the Placing Agent may agree in writing
"Placing Period"	the period from Monday, 3 November 2025 up to 4:00 p.m. on Tuesday, 11 November 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
"Placing Share(s)"	the Unsubscribed Share(s) and the NQS Unsold Share(s)
"PRC"	the People's Republic of China, and for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
"Prospectus Documents"	the Prospectus and the PAL to be issued by the Company

"Prospectus Posting Date"	Monday, 13 October 2025 or such other date as the Company may determine, for the despatch of the Prospectus Documents
"Public Float Requirement(s)"	the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules
"Qualifying Shareholder(s)"	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
"Record Date"	Friday, 10 October 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
"Registrar"	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 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) Adjusted 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 Share(s)"	up to 45,822,744 Adjusted Shares to be allotted and issued pursuant to the Rights Issue (assuming no change in the number of Shares in issue on or before Record Date)
"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 to be convened to consider and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
"Share(s)"	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
"Share Consolidation"	the proposed consolidation of every ten (10) Existing Shares of par value of HK$0.01 each into one (1) Consolidated Share of par value of HK$0.10 in the share capital of the Company

"Share Premium Account"	the share premium account of the Company
"Share Premium Reduction"	the proposed reduction of the entire amount standing to the credit of the Share Premium Account of the Company to nil
"Share Subdivision"	the proposed subdivision of each authorised but unissued Consolidated Share of par value of HK$0.10 into ten (10) Adjusted Shares of par value of HK$0.01 each
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$3.24 per Rights Share
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC (as may be amended from time to time)
"Unsubscribed Shares"	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue
"%"	per cent.

ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Website: http://www.alco.com.hk
(Stock Code: 328)

Executive Directors:
Ms. Liao Liping *(Co-Chairman)*
Mr. Ho Chak Yu
Mr. Zheng Yuxing

Non-executive Directors:
Mr. Tian Yi *(Co-Chairman)*
Mr. Bian Wenbin *(Vice Chairman)*
Mr. Xu Liao

Independent non-executive Directors:
Mr. Chu Hoi Kan
Mr. Lam Chi Wing
Mr. Tang Sher Kin
Mr. Deng Chaowen

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

1 September 2025

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

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (3) NOTICE OF SGM

INTRODUCTION

Reference is made to the Announcement of the Company, in relation to, among other matters, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding

the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM.

(I) PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation in the following manner:

(i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK$0.10;

(ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital of the Company to the extent of HK$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$0.10 to HK$0.01;

(iii) the Share Subdivision whereby immediately following the Capital Reduction, each authorised but unissued Consolidated Share of par value of HK$0.10 in the authorised share capital of the Company will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK$0.01 each;

(iv) the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and

(v) the transfer of the credit arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act to be applied in full to set off the accumulated losses of the Company or be applied by the Board in any other manner as may be permitted under the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$300,000,000.00 divided into 30,000,000,000 Existing Shares of par value of HK$0.01 each, and there are 114,556,865 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the issued share capital of the Company will be HK$1,145,568.65 divided into 11,455,686.5 Consolidated Shares of par value of HK$0.10 each.

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold and retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Upon the Capital Reduction becoming effective, the par value of each issued Consolidated Share shall be reduced from HK$0.10 to HK$0.01 by cancelling the paid-up share capital to the extent of HK$0.09 per Consolidated Share in issue, and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled.

Upon the Share Subdivision becoming effective, each authorised but unissued Consolidated Share of par value of HK$0.10 will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK$0.01 each.

The Adjusted Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. The issued share capital will be reduced to HK$114,556.86 divided into 11,455,686 Adjusted Shares of par value of HK$0.01 each.

Based on 114,556,865 Existing Shares in issue as at the date of this circular, a credit of approximately HK$1,031,011.79 will arise as a result of the Capital Reduction. As at the date of this circular, the amount standing to the credit of the Share Premium Account was HK$121,082,871.18. The credit arising from the Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied in full to set off the accumulated losses of the Company or be applied by the Board in any other manner as may be permitted under the Bye-Laws and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management of financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following tables set out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of Latest Practicable Date until the effective date of the Capital Reorganisation.

	As at the date of this circular	Immediately after the Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK$0.01 per Existing Share	HK$0.10 per Consolidated Share	HK$0.01 per Adjusted Share
Authorised share capital	HK$300,000,000.00 divided into 30,000,000,000 Existing Shares	HK$300,000,000.00 divided into 3,000,000,000 Consolidated Shares	HK$300,000,000.00 divided into 30,000,000,000 Adjusted Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK$1,145,568.65 divided into 114,556,865 Existing Shares	HK$1,145,568.65 divided into 11,455,686.5 Consolidated Shares	HK$114,556.86 divided into 11,455,686 Adjusted Shares
Unissued share capital	HK$298,854,431.35 divided into 29,885,443,135 Existing Shares	HK$298,854,431.35 divided into 2,988,544,313 Consolidated Shares	HK$299,885,443.14 divided into 29,988,544,314 Adjusted Shares

Note: The above share capital structure of the Company is for illustration purpose only.

Under the laws of Bermuda, the Directors may apply the amount standing to the credit of the contributed surplus account of the Company in any manner permitted by the Companies Act and the Bye-laws of the Company.

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.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

(i) the passing of the necessary resolution(s) to approve the Capital Reorganisation by the Shareholders at the SGM;

(ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation;

(iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and

(iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Monday, 29 September 2025 until Friday, 7 November 2025 (both days inclusive), submit share certificates for the Existing Shares (in red colour) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares (in yellow colour) (on the basis of ten (10) Existing Shares for one (1) Adjusted Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 5 November 2025 (or such other date which

may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the Adjusted Shares at any time in accordance with the foregoing.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 17 September to Tuesday, 23 September (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. No transfer of Shares will be registered during this period.

REASONS FOR THE CAPITAL REORGANISATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the Shares were trading at under HK$2,000 per board lot over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and value per board lot. Based on the closing price of HK$0.40 per Existing Share as quoted on the Stock Exchange as at the date of this circular, the value of each board lot of the Existing Shares is HK$800 and the theoretical value of each board lot of the Adjusted Shares, assuming the Capital Reorganisation has become effective, would be HK$8,000.

Upon the Share Consolidation becoming effective but before implementation of the Capital Reduction, the par value of the Existing Shares will be consolidated from HK$0.01 into HK$0.10 per Consolidated Share.

Meanwhile, the Capital Reorganisation also involves the Capital Reduction which will reduce the par value of the issued Consolidated Shares from HK$0.10 per Consolidated Share to HK$0.01 per Adjusted Share. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

Further, the credit in the contributed surplus account arising from the Capital Reorganisation will enable the Company to reduce its accumulated losses. As such, the Board proposes to implement the Capital Reorganisation.

The Board considers that (i) the Share Consolidation will reduce the overall transaction and handling costs of dealings in the Existing Share as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction

costs for each securities transaction; (ii) the Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility in possible fundraisings in the future; and (iii) the credit in the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Reduction, will enable the Company to set off against its accumulated losses (if any) in full or by the amount of such credit and may facilitate or be applied in any future distribution to the Shareholders or be applied in any other manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws. As at the date of this circular, the Company has no intention to carry out other corporate action in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Capital Reorganisation" in this circular. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares, the Adjusted Shares and/or nil-paid Rights Shares of the Company. If they are in doubt, they should consult their professional advisers.

(II) PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Adjusted 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) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$3.24 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK$3.141 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	:	114,556,865 Existing Shares

Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	11,455,686 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to 45,822,744 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 (i) 400% of the total issued Adjusted Shares upon the Capital Reorganisation having become effective; and (ii) approximately 80% of the total number of issued Adjusted Shares as enlarged immediately upon completion of the Rights Issue) The aggregate nominal value of the Rights Shares will be HK$458,227.48
Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	Up to 57,278,430 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective)
Gross proceeds from the Rights Issue	:	Approximately HK$148.465 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective and all Rights Shares will be taken up)

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

Assuming no change in the number of Shares in issue on or before the Record Date, other than from the Capital Reorganisation becoming effective, the aggregate 45,822,744 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 80% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

The Subscription Price

The Subscription Price is HK$3.24 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 69.72% to the closing price of HK$10.7 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$1.07 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 19% to the adjusted closing price of HK$4.0 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.4 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 19% to the adjusted average closing price of HK$4.0 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.40 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 12.79% to the adjusted average closing price of HK$3.72 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK$0.372 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and

(v) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 15.52%, represented by the theoretical diluted price of HK$3.396 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$4.02 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 the

date of this circular and taking into account the effect of the Capital Reorganisation) (after 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 latest 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 "Reason for the Rights Issue, the Placing and the Use of Proceeds" 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.

In determining the Subscription Price, which represents a discount of approximately 19% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, the Directors have considered market price of the Shares traded on the Stock Exchange in the past three months prior to and including the Last Trading Day (the "**Relevant Period**"), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK$3.25 per Adjusted Share. The Subscription Price of HK$3.24 per Rights Share represents a discount of approximately 0.98% to the average closing price of approximately HK$3.27 per Adjusted Share for the Relevant Period. In particular, the daily closing price of the Shares demonstrated a general downward trend from HK$4.9 per Adjusted Share on 7 May 2025, the highest closing price during the Relevant Period, to HK$4.0 per Share on the Last Trading Day. An average daily trading volume amounting to approximately 2.41% of the total issued Shares as at the Last Trading Day, indicating a lack of liquidity and demand for the Shares. Also, the Group recorded the net loss of approximately HK$64.27 million and the net liabilities position of approximately HK$64.69 million for the years ended 31 March 2025, respectively.

In view of the above, and having considered (i) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a relatively low price as compared to the historical market price of the Shares and at a discount to the recent closing prices of the Shares; (ii) the discount of the Subscription Price will encourage the Qualifying Shareholders to participate in the Rights Issue and the future growth of the Group and (iii) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market, the Board considers, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) 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 the 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.

The Board understands that in the event the Unsubscribed Shares and the NQS Unsold Shares are fully-underwritten, the underwriting commission charged by independent underwriter is generally much higher than the commission charged for placing on a best effort basis. Despite the fact that there is no guarantee for the minimum amount to be raised by the Rights Issue under the non-underwritten basis, the Placing Agents will place any Unsubscribed Shares together with the NQS Unsold Shares on a best effort basis to the independent Placees. In view of the above and having considered (i) the cost-effectiveness of the Rights Issue; and (ii) the Placing arrangement in place, the Board considers that the Rights Issue on a non-underwritten basis is in the interest of the Company and its Shareholders as a whole.

As the Rights Issue will proceed on a non-underwritten basis, a 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 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 to be proposed 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 Prospectus 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 Document on the website of the Stock Exchange on or before the Prospectus Posting Date;

(v) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect;

(vi) 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);

(vii) 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; and

(viii) 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 Placing completion date, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of the Placing completion date.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Friday, 14 November 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

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 Adjusted 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, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Adjusted Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Thursday, 2 October 2025.

Closure of register of members

The register of members of the Company will be closed from Friday, 3 October 2025 to Friday, 10 October 2025 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be 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) Adjusted 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.

Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 2,000 Shares. In order to facilitate the trading of odd lots (if any) of the Shares as a result of the Rights Issue, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Shareholders should note that the matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 15 October 2025 to 4:00 p.m. on Wednesday, 5 November 2025 (both dates inclusive). Holders of the Shares in odd who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Rights of the Overseas Shareholders (if any)

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 not be eligible to take part in the Rights Issue as explain below. The Company will comply with Rule 13.36(2)(a) of the Listing Rules make enquiries regarding the feasibility of extending the offer of the Rights Issue to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

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.

According to the register of members of the Company as at the Latest Practicable Date, there was no other Overseas Shareholder.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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 Rule 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 7 July 2025, 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 places on a best effort basis.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period at a discount of 15.52%, represented by the theoretical diluted price of HK$3.396 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$4.02 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 Tuesday, 11 November 2025, at a discount of 15.52%, represented by the theoretical diluted price of HK$3.396 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$4.02 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 as set out below on a pro rata basis (but rounded down to the nearest cent):

(i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

(ii) 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 or 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) or 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 Unsubscribe Shares and the NQS Unsold Shares

On 7 July 2025 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Shares and the NQS Unsold Shares. Details of the Placing Agreement are summarised below:

Date	:	7 July 2025 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Advent Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in 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 Monday, 3 November 2025 and end at 4:00 p.m. on Tuesday, 11 November 2025.
Commission and expenses	:	The Placing Agent shall be entitled to a commission fee equal to 1.5% of the amount which is equal to the Placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent.
Placing price	:	The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Shares (i.e. the prevailing market price of the Shares as compared to the Subscription Price during the process of placement). The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Shares (as the case may be) shall be at least equal to the Subscription Price.

Placees : The Unsubscribed Shares and the NQS Unsold Shares are expected to be placed to placees, who (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 8.08(1) of the Listing Rules be fulfilled by the Company and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

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 Adjusted Shares in issue at the date of completion of the Placing.

Conditions 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 circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if 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 fulfilment 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.

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.

Termination : The Placing Agreement shall end on Friday, 14 November 2025 or any other date by mutual written agreement between the Placing Agent and the Company.

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.

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. 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.

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.

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 November 2025 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 November 2025 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.

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.

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

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED 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 circular.

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, the Adjusted 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, the Adjusted 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 4:00 p.m. on Friday, 7 November 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE 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.

As disclosed in the announcement dated 6 May 2025, the Company and Shenzhen Zhongcheng Shuke Holdings Group Co., Ltd (深圳中城教科控股集團有限公司) entered into a joint venture contract to establish Alco Chuangke Holdings Limited (愛高創科控股有限公司) as a joint venture company (the "**JV Company**") and cooperate in developing the digital leasing, SaaS software development, E-commerce technology and media development businesses through the JV Company and/or its subsidiary(ies).

The Company believes that, as competition intensifies in the consumer electronics industry, the JV Company and its projects will help the Company enter the high growth digital services market and diversify operational risks. Under current national policies, the sharing economy, e-commerce, leasing, and recycling businesses in the PRC have gradually entered a mature stage of development. This prompted the Company to rely on the JV Company to cooperate with electronic industry enterprises developing in the PRC, develop leasing, e-commerce, and other businesses, expand technological research and development capabilities, and is expected to form a strong synergistic effect with the Group's main business projects. The existing OEM/ODM production business still faces challenges, with profit margins shrinking under fierce competition. The Board considers that the establishment of the JV Company will result in a steady increase in the Group's revenue in future.

In view of the JV Company's projects over the Company's existing business, the Company believes that the consumer electronics business is expected to remain as the Company's main source of income (accounting for more than 70%). In future, the Company will adopt a dual-track development strategy in the joint venture, the traditional business and JV Company's digital services, to form a 'hardware plus software' ecosystem, for example, to provide existing customers with equipment leasing superimposed on the SaaS management of the bundled services. The Company will continue to solidify the existing business level and give due support to the JV Company according to its development and business needs. The Board considers that the establishment of JV Company is in the interests of the Company and the Company's Shareholders as a whole, and the Group has funding needs for its business expansion in such new segment.

Further, the Board considers fundraising for additional general working capital is essential although, on 20 November 2024, a total of 19,090,000 new shares of the Company were successfully placed at the placing price of HK$3.49 per placing share (the "**November Placing**"). The net proceeds from the November Placing, after deducting the placing commission and other related expenses of the November Placing, amounted to approximately HK$65.2 million, of which was intended for repayment of bank and other borrowing, settlement of external debts and general working capital of the Group. As at the date of this circular, the net proceeds from the November Placing had been fully utilised.

As disclosed in the annual results announcement for the year ended 31 March 2025 of the Company dated 30 June 2025, as at 31 March 2025, the Company had current liabilities of approximately HK$231.1 million comprising of (i) trade and other payables of approximately HK$37.0 million; (ii) provision of financial guarantee of approximately HK$108.5 million; (iii) bank borrowings of approximately HK$47.5 million; and (iv) loans from Shareholders of approximately HK$38.1 million.

Taking into account that the Company had a bank balance and cash of approximately HK$10.1 million as at 31 March 2025, and the net proceeds from the November 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) repay creditors and other liabilities; 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 18 months from the date of this circular.

Assuming the maximum gross and net proceeds (after deducting the related expenses) from the Rights Issue are estimated to be approximately HK$148.465 million and HK$143.938 million, respectively. The Company currently intends to apply the net proceeds from the Rights Issue primarily (i) for repayment of bank loans and other borrowings; (ii) for repayment of creditors and other liabilities; (iii) for development of new business segment and (iv) 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$60.0 million for repayment of bank and other borrowings owed by the Group. As at 31 March 2025 all the Group's bank loans and other borrowings have passed due. For the unsecured bank borrowing, the Company would apply approximately HK$5.0 million for repayment once the rights issue is completed. In respect of another secured bank borrowing, the Group had certain properties which pledged as collateral. The Management is in discussion with the bank to use the proceeds from disposal of certain properties as partial repayment as well as the proceed from rights issue to settle the secured bank loan and other borrowings. Considering the timing of rights issue and the time needed for completion of disposal of properties and securing the settlement terms with banks, the Management considered the above proceed is expected to be fully utilized by March 2026.

(ii) approximately HK$65.5 million for repayment of creditors and other liabilities (the creditors and other liabilities include the amount due to subcontractors/suppliers/ service providers and other sundry creditors of the Group and have passed due, the Group has entered into settlement plans with certain creditors and the above proceed is expected to be fully utilized by March 2026);

(iii) approximately HK$7.0 million for development of new business segment — digital product leasing business, including the establishment of physical stores and service centers in the Asia-Pacific region (primarily targeting Malaysia and Indonesia), as well as the development of a service center network with local service providers to enhance after-sales services in these regions (of which approximately HK$3.5 million for opening physical stores and service centers in Malaysia and Indonesia, approximately HK$1.0 million for finished products logistics and approximately HK$2.5 million for hiring local staff, service network fees and other operational costs); and

(iv) approximately HK$11.4 million for the general working capital of the Group (the general working capital refers to daily operation expenses including salaries for approximately HK$3 million, sales commission for approximately HK$1.2 million, shipping cost for approximately HK$1 million, professional fee for approximately HK$1 million, other admin cost for approximately HK$1.5 million and cash reserves, the above proceed is expected to be fully utilized by June 2026).

In the event that the Rights Issue is undersubscribed and the Placing Shares are not fully placed, the net proceeds will be reduced and utilised on a pro rata basis as set out above.

The Group recorded a net liabilities of approximately HK$64.7 million as at 31 March 2025. Upon the completion of the Rights Issue which the net proceeds is approximately HK$143.938 million. The Group would have the financial supporting to negotiate a better terms for settlements with banks, creditors, service providers and other liabilities including wavier of certain interests and favorable settlement plans. The Management expects the Group will overturn to net assets status as at 31 March 2026 and assume no other issues arise to affect the auditor, the auditor of the Company would be able to issue a unmodified opinion as the disclaimer opinion on going concern could be removed as at 31 March 2026.

The Company has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered.

In view of the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro rata shareholding interests in the Company and dealing with the Shares, is an appropriate fundraising method and is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole.

As at the Latest Practicable Date, save for the proposed Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fundraising activity for the Group in the coming 12 months, even if the Rights Shares are not fully taken up.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE 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 announcements	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds as at the date of this circular
28 October 2024	Placing of new shares under general mandate	HK$65.2 million	(i) approximately HK$58.7 million for repayment of bank and other borrowing owed by the Group and settlement of external debts; and (ii) approximately HK$6.5 million for the general working capital of the Group	(i) approximately HK$58.7 million has been applied for repayment of bank and other borrowing owed by the Group and settlement of external debts; and (ii) approximately HK$6.5 million has been applied for the 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.

It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

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

To the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective; (iii) immediately after the Capital Reorganisation and upon the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under Rights Issue ("**Scenario 1**"); and (iv) immediately after the Capital Reorganisation and upon 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 ("**Scenario 2**"):

Shareholders	**As at the Latest Practicable Date**		**Immediately after the Capital Reorganisation becoming effective**		**Scenario 1** *(Note 1)*		**Scenario 2** *(Note 1, 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Mr. Bong Ching Chung	6,400,000	5.59	640,000	5.59	3,200,000	5.59	640,000	1.12
Mr. Toh Cheng Hock Kenneth	5,500,000	4.80	550,000	4.80	2,750,000	4.80	550,000	0.96
Placees *(Note 3)*	—	—	—	—	—	—	45,822,744	80.0
Other public Shareholders	102,656,865	89.61	10,265,686	89.61	51,328,430	89.61	10,265,686	17.92
Total	114,556,865	100.0	11,455,686	100.0	57,278,430	100.0	57,278,430	100.0

Notes:

1. These scenarios are for illustrative purposes only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Shares.

2. In the extreme case as illustrated in Scenario 2 above, assuming that (a) no subscription by the Qualifying Shareholders; and (b) the Placing Agent successfully places all the Unsubscribed Shares to one single Placee under the Placing, upon Completion, only 10,265,686 Shares will be held by public Shareholders, representing approximately 17.92% of the total issued Shares as enlarged by the allotment of the Rights Shares, which falls below the minimum Public Float Requirements under Rule 8.08(1). In such case, the Placing Agent will determine to scale down the number of Shares to be subscribed by such single Placee in order to ensure the compliance with the Public Float Requirements.

   In other situation, when there are more than one Placees, depending on Placees' subscription situation, if the Public Float Requirements may not be met, the restriction that Placees shall not be substantial shareholders may apply.

   Upon receipt of subscription applications from Placees under the Placing, the Placing Agent shall be obliged to thoroughly review such applications to ensure that the Public Float Requirements are complied.

A Placee who applies to subscribe all or part of the Unsubscribed Shares under the Placing may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the non-compliance of the Public Float Requirements. Accordingly, the Placing will be made on terms that the Company will provide for the Placee(s) to apply on the basis that the application of any Placee(s) under the Placing will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Placee(s) to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the non-compliance of the Public Float Requirements. In the event that (i) the general offer obligation under the Takeovers Code occurs, the number of Unsubscribed Shares to be allocated to the relevant Placee(s) will be scaled down; (ii) the Company's public float to decrease to below 25%, the Rights Issue will be scaled down on pro-rata basis to all applicants of the Rights Issue. Any subscription monies not utilized due to the scaled-down application of Rights Shares will be refunded to the affected applicants.

3. Pursuant to the Placing Agreement, depending on placees' subscription situations, placees may not be substantial shareholders in order to ensure that the Public Float Requirements are complied. The Unsubscribed Shares are expected to be placed to placees, who are third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

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.

LISTING RULES IMPLICATIONS

Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of special resolution at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the special resolution relating to the Capital Reorganisation at the SGM.

Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this circular (taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval of at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this circular, the Company has no Controlling Shareholder as defined under the Listing Rules and none of the Directors and the chief executive of the Company and their respective associates holds any Share. Accordingly, no other Shareholder is required to abstain from voting at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the date of this circular.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

SGM

The register of members of the Company will be closed from Wednesday, 17 September 2025 to Tuesday, 23 September 2025 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

The SGM will be convened and held to consider and, if thought fit, approve, the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The notice convening the SGM to be held at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong on Tuesday, 23 September 2025 at 11:00 a.m. is set out on pages SGM-1 to SGM-5 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed (i.e. by 11:00 a.m. on Sunday, 21 September 2025) for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

In compliance with the Listing Rules, all the resolutions to be proposed at the SGM will be voted on by way of poll at the SGM.

Saved as disclosed in this circular, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the SGM.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Capital Reorganisation by the Shareholders and the Rights Issue by the Independent Shareholders at the SGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 13 October 2025. The Prospectus is being made available and/or despatched (subject to Shareholders' election to receive physical copies) to the Shareholders. A copy of the Prospectus will also be made available on the websites of the Company (www.alco.com.hk) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

The PAL, as an actionable corporate communication and a temporary document of title, will be despatched in printed form to the Qualifying Shareholder(s) only and entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM on the relevant resolutions. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on pages 37 to 38 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 39 to 58 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the terms of the Capital Reorganisation are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Shareholders and the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the Letter from the Independent Board Committee set out on pages 37 to 38 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM and the Letter from the Independent Financial Adviser set out on pages 39 to 58 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Capital Reorganisation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
Alco Holdings Limited
Liao Liping
Co-chairman and executive Director

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder.

ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

To the Independent Shareholders,

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND
(3) NOTICE OF SGM

We refer to the circular of the Company dated 1 September 2025 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the Letter of advice from the Independent Financial Adviser as set out on pages 39 to 58 of the Circular; and (ii) the Letter from the Board as set out on pages 8 to 36 of the Circular and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Rights Issue, the Placing Agreement and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Alco Holdings Limited

Mr. Chu Hoi Kan	**Mr. Lam Chi Wing**	**Mr. Tang Sher Kin**	**Mr. Deng Chaowen**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the letter of advice from the Independent Financial Adviser, Messis Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

MESSIS 大有融資

1 September 2025

Dear Sir/Madam,

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

INTRODUCTION

We, Messis Capital Limited, refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 1 September 2025 issued to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

As disclosed in the "Letter from the Board", the Board proposes to effect (i) the Share Consolidation whereby every ten (10) issued and unissued Existing Shares of par value of HK$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK$0.10 each; (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 the Share Premium Reduction to the contributed surplus account of the Company.

Upon Capital Reorganisation becoming effective, the Board proposes to conduct the Rights Issue at the Subscription Price of HK$3.24 per Rights Share on the basis of four (4) Rights Shares for every one (1) Adjusted Share held on the Record Date to raise up to approximately HK$148.47 million (before expenses) by issuing up to 45,822,744 Rights Shares.

As the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of the relevant announcement, the Rights Issue is conditional upon the Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this circular, the Company has no Controlling Shareholder as defined under the Listing Rules and none of the Directors and the chief executive of the Company and their respective associates holds any Share. Accordingly, no other Shareholder is required to abstain from voting at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders (i) as to whether the terms of the Rights Issue and the Placing Agreement are on normal commercial term, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole; and (ii) how to vote.

OUR INDEPENDENCE

As of the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Company's annual result announcement for the financial year ended 31 March 2025 ("**FYE2025**"); (ii) the Company's annual report for the financial year ended 31 March 2024 ("**FYE2024**"); (iii) the relevant announcement; and (iv) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and represented by the Company and the management of the Company. We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all material respects as of the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the management and the representations of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Rights Issue and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as of the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background information

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

Audited	**FYE**		
HK$000	**2023**	**2024**	**2025**
Revenue	89,321	148,422	99,313
Other income, gain and loss	11,464	65,007	2,483
Administrative expenses	(42,038)	(50,295)	(46,787)
Finance costs	(6,958)	(9,458)	(9,961)
Profit/(Loss) for the year from discontinued operations	(423,695)	594,842	—
Profit/(Loss) for the year	(515,614)	591,772	(64,270)
Total assets	283,288	182,410	179,494
Total liabilities	1,077,958	(269,937)	(244,187)
Net liabilities	(794,670)	(87,527)	(64,693)

Revenue decreased by approximately 33% from approximately HK$148.4 million for FYE2024 to approximately HK$99.3 million for FYE2025. The change in revenue was mainly due to economic downturn worldwide and people reduces personal consumptions in markets. It is noted that no revenue was derived from Europe and others compared to HK$43.0 million in previous year. Revenue increased by approximately 66% from approximately HK$89.3 million for FYE2023 to approximately HK$148.4 million for FYE2024. It is noted that revenue generated from Asia and Europe all increased in the year.

Other income decreased by approximately 96.2% from approximately HK$65.0 million for FYE2024 to approximately HK$2.5 million for FYE2025. The change in other income was mainly due to the decrease in gain on deconsolidation of subsidiaries and gain on termination of lease. Other income increased by approximately 467.1% from approximately HK$11.5 million for FYE2023 to approximately HK$65.0 million for FYE2024. The change was mainly

due to the gain on deconsolidation of subsidiaries of approximately HK$77.7 million. On 10 January 2024, a winding up petition was filed with The High Court of the Hong Kong (the "**Court**") against Nexstgo Company Limited, an indirect wholly-owned subsidiary of the Company. Nexstgo was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of Nexstgo. Accordingly, the Group had deconsolidated Nexstgo as the Group's control over Nexstgo had been lost. On 29 May 2024, a winding up petition was filed with the Court against AVITA TECHNOLOGIES INTERNATIONAL CO LTD, a direct partial-owned subsidiary of the Company. AVITA TECH was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AVITA TECH. Accordingly, the Group had deconsolidated AVITA TECH as the Group's control over AVITA TECH had been lost.

Administrative expenses decreased by 7.0% from approximately HK$50.3 million for FYE2024 to approximately HK$46.8 million for FYE2025. It is noted that employee benefit expenses (including directors' emoluments) decreased 47.4% during the year. Administrative expenses increased by approximately 19.6% from approximately HK$42.0 million for FYE2023 to approximately HK$50.3 million for FYE2024.

Finance costs increased by approximately 5.3% from approximately HK$9.5 million for FYE2024 to approximately HK$10.0 million for FYE2025. The change in finance costs was mainly attributed to the increase in interest expense on bank and other borrowings and loans from shareholders. Finance costs increased by approximately 35.9% from approximately HK$7.0 million for FYE2023 to approximately HK$9.5 million for FYE2024. The change in finance costs was mainly attributed to the increase in interest expense on bank and other borrowings.

On 31 August 2022, the Board has ceased the operation of the production line in Dongguan. A winding up petition was filed with the Court on 28 June 2023 against Alco Electronics Limited ("**AEL**"), a direct wholly-owned subsidiary of the Company. On 28 June 2023, AEL was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AEL. Accordingly, the Group had deconsolidated AEL as the Group's control over AEL had been lost. The Group recorded profit from discontinued operations of approximately HK$594.8 million for FYE2024 and loss for year from discontinued operation of approximately HK$423.7 million for FYE2023. In the absence of such one-off gain and the decrease in revenue for FYE2025, the Group recorded loss of approximately HK$64.3 million for FYE2025 compared to profit of approximately HK$591.8 million for FYE2024.

The Company recorded net current liabilities of approximately HK$142.7 million and current liabilities of approximately HK$231.1 million as of FYE2025, of which provision of financial guarantee was approximately HK$108.5 million, bank and other borrowings were approximately HK$47.5 million, loans from shareholders were approximately HK$38.1 million and trade payable of approximately HK$7.3 million. The Company further recorded non-current liabilities of approximately HK$13.1 million as of FYE2025, of which bank and other borrowings were approximately HK$12.0 million.

On 20 November 2024, the Company successfully placed new shares at the placing price of HK$3.49 per placing share. The net proceeds from the placing of approximately HK$65.2 million were fully utilized for the purposes of repayment of bank and other borrowing, settlement of external debts and general working capital of the Group.

As of FYE2025, the Company had bank balance and cash of approximately HK$10.1 million and after deduction of bank and other borrowings of approximately HK$47.5 million, provision of financial guarantee was approximately HK$108.5 million and loans from shareholders were approximately HK$38.1 million, it had net borrowing of approximately HK$184.0 million.

Disclaimer of opinion for FYE2023, FYE2024 and FYE2025

In the annual results announcement for FYE2025, the auditors explained that they could not express an opinion on the Company's consolidated financial statements as there was insufficient appropriate audit evidence to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements as the Group incurred loss from continuing operations of approximately HK$64.3 million and net current liabilities of approximately HK$142.7 million. The Group has defaulted in repayment of bank borrowings of approximately HK$47.5 million, which became immediately repayable. The current liabilities also included a provision of financial guarantee of approximately HK$108.5 million for former subsidiaries for borrowings and related interest payables. As of FYE2025 the Company's bank balances and cash amounted to approximately HK$10.1 million only.

We note that the Board considers that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following information:

(i) Restructure of bank and other borrowings

The bank and other borrowings of approximately HK$47.5 million repayable on demand or within one year was defaulted in repayment as of FYE 2025.

The Group is negotiating with the banks for debt restructuring. The management is of the view that the Group will be able to obtain consent from the banks to extend the repayment of borrowings and continue to provide the banking facility to improve the liquidity position of the Group, considering the valuation of the office premise of the Group amounting to approximately HK$130.0 million with reference to valuation performed by independent qualified professional valuers and market data information from bank, and other properties held by Mr. Leung Wai Sing, Wilson, the deceased ex-chairman of the Group, pledged to the banks.

(ii) Future treatment of the loans from shareholders

As of FYE2025, the Group recorded loans from past and existing shareholders of approximately HK$38.1 million mainly from Wilson. As the estate of Wilson is frozen pending the appointment of the estate administrator, the extension agreements related to loans from Wilson could not be arranged. As the loans are repayable within one year, the Company will discuss the extension of the loans with the estate administrator once appointed.

(iii) Restructure of trade payables

As of FYE2025, trade payables amounted to approximately HK$7.3 million. The Group will negotiate with creditors to further extend the repayment.

(iv) Cash inflow from operations

The Group is taking measures to streamline the product mix and production mode, to tighten cost controls over various costs and expenses and adopting a more flexible procurement policy to control the purchase costs with the aim to attain gross profit and positive operating cash flow.

Based on the sales orders on hand for the notebook products up to June 2025, the Board expects an increase in sales in the coming months comparing to the corresponding period last year. The directors of the Company will continue with its effort in sales and marketing to promote the Group's notebook products in existing market and explore opportunities in other countries.

We also note that should the Group fail to achieve the above mentioned measures, the liquidity issues will persist and it may be unable to operate on a going concern and adjustments may have to be made to the carrying values of the Group's assets and liabilities in the financial statements.

2. Reasons for the Rights Issue and the use of proceeds

As disclosed in the "Letter from the Board", the Group intends to apply the net proceeds from the proposed Rights Issue of approximately HK$143.94 million as follows:

(i) approximately HK$60.0 million for repayment of bank and other borrowings owed by the Group (for the unsecured bank borrowing, the Company would apply approximately HK$5.0 million for repayment once the rights issue is completed. For the other secured bank borrowing, the Group had certain properties which pledged as collateral. The management of the Company is in discussion with the bank to use the proceeds from disposal of certain properties as partial repayment as well as the proceed from the Rights Issue to settle the secured bank loan and other borrowings. Considering the timing of the Rights Issue and the time needed for completion of disposal of properties and securing the settlement terms with banks, the above proceeds are expected to be fully utilized by March 2026);

(ii) approximately HK$65.5 million for repayment of creditors and other liabilities (the creditors and other liabilities include the amount due to subcontractors/suppliers/ service providers and other sundry creditors of the Group and have passed due, the Group has entered into settlement plans with certain creditors and the above proceed is expected to be fully utilized by March 2026);

(iii) approximately HK$7.0 million for development of new business segment — digital product leasing business, including the establishment of physical stores and service centers in the Asia-Pacific region (primarily targeting Malaysia and Indonesia), as well as the development of a service center network with local service providers to enhance after-sales services in these regions (of which approximately HK$3.5 million for opening physical stores and service centers in Malaysia and Indonesia, approximately HK$1.0 million for finished products logistics and approximately HK$2.5 million for hiring local staff, service network fees and other operational costs); and

(iv) approximately HK$11.4 million for the general working capital of the Group (the general working capital refers to daily operation expenses including salaries for approximately HK$3 million, sales commission for approximately HK$1.2 million, shipping cost for approximately HK$1 million, professional fee for approximately HK$1 million, other admin cost for approximately HK$1.5 million and cash reserves, the above proceed is expected to be fully utilized by June 2026).

Having considered the recent financial performances of the Group and in particular, its bank balance and cash and net borrowing position, the past due bank and other borrowings and other liabilities, we concur with the Board's view that it is prudent and in the interest of the Company and the Shareholders as a whole to raise funds to meet the Group's financial obligations namely, repayment of borrowings, settlement of other liabilities and requirement of general working capital. We also consider it appropriate for the Group to apply net proceeds to settle unsecured bank borrowing upon completion of the Rights Issue and to settle secured bank borrowings later by March 2026 described above as it generally takes more time to negotiate commercial terms with the banks to dispose of pledged properties and settle the related bank borrowings.

As disclosed, the auditors could not express an opinion on the Company's consolidated financial statements as there was insufficient appropriate audit evidence to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements given its loss making position and liquidity issues. As of FYE2025, the Group recorded net liabilities of approximately HK$64.7 million, net current liabilities of HK$142.7 million against bank balances and cash of approximately HK$10.1 million. The completion of the Rights Issue will allow the Group to raise net proceeds of approximately HK$143.94 million and together with bank balances shall cover its net current liabilities assuming no unforeseen adverse events arise. Further, the Group has devised plans to address the liquidity issues such as the restructure of bank and other borrowings, future treatment of the loans from shareholders, restructure of trade payables and cash inflow from operations as explained earlier. In view of the above, we concur with the view of the management of the Company that it would be probable to address the disclaimer of opinion on

the going concern basis of accounting for the preparation of its consolidated financial statements for the financial year ending 31 March 2026 assuming the Group could achieve the above plans and no unforeseen adverse events arise.

We note that the Company has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered.

The Rights Issue will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro rata shareholding interests in the Company or trade the relevant nil-paid Rights Shares in the market thus reducing impact from dilution of their shareholdings. Having considered the above, we concur with the Board's view that fund raising by way of the Rights Issue which will offer Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company is appropriate and is fair and beneficial to the Company and its shareholders as a whole.

3. Major terms of the Rights Issue

Issue statistics

Basis of the Rights Issue	Four (4) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	HK$3.24 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	Approximately HK$3.141 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as of the date of the Latest Practicable Date	114,556,865 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	11,455,686 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)

Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	Up to 45,822,744 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)
Total number of Adjusted Shares in issue upon completion of the Rights Issue	Up to 57,278,430 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective)
Gross proceeds from the Rights Issue	Approximately HK$148.47 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than from the Capital Reorganisation becoming effective and all Rights Shares will be taken up)

Subscription Price

The Subscription Price is HK$3.24 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.

As disclosed in the "Letter from the Board", 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 and the amount of funds the Company intends to raise under the Rights Issue.

A. Comparison of the Subscription Price

The Subscription Price represents:

(i) a discount of approximately 19% to the adjusted closing price of HK$4.0 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.40 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

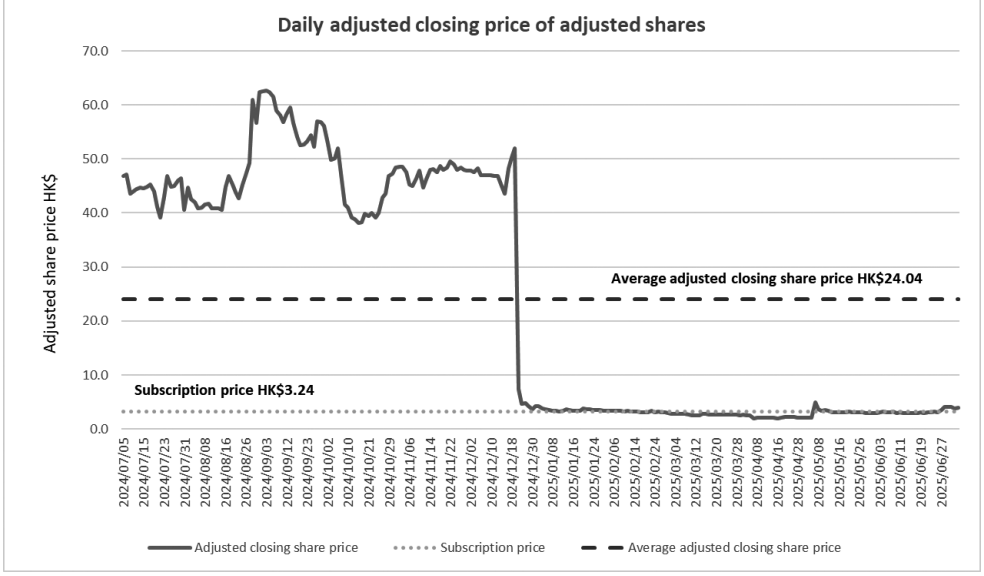
(ii) a discount of approximately 19% to the adjusted average closing price of HK$4.0 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.40 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 12.79% to the adjusted average closing price of HK$3.72 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK$0.372 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and

(iv) theoretical dilution effect as defined under Rule 7.27B of the Listing Rules of approximately 15.52%, represented by the theoretical diluted price of HK$3.396 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$4.02 per Adjusted share as defined under Rule 7.27B of the Listing Rules (after taking into account the effect of the Capital Reorganisation).

B. Adjusted historical price of the Adjusted Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily adjusted closing prices and trading volume of the Adjusted Shares covering a period of approximately 12 months up to and including the Last Trading Day (the "**Review Period**") and compared such with the Subscription Price. We consider that Review Period is reasonably long enough to illustrate the historical trend and level of movement of the adjusted closing prices of the Adjusted Shares and is fair to reflect the market assessment on the financial performance of the Group before and after the release of the latest annual results for FYE2025 and the general market sentiment.



Source: www.hkex.com.hk

As shown in the chart above, during the Review Period, the average adjusted share price was approximately HK$24.04 per Adjusted Share (the "**Average Adjusted Share Price**"). The daily adjusted closing price ranged from HK$1.92 per Adjusted Share (the "**Lowest Adjusted Share Price**") to HK$62.6 per Adjusted Share (the "**Highest Adjusted Share Price**"). The Subscription Price of HK$3.24 represents (i) a premium of approximately 68.75% to the Lowest Adjusted Share Price; (ii) a discount of approximately 94.82% to the Highest Adjusted Share Price; and (iii) a discount of approximately 86.52% to the Average Adjusted Share Price for the Review Period.

We notice that the Highest Adjusted Share Price was recorded on one day of the Review Period and since then the share price has in general trended downward with a few rebounds. In particular, the closing price of the Adjusted Shares decreased notably with volume near the end of December 2024. The Board is not aware of any reasons for the decrease in closing price of the Adjusted Shares. It is noted that the Company completed a placing of an aggregate of 19,090,000 new Shares near the end of November 2024, issued interim results announcement for six months ended 30 September 2024 near the end of November 2024 reporting revenue of approximately HK$49.69 million (compared to HK$85.69 million for the previous period) and net loss of HK$24.31 million (compared to net profit of HK$572.35 million for the previous period) and issued an announcement of resignation of independent non-executive Directors of the Company in November 2024 followed by announcement of resignation of the joint company secretary of the Company in near the end of December 2024. The closing price of Adjusted Share had been trading around the region of between approximately HK$2 to HK$5 per Adjusted Share since the end of December 2024. Despite the Subscription Price represents a discount to the Average Adjusted Share Price, the Subscription Price set within the most recent price trading region is reasonable as this reflected the market prices of Shares traded and the market sentiment on the prospects of the Company at the time. During the Review Period, there are a total of 246 trading days and the Adjusted Shares have been traded below the Average Adjusted Share Price for 130 trading days, representing approximately 52.85% of the time during the Review Period.

As explained below, it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness of the rights issue and encourage shareholders to participate in it.

C. Historical trading volume of the Adjusted Shares

The following table sets out the trading volume of the Adjusted Shares during the Review Period:

Month	No. of Shares	No. of Adjusted Shares	No. of trading days	Average daily trading volume of Adjusted Shares	Percentage of average daily trading volume to the total number of Adjusted Shares in issue *(Note 2)*	Percentage of average daily trading volume to the total number of Adjusted Shares held by Public Shareholders *(Note 3)*
2024						
July	13,883,392	1,388,339	19	73,070	0.64%	0.64%
August	6,983,960	698,396	22	31,745	0.28%	0.28%
September	5,379,338	537,934	19	28,312	0.25%	0.25%
October	8,845,360	884,536	21	42,121	0.37%	0.37%
November	19,589,700	1,958,970	21	93,284	0.81%	0.81%
December	199,865,378	19,986,538	20	999,327	8.72%	8.72%
2025						
January	34,027,050	3,402,705	19	179,090	1.56%	1.56%
February	16,722,732	1,672,273	20	83,614	0.73%	0.73%
March	10,916,800	1,091,680	21	51,985	0.45%	0.45%
April	4,926,760	492,676	19	25,930	0.23%	0.23%
May	87,188,460	8,718,846	20	435,942	3.81%	3.81%
June	15,410,000	1,541,000	21	73,381	0.64%	0.64%
July (up to and including the Last Trading Day)	16,004,000	1,600,400	4	400,100	3.49%	3.49%

Source: www.hkex.com.hk

Note:

1. There are 114,556,865 Existing Shares in issue as of the date of this Circular while there will be 11,455,686 Adjusted Shares upon completion of the Capital Reorganisation

2. Based on the average daily trading volume of Adjusted Shares divided by a total of 11,455,686 Adjusted Shares issued by the Company as of the Last Trading Day

3. Based on the average daily trading volume of Adjusted Shares divided by the number of 11,455,686 Adjusted Shares held by the Public Shareholders as at the Last Trading Day on the basis that the Company has no Controlling Shareholder as defined under the Listing Rules and none of the Directors and the chief executive of the Company and their respective associates hold any Share as disclosed in the annual report for FYE2024.

During the Review Period, the trading liquidity of the Adjusted Shares remains generally thin with the average daily trading volume ranging from approximately 0.23% to 8.72% of the total number of Adjusted Shares in issue. As such, we consider that it is

reasonable for the Subscription Price to be set at a discount to the prevailing adjusted closing prices of the Adjusted Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue.

D. Comparison with recent rights issue exercises

To assess the fairness and reasonableness of the terms of the Rights Issue, we have analyzed the subscription prices of other recent rights issue exercises. Based on the criteria of (i) rights issues conducted by listed companies on the Stock Exchange; and (ii) rights issues that had issued relevant prospectuses during the three months prior to the Last Trading Day (the "**Comparison Review Period**"), we have identified an exhaustive list of 17 comparable rights issues (the "**Comparables**"). We consider that the Comparison Review Period is sufficient as it is intended to identify the most recent rights issue transactions conducted by companies listed on the Stock Exchange under the market conditions and sentiment close enough to that of the Rights Issue thus allowing reasonable comparison of their commercial terms.

It is noted that the business and prospect of the Company as well as its market capitalization and gross proceeds from the Rights Issue are different to those of the Comparables. The market capitalization of the Company on the Last Trading Day and gross proceeds of the Rights Issue fall within the range of that of the Comparables. The Comparables intend to apply the proceeds from their respective rights issue transactions to a combination of business operation, debt repayment and working capital while the Company intends for debt repayment and working capital. We consider the terms of the Comparables were determined under similar market conditions and sentiment and hence, the Comparables provide a general reference on the key terms for rights issue transactions and therefore we consider that the Comparables are indicative in assessing the fairness and reasonableness of the terms of the Rights Issue (including the Subscription Price).

The following table sets forth the details of the Comparables including business nature, market capitalisation, gross proceeds and key commercial terms such as premium or discount of subscription prices over or to closing prices and theoretical dilution effect of the rights issue transactions:

Date of prospectus	Company name (Stock code)	Principal business	Market capitalisation on the last trading day *HK$ million*	Gross proceeds (full subscription) *HK$ million*	Use of proceeds	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days including and up to the last trading day	Premium/ (discount) of the subscription price over/to unaudited consolidated net asset value	Theoretical dilution effect	Fully underwritten Yes = Y No = N	Excess application Yes = Y No = N	Placing arrangement	
													Commission	Fixed fees
8 Apr 25	GRAPHEX GROUP LIMITED (6128)	Development and processing of graphene products	58.69	119.70	Business development, debt repayment, working capital	3 for 1	-32.00%	-28.27%	-87.88%	24.00%	N	N	1.5%	N
8 Apr 25	PACIFIC LEGEND GROUP LIMITED (8547)	Sale & rental of home furniture and accessories and hospitality services	31.75	13.7	Working capital	1 for 2	-13.79%	-13.79%	-53.99%	4.60%	N	N	1.3%	N
8 Apr 25	YUES INTERNATIONAL HOLDINGS GROUP LIMITED (1529)	Transportation, warehousing, in-plant logistics and customisation services	18.68	69.40	Business development, working capital	4 for 1	-7.14%	-20.25%	-88.68%	21.47%	N	N	1.0%	100,000
2 May 25	CHINA BAOLI TECHNOLOGIES HOLDINGS LIMITED (164)	Convergence media business, dry grinding and dry beneficiation business	40.20	171.50	Business development, debt repayment, working capital	4 for 1	6.67%	2.30%	na	0.00	N	Y	1.0%	N
6 May 25	ISP HOLDINGS LIMITED (2340)	Interiors and special projects business	84.97	12.87	Legal cost, working capital	1 for 2	-74.50%	-73.38%	-85.59%	24.85%	N	Y	N	N
14 May 25	VOLCANO SPRING INTERNATIONAL HOLDINGS LIMITED (1715)	Healthcare products and premium kitchen appliances	20.05	88.40	Debt repayment, working capital	3 for 1	47.06%	47.06%	-34.30%	0.00%	N	N	1.0%	N
21 May 25	C CHENG HOLDINGS LIMITED (1486)	Architectural services	87.92	14.40	Business development, working capital	1 for 2	-67.21%	-66.44%	-92.75%	22.40%	N	N	3.0%	N
22 May 25	GOOD FELLA HEALTHCARE HOLDINGS LTD (8143)	General hospital services in the PRC	32.13	29.20	Business development, debt repayment, working capital	1 for 1	-12.28%	-19.35%	233.33%	10.94%	N	N	1.0%	N
26 May 25	MELCO INTERNATIONAL DEVELOPMENT LIMITED (200)	Leisure, gaming and entertainment, and other investments	5,763.40	781.07	Debt repayment	1 for 2	-72.93%	-71.03%	3328.67%	24.31%	N	Y	N	N

Date of prospectus	Company name (Stock code)	Principal business	Market capitalisation on the last trading day *HK$ million*	Gross proceeds (full subscription) *HK$ million*	Use of proceeds	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days including and up to the last trading day	Premium/ (discount) of the subscription price over/to unaudited consolidated net asset value	Theoretical dilution effect	Fully underwritten Yes = Y No = N	Excess application Yes = Y No = N	Placing arrangement Commission	Placing arrangement Fixed fees
2 Jun 25	SEEC MEDIA GROUP LIMITED (205)	Advertising services and money lending business	94.23	40.50	Business development, debt repayment, working capital	1 for 2	-14.06%	-16.03%	-53.78%	6.87%	N	N	3.0%	100,000
3 Jun 25	SHOUGANG CENTURY HOLDINGS LIMITED (103)	Steel cords for radial tyres; sawing wires and hose wires	951.77	160.00	Business development, working capital	3 for 20	12.30%	14.30%	-40.10%	0.00%	N	Y	N	N
9 Jun 25	CHINA SCI-TECH INDUSTRIAL INVESTMENT GROUP LIMITED (339)	Investment and trading of listed and unlisted securities	35.42	10.08	Debt repayment, working capital	1 for 2	-43.10%	-47.40%	na	16.20%	N	N	1.5%	N
23 Jun 25	YUZHOU GROUP HOLDINGS COMPANY LIMITED (1628)	Property development, investment, management and hotel operation	870.34	112.20	Business development, debt repayment, working capital	49 for 100	-73.68%	-72.99%	na	24.23%	N	Y	N	N
23 Jun 25	XINMING CHINA HOLDINGS LIMITED (2699)	Property development, investment and leasing	24.42	93.80	Debt repayment, working capital	4 for 1	-13.80%	-18.80%	na	16.90%	N	N	3.0%	N
25 Jun 25	GLOBAL STRATEGIC GROUP LIMITED (8007)	Natural gas supply, sales and leasing of equipment	14.59	51.10	Debt repayment, working capital	4 for 1	-12.50%	-14.10%	-84.70%	11.30%	N	Y	3.0%	N
4 Jul 25	MEMESTRATEGY, INC. (2440)	Hardware and software for Internet of Thing	615.75	154.80	Business development, working capital	1 for 2	-49.70%	-50.00%	50.20%	16.60%	N	Y	N	N
7 Jul 25	GREENHEART GROUP LIMITED (94)	Log harvesting, timber processing and timber products	74.20	33.70	Business development, working capital	1 for 2	-9.25%	-4.97%	-88.80%	3.00%	N	N	2.0%	150,000
	Alco Holdings Ltd (328)	Consumer electronic products including notebook products	45.82	148.465	Debt repayment, working capital	4 for 1	-19.00%	-19.00%	na	15.52%	N	N	1.5%	N
Maximum			5,763.40	781.07			47.06%	47.06%	3,328.67%	24.85%			3.0%	150,000
Average			518.74	115.08			-25.29%	-26.66%	223.20%	13.39%			1.9%	116,667
Median			58.69	69.40			-13.80%	-19.35%	-53.99%	16.60%			1.5%	100,000
Minimum			14.59	10.08			-74.50%	-73.38%	-92.75%	0.00%			1.0%	100,000
Excluding the outliers														
Maximum			615.75	171.50			6.67%	2.30%	233,33%	24.00%				
Average			101.22	68.25			-23.24%	-25.73%	-22.79%	13.00%				
Median			40.20	40.50			-13.80%	-19.35%	-70.94%	16.20%				
Minimum			18.68	10.08			-67.21%	-66.44%	-92.75%	0.00%				

Source: www.hkex.com.hk

Subscription price

The subscription price of the Comparables ranged from a premium of approximately 47.06% to a discount of approximately 74.50%, with an average discount of approximately 25.29% and median discount of approximately 13.80% over/to their respective closing prices per share on the last trading day. The discount of approximately 19.00% of the Company's Subscription Price to the closing price per Adjusted Share on the Last Trading Day falls within the range and shallower than the average discount but deeper than the median discount of that of the Comparables.

The subscription price of the Comparables ranged from a premium of approximately 47.06% to a discount of approximately 73.38%, with an average discount of approximately 26.66% and median discount of approximately 19.35% over/to their respective average closing prices per share for the five consecutive trading days including and up to the last trading day. The discount of approximately 19.00% of the Company's Subscription Price to the theoretical average closing price per Adjusted Share for the five consecutive trading days including and up to the Last Trading Day falls within the range and shallower than the average discount and the median discount of that of the Comparables.

Exclusion of the outliers

Volcano Spring International Holdings Limited with subscription price at the highest premium of 47.06% over the closing price per share on the last trading day and 47.06% over the average closing price for the five consecutive trading days, representing premium of 286.08% and 276.52% respectively higher than the average discount of that of the Comparables.

ISP HOLDINGS LIMITED with subscription price at the lowest discount of 74.50% to the closing price per share on the last trading day and 73.38% to the average closing price for the five consecutive trading days, representing discount of 194.58% and 175.24% respectively deeper than the average discount of that of the Comparables.

Melco International Development Limited, Shougang Century Holdings Limited and Yuzhou Group Holdings Company Limited with much higher market capitalization from approximately HK$870.34 million to HK$5,763.40 million while Global Strategic Group Limited with much lower market capitalization of approximately HK$14.59 million are considered to be outliers when compared to the market capitalization of the Company on the Last Trading Day. After exclusion of the outliers, the spread between the remaining Comparables with the highest and lowest market capitalization reduces substantially to 32.97 times from 395.09 times and therefore the remaining Comparables are now more relevant for our comparison purpose.

Excluding the six Comparables above, the subscription price of the remaining Comparables has a narrower range from a premium of approximately 6.67% to a discount of approximately 67.21%, with a shallower average discount of approximately 23.24% and the same median discount of approximately 13.80% over/ to their respective closing prices per share on the last trading day. Despite the narrower range, the discount of approximately 19.00% of the Company's Subscription Price to the closing price per Adjusted Share on the Last Trading Day still falls within the range, shallower than the average discount but deeper than the median discount of that of the remaining Comparables.

Excluding the six Comparables above, subscription price of the remaining Comparables has a narrower range from a premium of approximately 2.30% to a discount of approximately 66.44%, with a shallower average discount of approximately 25.73% and the same median discount of 19.35% over/to their respective average closing prices per share for the five consecutive trading days including and up to the last trading day. Despite the narrower range, the discount of approximately 19.00% of the Company's Subscription Price to the average closing price per Adjusted Share for the five consecutive trading days including and up to the Last Trading Day still falls within the range and shallower than the average discount and the median discount of that of the remaining Comparables.

We note that it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of the rights issue transactions and encourage participation of shareholders. There were 14 out of the 17 Comparables set their subscription prices at various degrees of discount to their respective closing prices on the last trading day and average closing price on the five consecutive trading days. In line with the above, the Subscription Price was also set at discount to the closing price on the Last Trading Day and average closing price on the five consecutive trading days. Nonetheless, non participating Shareholders who do not wish to proceed with the Rights Issue for reasons such as the degree of discount to closing prices per adjusted Share may trade their entitlements in the market thus reducing impact from dilution of their shareholdings.

Placing commission

We also note that it is not uncommon for issuer not to make arrangement for excess application for Qualifying Shareholders to apply for excess rights shares as 10 out of 17 of the Comparables have no such arrangement. The Company has entered into the Placing Agreement with the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis. The Placing Agent shall be entitled to a commission equal to 1.5% of the amount that have been successfully placed by the Placing Agent.

It is noted that of the 12 Comparables with placing arrangement, 9 of which offered compensation to placing agents with placing commission only (of which 1 with maximum payable commission capped) while 2 offered the higher of placing commission and fixed fee and 1 offered minimum fixed fee and additional commission upon successful placing. The placing commissions of the Comparables fell between 1.0% and 3.0% and fixed fees between from HK$100,000 to HK$150,000. As such, the placing commission of 1.5% in relation to the Rights Issue falls within the range of that of the Comparables.

Having considered that (i) the general downward trend of the adjusted closing prices of the Adjusted Shares; (ii) the thin trading volume of the Adjusted Shares during the Review Period; (iii) the discount to closing prices offered by the Subscription Price is common market practice and it falls within the range of that of the Comparables; (iv) theoretical dilution effect of the Rights Issue is in compliance with the theoretical dilution limit as defined under the Listing Rules; (v) the discount to closing prices offered by the Subscription Price could enhance the attractiveness of the Rights Issue and encourage Qualifying Shareholders to participate in it, and (vi) the placing commission falls within range of that of the Comparables, we are of the view that the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned.

Possible dilution effect on the shareholding interests of the existing Public Shareholders

The Rights Issue allows the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 15.52%.

As shown in the table above, the theoretical dilution effect of the Comparables ranged from approximately nil to 24.85%, with an average of 13.39%. The theoretical dilution effect of the Rights Issue of approximately 15.52% falls within range of the Comparables and is deeper than the average but shallower than the median theoretical dilution effect of the Comparables. In general, the theoretical dilution effect of the Rights Issue is in compliance with the theoretical dilution limit as defined under the Listing Rules.

Having considered (i) the theoretical dilution effect of the Rights Issue falls within range of those of the Comparables and in compliance with the theoretical dilution limit as defined under the Listing Rules; (ii) the proceeds from Rights Issue would be applied to debt repayment and working capital requirement of the Group; (iii) the Rights Issue would strengthen the financial position of the Group; (iv) all Qualifying Shareholders are offered an equal opportunity to maintain their shareholding interests in the Company and allowed to participate in the development of the Company; (v) the inherent dilutive nature

of rights issues in general if the existing shareholders do not take up their entitlements thereunder in full; and (vi) Qualifying Shareholders who are not taking up their entitlements are given the flexibility to dispose of the nil-paid Rights Shares in open market, we consider that the potential dilution effect of the Rights Issue is justifiable.

4. Financial Impact of the Rights Issue

(a) Net liabilities position

Based on the unaudited pro forma financial information of the Group set out in Appendix II to this Circular, the unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as of FYE2025 was approximately HK$64.04 million. Upon completion of the Rights Issue, the Group will receive net proceeds of approximately HK$143.94 million and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company immediately after completion of the Rights Issue will be approximately HK$79.90 million.

(b) Liquidity

As part of the proceeds of approximately HK$14.40 million from the Rights Issue will be used as the general working capital of the Group, the working capital position of the Group would be improved upon completion of the Rights Issue.

(c) Total debt

As of FYE2025 the Company's total debt was approximately HK$206.6 million while net liability was approximately HK$64.69 million. As part of the proceeds of approximately HK$60.0 million from the Rights Issue will be used for repayment of bank and other borrowings, the total debt position will be improved.

After taking into consideration of the above, in particular, the improvement of net liabilities position, improvement in liquidity position and the reduction in total debt of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, including (i) the Group is in need of funding to settle its financial obligations; (ii) the Subscription Price set at a discount that would attract the Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company; (iii) the Shareholders could avoid dilution effect to their shareholding interests in the Company if they choose to take up their full entitlement of the Rights Shares under the Rights Issue; (iv) Shareholders who do not wish to accept the Rights Shares provisionally allotted to them could dispose of their nil-paid Rights Shares in open market; and (v) the potential positive impacts on the financial condition of the Group upon completion of the Rights Issue, we concur with the Board's view that the Rights

Issue and the Placing Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the relevant resolutions to approve the Rights Issue and the Placing Agreement at the SGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Angus Au-Yeung
Managing Director

Mr. Angus Au-Yeung is a licensed person registered with the Securities and Futures Commission of Hong Kong to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulatory activity under the SFO and has over 20 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three financial years ended 31 March 2023, 2024 and 2025 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 2023 published on 31 July 2023 (pages 34 to 115);

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0731/2023073100385.pdf)

- annual report of the Company for the year ended 31 March 2024 published on 31 July 2024 (pages 36 to 131); and

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0731/2024073101566.pdf)

- annual report of the Company for the year ended 31 March 2025 published on 31 July 2025 (pages 35 to 116).

  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0731/2025073102318.pdf)

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 June 2025, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

Bank and other borrowings

	Notes	**As at 30 June 2025** *HK$'000*
Current liabilities		
Bank borrowings — secured	*(a)*	47,528
Provision of financial guarantee	*(b)*	108,114
Non-current liabilities		
Bond payable	*(c)*	27,000
		182,642

Notes:

(a) As at 30 June 2025, bank borrowings were secured by the pledged bank deposits of the Group and corporate guaranteed provided by the Group.

(b) The Group had undertaken to indemnify certain lenders of the former subsidiaries for borrowings and related interest payables to the maximum extent of HK$108,114,000. As at 30 June 2025, provision for these financial guarantee contracts amounted to HK$108,114,000 has been recognized.

(c) As at 30 June 2025, bonds were issued by the Company with an aggregate principal amount of HK$27,000,000 bearing an interest rate of 6% per annum with a term of 10 years.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 30 June 2025 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least the twelve (12) months from the date of this circular in the absence of any unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group had developed a number of valuable intellectual properties, patents and trademarks. 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 this circular, the Group has will be principally engaged in the digital leasing, SaaS software development, E-commerce technology and media development businesses. This strategic partnership would enhance the Group's capabilities to link up hardware and software applications to code with the prevailing trends and allow the Group to step into a new business and in turn increase the source of income on top of our hardware foundation. 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 profit-making business opportunities; and
- To raise funds through capital markets.

Based on the published result announcement for the year ended 31 March 2025, dated 30 June 2025, of the Company, the Group incurred a loss for the year of approximately HK$64.3 million. As at 31 March 2025, the Company had current liabilities of approximately HK$231.1 million comprising of (i) trade and other payables of approximately HK$37.0 million; (ii) provision of financial guarantee of approximately HK$108.5 million; (iii) bank and other borrowings of approximately HK$47.5 million; and (iv) loans from shareholders of approximately HK$38.1 million.

The Company is experiencing (i) net loss position primarily due to instability in souring of raw materials and high purchase cost of raw materials due to small quantity of purchase; and (ii) impairment loss in relation to the discontinued operation. However, the Board is of the view that (i) the implementation of the subcontracting model; and (ii) fund raising as described in this circular, the loss-making financial position would gradually improve.

Taking into account that the Group had a bank balance and cash of approximately HK$10.1 million as at 31 March 2025, and the net proceeds from the November 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.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets 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 and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 31 March 2025. 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 assets of the Group attributable to equity holders of the Company had of the Rights Issue been completed as at 31 March 2025 or at any future date.

The Unaudited Pro Forma Information is prepared based on the audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2025 as derived from the Group's published annual results announcement for the year ended 31 March 2025, and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed as at 31 March 2025.

	Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 March 2025 *(Note 1)* *HK$'000*	**Estimated net proceeds from the Rights Issue** *HK$'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2025 immediately after completion of the Rights Issue** *(Note 2)* *HK$'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2025 per Share immediately after the Completion of the Rights Issue** *(Note 3)* *HK$*
Based on 45,822,744 Consolidated Shares to be issued at the Subscription Price of HK$3.24 per Consolidated Share	(64,043)	143,939	79,896	1.40

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of HK$64,043,000 as at 31 March 2025 is extracted from the consolidated financial statements of the Group for the year ended 31 March 2025 set out in the published annual results announcement of the Company.

2. The estimated net proceeds from the Rights Issue are based on 45,822,744 Rights Shares (calculated on the basis of three Rights Shares for every one consolidated share held as at 31 March 2025, details as disclosed in note 3) to be issued at the subscription price of HK$3.24 per Consolidated Share, after deducting the estimated related expenses of HK$4,526,000 to be incurred by the Group.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2025 per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2025 of HK$79,896,000 divided by 57,288,430 shares in issue upon completion of the Rights Issue, which comprises 11,455,686 Consolidated shares in issue before the Rights Issue and 45,822,744 Consolidated Shares to be issued under the Rights Issue.

   The 11,455,686 Consolidated shares in issue is calculated based on the shares in issue of 114,556,865 as at 31 March 2025 which are adjusted for share consolidation whereby every ten issued existing shares would be consolidated into one consolidated share as stipulated in the section ''Proposed Share Consolidation'' in the Letter from the Board of this circular.

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 31 March 2025.



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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 net asset statement as at 31 March 2025 and related notes as set out on page II-2 of the circular issued by the Company date 1 September 2025 (the "**Circular**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of four rights shares for every one adjusted share held on the record date (the "**Rights Issue**") on the Group's financial position as 31 March 2025 as if the Rights Issue had taken place at 31 March 2025. 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 audited consolidated financial statement for the year ended 31 March 2025.

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 Circulars" ("**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 (''**HKSQM**'') 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, 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 an investment circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred 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 June 2024 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.

Global Link CPA Limited
Certified Public Accountants
AU YEUNG MING YIN GORDON
Practising Certificate Number P08219

Hong Kong
1 September 2025

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Capital Reorganisation but before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation) will be, as follows:

(a) As at the Latest Practicable Date

	Number of Shares	**Nominal value of Shares** *HK$*
Authorised	30,000,000,000	300,000,000.00
Issued and fully paid	114,556,865	1,145,568.65

(b) Immediately after the Capital Reorganisation becomes effective

	Number of Shares	**Nominal value of Shares** *HK$*
Authorised	30,000,000,000	300,000,000.00
Issued and fully paid	11,455,686	114,556.86

(c) Immediately after completion of the Rights Issue

	Number of Shares	Nominal value of Shares *HK$*
Authorised	30,000,000,000	300,000,000.00
Issued and fully paid	11,455,686	114,556.86
Rights Shares to be issued	45,822,744	458,227.44
Shares in issue immediately after the Rights Issue	57,278,430	572,784.30

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.

As at the Latest Practicable Date, the Company does not hold any treasury shares.

3. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested in or were deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for

Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code.

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

As at the Latest Practicable Date, the Directors were not aware of any other person (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, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND ARRANGEMENTS

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 2025, 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, 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.

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 at the Latest Practicable Date, 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 has been no material adverse change in the financial or trading position of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Global Link CPA Limited	Certified Public Accountant
Messis Capital Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

As at the Latest Practicable Date, (i) each of the above experts has given and has not withdrawn its written consent to the issue of this circular 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) each of the above experts 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) each of the above experts 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 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

(a) the Placing Agreement;

(b) the placing agreement dated 28 October 2024 entered into between the Company and Advent Securities (Hong Kong) Limited in relation to placing of 19,090,000 Shares under general mandate;

(c) the placing agreement dated 19 February 2024 entered into between the Company and Space Securities Limited in relation to placing of 15,910,000 Shares under general mandate; and

(d) the placing agreement dated 12 January 2024 entered into between the Company and Space Securities Limited in relation to placing of a maximum of 15,910,000 Shares under general mandate. Such placing was lapsed on 6 February 2024.

11. CORPORATE INFORMATION

Executive Directors	Ms. Liao Liping *(Co-chairman)* Mr. Ho Chak Yu Mr. Zheng Yuxing
Non-executive Directors	Mr. Tian Yi *(Co-chairman)* Mr. Bian Wenbin *(Vice Chairman)* Mr. Xu Liao
Independent non-executive Directors	Mr. Chu Hoi Kan Mr. Lam Chi Wing Mr. Tang Sher Kin Mr. Deng Chaowen
Company Secretary	Mr. Yu Ngai
Authorised representatives	Mr. Ho Chak Yu Mr. Yu Ngai

Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Shanghai Commercial Bank Limited 35th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
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 Registrars	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
Registrars in Hong Kong	Tricor Abacus Limited 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Auditor	Global Link CPA Limited *Certified Public Accountants* Unit No. 1604 on 16/F of West Tower, Shun Tak Centre, Nos 168-200 Connaught Road Central, Hong Kong

12. PARTIES INVOLVED IN THE RIGHTS ISSUE

Company	Alco Holdings Limited 11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Legal Advisors to the Company	*As to Hong Kong law* ZM Lawyers 20th Floor, Central 88 Nos. 88–98 Des Voeux Road Central Hong Kong
Financial adviser to the Company	Advent Corporate Finance Limited Unit A–C, 11/F Kee Shing Centre 74–76 Kimberley Road Kowloon, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Messis Capital Limited Room 1303, 13/F, OfficePlus No.303 Hennessy Road Wan Chai, Hong Kong
Reporting accountant of the Company	Global Link CPA Limited *Certified Public Accountants* Unit No. 1604 on 16/F of West Tower, Shun Tak Centre, Nos 168-200 Connaught Road Central, Hong Kong
Placing Agent	Advent Securities (Hong Kong) Limited Unit A–C, 11/F Kee Shing Centre 74–76 Kimberley Road Kowloon, Hong Kong

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Ms. Liao Liping (廖莉萍), aged 49, was appointed as an executive Director of the Company on 8 April 2024 and re-designated as the co-chairman of the Company on 15 November 2024. Ms. Liao obtained a certificate of social music in department of art issued by Gannan Normal University (贛南師範學院) in July 1996. She has over 27 years of experience in banking, investment and education. She worked as general manager of Ganzhou Youbeibei Education Consulting Co., Ltd. (贛州市優貝貝教育諮詢有限公司) from May 2018 to March 2023; deputy general manager of Jiangxi Wenqin Education Investment Co., Ltd. (江西文欽教育投資有限公司) from January 2013 to April 2018; and manager of risk management department of Ganzhou Bank Co., Ltd. (贛州銀行股份有限公司) from July 1996 to December 2012.

Mr. Ho Chak Yu (何澤宇), aged 37, was appointed as an executive Director of the Company on 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 oversea business development manager in Stellar Capital since August 2019 and mainly focus on exploring oversea 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.

Mr. Zheng Yuxing (鄭育興), aged 58, has over 30 years of business experience. He has established companies in mainland China and directly operated businesses of computer, communications, and other electronic equipment as a major shareholder and executive director, primarily responsible for overall management and supervision of corporate resources and administration function; Mr. Zheng has served as the chief business advisor for the Group's subsidiaries for many years, responsible for managing and coordinating the Group's operations in Greater China and Taiwan. Therefore, Mr. Zheng is highly familiar with the Group's business management. In summary, Mr. Zheng possesses extensive business experience, and he will take this opportunity to assume the position of executive director of a listed company and lead the Company's business forward.

Non-executive Directors

Mr. Tian Yi (田軼), aged 36, was appointed as the co-chairman of the Company and a non-executive Director on 15 November 2024. Mr. Tian obtained a diploma in law from Guangdong Open University in 2023. He is the founder and chief executive officer of Yongfuxiang Health Management Co., Ltd. (永福祥健康管理有限公司) since 2018 and the founder and chairman of Shiruikang Health Technology Co., Ltd. (施瑞康健康科技有限公司) since 2018.

Mr. Bian Wenbin (邊文斌), aged 43, was appointed as a non-executive Director of the Company on 20 June 2025. Mr. Bian has over 15 years of experience in finance. Mr. Bian graduated from Jiangnan University (江南大學) majoring in finance in 2016. Mr. Bian served as the Head of the Bank Insurance Department of China Pacific Property

Insurance Co., Ltd. (中國太平洋財產保險股份有限公司) from 2006 to 2011, primarily responsible for bank contracting and the promotion of insurance business. From 2011 to 2012, he served as the General Manager of the Bank Insurance Department of China Continent Property and Casualty Insurance Company Ltd. (中國大地財產保險股份有限公司), responsible for the management and development of the Bank Insurance Department. From 2012 to 2014, he served as the head of the Bank Insurance Department of Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), where he led the promotion of the company's banking business. From 2014 to 2016, he served as the head of the Liability and Accidental Insurance Department of China Life Property & Casualty Insurance Company Limited (中國人壽財產保險股份有限公司), mainly responsible for business review management and company business promotion. From 2016 to 2018, he served as the person in charge of Wuxi Branch of Huatai Property & Casualty Insurance Co., Ltd. (華泰財產保險股份有限公司), responsible for institutional management. From 2018 to 2019, he served as Product Manager at Alltrust Insurance (永誠保險) and China United Insurance (中華聯合保險), primarily responsible for the development of new insurance products. From 2019 to 2024, he served as the founder of Jiangsu Guohu Network Technology Co., Ltd. (江蘇國互網路科技有限公司) (a company primarily engaged in information transmission, software and information technology services), responsible for promoting the integration of traditional financial business with digital tools. During that period of employment, Mr. Bian successively founded Linzai (Jiangsu) Legal Consulting Service Co., Ltd. (臨在(江蘇)法律諮詢服務有限公司) and Shanghai Honglüda Intelligent Technology Co., Ltd. (上海宏律達智慧科技有限公司), leading the intelligent transformation of financial and legal services. Since 2024, Mr. Bian has been the founder and chairman of Shenzhen Zhongcheng Shuke Holdings Group Co., Ltd. (深圳中城數科控股集團有限公司).

Mr. Xu Liao (許遼), aged 38, has over 18 years of sales and management experience in the telecommunication industry. Mr. Xu graduated from University of International Business and Economics with a major in Business Administration in 2021. Mr. Xu worked at the Dongguan Branch of Shenzhen Jinlun Technology Co., Ltd. (深圳金倫科技有限公司) from 2007 to 2009, where he was promoted from salesperson to manager. During his tenure as manager, he was mainly responsible for the management of the sales team. From 2009 to 2019, he worked at Guangdong Youxin Infinite Network Co., Ltd. (廣東優信無限網絡股份有限公司), where he was promoted from manager to president. During his tenure as president, he was mainly responsible for management work. From 2019 to 2021, he served as the founder and general manager of China Mobile Rongchuang Technology (Guangdong) Co., Ltd. (中移融創科技(廣東)有限公司), responsible for sales, operation and service management. From 2021 to 2023, he served as the founder and general manager of Youxin Infinite Technology (Hubei) Co., Ltd. (優信無限科技(湖北)有限公司), responsible for sales, operation and service management. From 2023 to 2025, he served as the party branch secretary and general manager of Guangdong China Construction Communication Service Co., Ltd. (廣東中建通信服務有限公司), responsible for party building and management work. Since 2025, Mr. Xu has been serving as the general manager of Guangzhou Qingyun Navigation Technology Consulting Co., Ltd. (廣州青雲領航科技諮詢有限公司), responsible for team formation, team building and management.

Independent Non-executive Directors

Mr. Chu Hoi Kan (朱凱勤), aged 38, was appointed as an independent non-executive Director on 9 September 2022. Mr. Chu 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. Chu was an independent non-executive director of MOG Digitech Holdings Limited (stock code: 1942) from September 2022 to September 2023. Mr. Chu currently serves as an independent non-executive director of DreamEast Group Limited (stock code: 593) since January 2024.

Mr. Lam Chi Wing (林至穎), aged 46, was appointed as an independent non-executive Director on 16 June 2022. Mr. Lam obtained a bachelor of business administration in accounting and finance degree from The University of Hong Kong in December 2003, a master of science in knowledge management degree from The Hong Kong Polytechnic University in December 2006 and a master of business administration degree from The Chinese University of Hong Kong in December 2010. He is currently a postgraduate of the Executive Master in Public Administration Hong Kong Administrative Talents Program conducted by the School of Public Policy & Management at Tsinghua University.

Mr. Lam joined Li & Fung Group in September 2003, where he served as the group chief representative and general manager of Southern China of Li & Fung Development (China) Limited prior to his departure in July 2015. From June 2020 to December 2020, he was a brand and new retail strategic officer of Bonjour Holdings Limited.

Mr. Lam has been a deputy to the 14th National People's Congress (第十四屆全國人大代表), a member of each of the 12th and 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆及第十三屆廣東省委員會) and a member of each of the 11th and 12th Zhongshan Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆及第十二屆中山市委員會). Mr. Lam is currently a vice-chairman of each of the Hong Kong Guangdong Youth Association (香港廣東青年總會), the council of the Guangdong Society of Commercial Economy (廣東省商業經濟學會理事會), the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation (廣東省粵港澳合作促進會) and the Federation of Hong Kong Zhong Shan Community Organisations Limited (香港中山社團總會). He is also currently an adjunct associate

professor of the department of information systems, business statistics and operations management of the Business School of The Hong Kong University of Science and Technology, and co-director and an adjunct professor of the Center of Innovation Design and Entrepreneurship of the School of Management and Economics of The Chinese University of Hong Kong, Shenzhen. Mr. Lam served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from 2011 to 2012.

Mr. Lam was an executive director of Bonjour Holdings Limited (stock code: 653) from July 2020 to December 2020. Mr. Lam currently serves as an independent non-executive director of Carry Wealth Holdings Limited (stock code: 643) since January 2024, an independent non-executive director of China Wantian Holdings Limited (stock code: 1854) since June 2023, a non-executive director of DreamEast Group Limited (stock code: 593) since November 2023, an independent non-executive director of MTT Group Holdings Limited (stock code: 2350) since August 2022, an independent non-executive director of Renheng Enterprise Holdings Limited (stock code: 3628) since July 2023, an independent non-executive director of Space Group Holdings Limited (stock code: 2448) since April 2023, an independent non-executive director of TOMO Holdings Limited (stock code: 6928) since January 2024 and an independent non-executive director of Wai Hung Group Holdings Limited (stock code: 3321) since March 2019.

Mr. Lam has also served as an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 0286) from March 2016 to December 2022, and re-joined since October 2023.

Mr. Tang Sher Kin (鄧社堅), aged 55, was appointed as an independent non-executive Director on 16 June 2022. Mr. Tang 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 was an independent non-executive director of Kwong Luen Engineering Holdings Limited (stock code: 1413) from February 2021 to September 2023.

Mr. Deng Chaowen (鄧超文), aged 45, was appointed as an independent non-executive Director on 27 October 2023. Mr. Deng holds a Master's degree in International Management from Oxford Brookes University, UK, awarded in July 2003. He also obtained a Bachelor's degree in Management from Guangdong University of Technology, China, in July 2002.

Mr. Deng possesses over twenty years of experience in human resources management, organizational management and corporate operation management in the information technology industry. He worked as human resource manager from 2009 to 2011 in Tencent Holdings Limited (stock code: 0700), a company listed on the main board of The Stock Exchange of Hong Kong. Prior to that, he also worked for Huawei and Kingdee International (Stock code: 0268) as human resource manager and senior human resource manager respectively. Mr. Deng currently serves as the Co-founder and CEO of Oriental Info Technology Co., Ltd., and its wholly-owned enterprises, including Shenzhen Industry Technology Co., Ltd. Since 2017, he has also worked as a strategic consultant for numerous startup IT companies in Shenzhen. He currently serves as independent non-executive director of Hang Yick Holdings Company Limited (stock code: 1894) since January 2024.

Company Secretary

Mr. Yu Ngai (余毅), aged 35, was appointed as the Company Secretary on 21 March 2024. Mr. Yu graduated in 2010 from The Hong Kong Polytechnic University with a bachelor's degree in accounting and has been a member of the Hong Kong Institute of Certified Public Accountants since 2013.

Mr. Yu has extensive working experience in finance, accounting, company secretarial and compliance areas and worked for an international accounting firm and listed companies in Hong Kong. Prior to joining the Company, Mr. Yu served as the chief financial officer of CHK Oil Limited (Stock Code: 632) from August 2017 to March 2019, the chief financial officer and authorised representative of Winto Group (Holdings) Limited (Stock Code: 8238) from April 2019 to November 2019, deputy chief financial officer of C&D Newin Paper & Pulp Corporation Limited (Stock Code: 731) from August 2020 to February 2021 and served as the chief financial officer, company secretary and authorised representative of C&D Newin Paper & Pulp Corporation Limited (Stock Code: 731) from February 2021 to January 2022. He currently serves as the company secretary of Winto Group (Holdings) Limited since April 2019 and as the company secretary and authorised representative of China Energine International (Holdings) Limited (Stock Code: 1185) since March 2019.

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$4.5 million, which are payable by the Company.

15. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.alco.com.hk) for not less than 14 days from the date of this circular:

(a) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 37 to 38 of this circular;

(b) the letter from the Independent Financial Adviser, the text of which is set out on page 39 to 58 of this circular;

(c) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this circular;

(d) the written consent of each of the experts as referred to in the section headed "9. QUALIFICATIONS AND CONSENTS OF EXPERTS" of this appendix; and

(e) the material contracts, referred in the paragraph headed "10. MATERIAL CONTRACTS" in this appendix.

16. 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) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Alco Holdings Limited (the "**Company**") will be held at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong on Tuesday, 23 September 2025 at 11:00 a.m. for purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 1 September 2025 (the "**Circular**"):

SPECIAL RESOLUTION

1. "**THAT** subject to and conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) arising from the Capital Reorganisation (as defined below); and (ii) the compliance by the Company with section 46(2) of the Companies Act 1981 of Bermuda and the Listing Rules to effect the Capital Reorganisation (as defined below), with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange:

   (a) every ten (10) issued and unissued existing Shares of par value of HK$0.01 each in the authorised share capital of the Company be consolidated (the "**Share Consolidation**") into one (1) ordinary share of par value of HK$0.10 (the "**Consolidated Share(s)**");

   (b) immediately following the Share Consolidation becoming effective, the issued share capital of the Company be reduced from an amount of HK$1,145,568.65 by an amount of HK$1,031,011.79 to an amount of HK$114,556.86 by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid-up share capital of the Company to the extent of HK$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$0.10 to HK$0.01 (the "**Capital Reduction**") and the credit arising from the Capital Reduction of approximately HK$1,031,011.79 will be credited to the contributed surplus account of the Company within the meaning of the Companies Act (the

"**Contributed Surplus Account**") for use by the directors of the Company (the "**Directors**") in any manner as permitted by applicable laws and the bye-laws of the Company in effect from time to time without further authorisation from the shareholder of the Company and all such actions in relation thereto be approved, ratified and confirmed;

(c) immediately following the Capital Reduction becoming effective, each of the then authorised but unissued Consolidated Shares of par value of HK$0.10 each in the share capital of the Company be subdivided into ten (10) authorised but unissued shares of par value of HK$0.01 each in the share capital of the Company (the "**Adjusted Share(s)**") such that the authorised share capital of the Company will be HK$300,000,000.00 divided into 30,000,000,000 Adjusted Shares of par value of HK$0.01 each (the "**Share Subdivision**"), immediately following the Share Subdivision becoming effective and such Adjusted Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;

(d) the entire amount of HK$121,082,871.18 standing to the credit of the share premium account of the Company be cancelled to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the board of Directors to apply such amount from time to time without further authorisation from the shareholders of the Company in such manner as permitted under applicable laws and the bye-laws of the company (the "**Share Premium Cancellation**", together with the Share Subdivision, Share Consolidation and the Capital Reduction, the "**Capital Reorganisation**"); and

(e) any one of the Directors be and are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Capital Reorganisation, on behalf of the Company, including under common seal where applicable, as they may consider necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Capital Reorganisation."

ORDINARY RESOLUTION

2. "**THAT** subject to the passing of special resolution number 1 above and the satisfaction of the conditions set out in the letter from Letter from the Board under the heading "Conditions of the Rights Issue" in the Circular (including The Stock Exchange of Hong Kong Limited granting and not having revoked the listing of and permission to deal in the Rights Shares (as defined below)):

(a) the allotment and issue by the Company by way of rights (the "**Rights Issue**") of a maximum of 45,822,744 Shares of par value HK$0.01 each (the "**Rights Shares**" and each a "**Rights Share**") at a subscription price of HK$3.24 per Rights Share to the qualifying shareholders of the Company (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company on 10 October 2025 or such other date as may be determined by the

Company for the determination of the entitlements under the Rights Issue (the "**Record Date**") (other than those shareholders (the "**Non-Qualifying Shareholders**") with registered addresses outside Hong Kong whom the Board, after making reasonable enquiries, considers it necessary or expedient not to offer the Rights Shares to them on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions) on the basis of four (4) Rights Shares for every one (1) Adjusted Share of the Company then held on the Record Date and pursuant to the terms and conditions as set out in the Circular (a copy of which marked "A" is produced to the SGM and initialed by the chairman of the SGM for the purpose of identification) of which this notice convening the SGM forms part, be and is hereby approved;

(b) the terms of, and the Company's entry into and performance of the placing agreement dated 7 July 2025 entered into between the Company and Advent Securities (Hong Kong) Limited (a copy of which has been produced to the SGM marked "B" and signed by the chairman of the SGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) any one of the Directors be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid form and fully-paid form) pursuant to and in connection with the Rights Issue notwithstanding the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Director be and is hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Non-Qualifying Shareholders as he/she deems necessary, desirable or expedient having regard to any restrictions or obligations under the memorandum and articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and

(d) any one of the Directors be and is hereby authorised to do all such acts and things, as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Rights Issue and the transactions contemplated thereunder, including but not limited to executing and delivering, and (where required) to affix the common seal of the Company to, all such documents, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the Rights Issue and the implementation of all transactions contemplated thereunder, including

but not limited to the issue and allotment of Rights Shares and to agree with such variation, amendment or waiver as, in his opinion, appropriate and in the interests of the Company and its shareholders as a whole.''

By order of the Board
Alco Holdings Limited
Liao Liping
Co-chairman and executive Director

Hong Kong, 1 September 2025

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
11/F, Metropole Square
2 On Yiu Street
Sha Tin
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. Proxy forms must be lodged with the Company's share registrar in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting.

2. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the Meeting or its adjourned meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

3. A form of proxy for use at the Meeting or its adjourned meeting is enclosed.

4. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the Meeting or its adjourned meeting. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the Meeting or its adjourned meeting and in such event, the form of proxy shall be deemed to be revoked.

5. The voting at the Meeting or its adjourned meeting will be taken by poll.

6. If tropical cyclone warning signal No. 8 or above, or a ''black'' rainstorm warning or ''extreme conditions after super typhoons'' announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at www.alco.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify the Shareholders of the date, time and place of the re-scheduled Meeting.

   If a tropical cyclone warning signal No. 8 or above or a ''black'' rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an "amber" or "red" rainstorm warning signal is in force.

7. As at the date of this notice, the executive Directors of the Company are Ms. Liao Liping (Co-chairman), Mr. Ho Chak Yu and Mr. Zheng Yuxing. Non-executive Directors of the Company are Mr. Tian Yi (Co-chairman), Mr. Bian Wenbin (Vice Chairman) and Mr. Xu Liao. Independent non-executive Directors of the Company are Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen.