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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 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 their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" on page 26 of this prospectus.

**Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this prospectus, 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 prospectus.**

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## ALCO HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

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

**(Stock Code: 328)**

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

**Financial adviser to the Company**



**中國通海企業融資  
CHINA TONGHAI CAPITAL**

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Capitalised terms used on this cover shall have the same meanings as those defined in this prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional document, the Companies Act, the Companies Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" on pages 22 to 23 of this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:30 p.m. on Thursday, 14 February 2019). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Wednesday, 16 January 2019. Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 29 January 2019 to Friday, 8 February 2019 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:30 p.m. on Thursday, 14 February 2019) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance and payment for the Rights Shares and application for excess Rights Shares is 4:00 p.m. on Wednesday, 13 February 2019.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" on pages 16 to 17 of this prospectus.

25 January 2019

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## DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Alco Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 328);
“Companies Act”	Bermuda Companies Act 1981;
“Companies Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
“Controlling Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their pro-rata entitlements under the Rights Issue;
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue pursuant to the Listing Rules;
“Final Acceptance Date”	Wednesday, 13 February 2019 (or such other date the Company may determine), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares;

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## DEFINITIONS

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“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KL Irrevocable Undertakings”	a deed of irrevocable undertakings entered into on 28 December 2018 by Mr. Kimen Leung in favour of the Company in connection with the Rights Issue;
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant;
“Irrevocable Undertakings”	the KL Irrevocable Undertakings, the Shundean Irrevocable Undertakings, and the Leung Family Members Irrevocable Undertakings;
“Latest Practicable Date”	21 January 2019, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus;
“Last Trading Day”	Friday, 28 December 2018, being the last full trading day before the release of the announcement of the Company dated 28 December 2018 on the Rights Issue;
“Leung Family Members”	Mr. Leung Wai Sing, Wilson, a Director and Mr. Kimen Leung’s son; Mr. Leung Wai Lap, David, a member of the senior management of the Company and Mr. Leung Wai Sing, Wilson’s brother; and Ms. Alice Nga Sze Chung, the spouse of Mr. Leung, Jimmy, who in turn is Mr. Leung Wai Sing, Wilson’s brother;
“Leung Family Members Irrevocable Undertakings”	deeds of irrevocable undertakings entered into on 28 December 2018 by each of the Leung Family Members in favour of the Company in connection with the Rights Issue;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kimen Leung”	Mr. Leung Kai Ching, Kimen, the founder and a Controlling Shareholder of the Company who also holds 100% shareholding interest of Shundean Investments;
“Nil-paid Rights Transfer Agreement”	an agreement dated 28 December 2018 entered into among Mr. Kimen Leung, Shundean Investments and the Leung Family Members pursuant to which Shundean Investments will transfer to the Leung Family Members the Remaining Rights Shares which are to be provisionally allotted to it under the Rights Issue;
“Overseas Shareholder(s)”	the Shareholder(s) (whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date) with registered address(es) outside of Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders under the Rights Issue;
“PC”	personal computer;
“Posting Date”	Friday, 25 January 2019 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Prospectus Documents”	this prospectus, the PAL and the EAF;
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date;
“Record Date”	Thursday, 24 January 2019 or on such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined;

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## DEFINITIONS

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“Registrar”	Tricor Abacus Limited, the Hong Kong branch share registrar and transfer office of the Company;
“Remaining Rights Shares”	an aggregate of 14,576,750 Rights Shares which will constitute part of Shundeans Investments’ assured entitlements under the Rights Issue and which Shundeans Investments will not take up and will instead transfer to the Leung Family Members pursuant to the Nil-paid Rights Transfer Agreement;
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every four (4) Shares held by each Qualifying Shareholder on the Record Date at the Subscription Price;
“Rights Share(s)”	up to 144,648,930 new Shares to be allotted and issued under the Rights Issue;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shundeans Investments”	Shundeans Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Kimen Leung;
“Shundeans Irrevocable Undertakings”	a deed of irrevocable undertakings entered into on 28 December 2018 by Shundeans Investments in favour of the Company in connection with the Rights Issue;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.87 per Rights Share under the Rights Issue;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs; and
“%”	per cent.

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the Rights Issue. Dates or deadlines specified below and in other parts of this prospectus are indicative only and may be varied by the Company. In the event that any special circumstances arise, the Board may extend, or make adjustments to, the timetable if it considers appropriate. The Company will notify Shareholders by way of announcement(s) of a change to the expected timetable as and when appropriate.*

All times and dates in this prospectus refer to Hong Kong local times and dates.

First day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 29 January 2019
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Thursday, 31 January 2019
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 8 February 2019
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares . . . . .	4:00 p.m. on Wednesday, 13 February 2019
Latest time for the Rights Issue to become unconditional . . . . .	4:30 p.m. on Thursday, 14 February 2019
Announcement of the results of the Rights Issue to be published . . . . .	Wednesday, 20 February 2019
Refund cheques for wholly and partially unsuccessful excess applications to be posted . . . . .	Thursday, 21 February 2019
Share certificates of fully-paid Rights Shares to be posted . . . . .	Thursday, 21 February 2019
Dealings in fully-paid Rights Shares commence . . . . .	9:00 a.m. on Friday, 22 February 2019

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as set out on page 5 of this prospectus if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 13 February 2019. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares 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 Wednesday, 13 February 2019. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be re-scheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Wednesday, 13 February 2019, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Basis of Rights Issue:	One (1) Rights Share for every four (4) Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	578,595,720 Shares
Subscription Price:	HK\$0.87 per Rights Share
Number of Rights Shares to be issued under the Rights Issue:	Up to 144,648,930 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Enlarged issue share capital upon completion of the Rights Issue:	Up to 723,244,650 Shares (assuming no change in the number of Shares in issue on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up:	Mr. Kimen Leung, Shundean Investments and the Leung Family Members have undertaken to take up an aggregate of 82,276,398 Rights Shares (representing approximately 56.88% of the total Rights Shares to be provisionally allotted by the Company)
Funds raised before expenses:	Up to approximately HK\$125.84 million (assuming all the Rights Shares will be taken up)
Right to make excess applications:	Qualifying Shareholders may apply, by way of excess application, for Rights Shares in excess of their provisional allotments

The 144,648,930 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 25% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue.

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## SUMMARY OF THE RIGHTS ISSUE

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

The Rights Issue is subject to the fulfilment or (where applicable) waiver of the conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 22 to 23 of this prospectus. The conditions include the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

Shareholders and investors should also note that the Rights Issue may not proceed upon the occurrence of certain events (as specifically set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 22 to 23 of this prospectus) at or prior to the latest time for the Rights Issue to become unconditional, which is currently expected to be 4:30 p.m. on Thursday, 14 February 2019. These include force majeure events, and/or any change in the market conditions or combination of circumstances in Hong Kong which in the absolute opinion of the Company will in any material respect affect the success of the Rights Issue or will otherwise make it inadvisable or inappropriate for the Company to proceed with the Rights Issue.

If any of the conditions of the Rights Issue is not fulfilled or (where applicable) waived at or prior to the latest time for the the Rights Issue to become unconditional (which is currently expected to be 4:30 p.m. on Thursday, 14 February 2019), the Rights Issue will not proceed.

Any Shareholder or investor dealing in the Shares and/or the Rights Shares in their nil-paid form up to the latest time for the Rights Issue to become unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or investor contemplating any dealings in the Shares and/or the Right Shares in their nil-paid form are recommended to consult their professional advisers.

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 the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

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## LETTER FROM THE BOARD

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### **ALCO HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

**(Stock Code: 328)**

*Executive Directors:*

Mr. LEUNG Wai Sing, Wilson (*Chairman*)  
Mr. KUOK Kun Man  
Mr. LEUNG, Jimmy  
Mr. LIU Lup Man

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent Non-executive Directors:*

Mr. LI Wah Ming  
Mr. LEE Tak Chi  
Mr. CHEUNG, Johnson

*Head Office and Principal Place of  
Business in Hong Kong:*

11/F, Metropole Square  
2 On Yiu Street  
Sha Tin  
New Territories  
Hong Kong

25 January 2019

*To the Qualifying Shareholders*

Dear Sirs and Madams,

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

**INTRODUCTION**

Reference is made to the announcement of the Company dated 28 December 2018 whereby the Board announced that the Company proposed to conduct the Rights Issue to raise up to approximately HK\$125.84 million before expenses by issuing up to 144,648,930 Rights Shares at the Subscription Price of HK\$0.87 per Rights Share on the basis of one (1) Rights Share for every four (4) Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be extended to the Excluded Shareholder(s) (if any).

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## LETTER FROM THE BOARD

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The purpose of this prospectus is to provide you with, among other things, further details on the Rights Issue and the relevant financial information and other general information in respect of the Group.

### RIGHTS ISSUE

The terms of the Rights Issue are set out as follows:

#### Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every four (4) Shares held by a Qualifying Shareholder on the Record Date
Subscription Price:	HK\$0.87 per Rights Share
Number of Shares in issue as at Latest Practicable Date:	578,595,720 Shares
Number of Rights Shares to be issued under the Rights Issue:	Up to 144,648,930 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$14,464,893
Enlarged issue share capital upon completion of the Rights Issue:	Up to 723,244,650 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up:	Mr. Kimen Leung, Shundean Investments and the Leung Family Members have undertaken to take up an aggregate of 82,276,398 Rights Shares (representing approximately 56.88% of the total Rights Shares to be provisionally allotted by the Company)

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## LETTER FROM THE BOARD

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Funds raised before expenses:	Up to approximately HK\$125.84 million (assuming all the Rights Shares will be taken up)
Right to make excess applications:	Qualifying Shareholders may apply, by way of excess application, for the Rights Shares in excess of their provisional allotments

The 144,648,930 Rights Shares to be issued pursuant to the terms of the Rights Issue will represent: (i) 25% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming no new Shares will be issued on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue.

As at the Latest Practicable Date, the Company had no outstanding convertible debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares, and the Company had no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

### **Subscription Price**

The Subscription Price of HK\$0.87 per Rights Share is payable in full when a Qualifying Shareholder accepts any of his/her/its provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the relevant Rights Shares.

The Subscription Price:

- (i) represents a discount of approximately 13.86% to the closing price of HK\$1.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 12.30% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.99 per Share;
- (iii) represents a discount of approximately 13.09% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$1.00 per Share;

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## LETTER FROM THE BOARD

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- (iv) represents a discount of approximately 11.41% to the theoretical ex-rights price of approximately HK\$0.98 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) represents a discount of approximately 68.25% to the unaudited consolidated net asset value per Share of approximately HK\$2.74 (based on the latest published consolidated net asset value of the Group of HK\$1,585,783,000 as at 30 September 2018 as disclosed in the interim report of the Company for the six months ended 30 September 2018 and 578,595,720 Shares in issue as at the Latest Practicable Date); and
- (vi) is the same as the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined with reference to the recent market prices of the Shares, the current market conditions, the financial conditions of the Company, and the amount of funds the Company intends to raise under the Rights Issue.

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

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every four (4) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for acceptance of the Rights Shares with the Registrar on or before 4:00 p.m. on the Final Acceptance Date.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder on the Record Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholder(s)**

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. According to the register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder whose registered address was in the PRC, holding 2,000 Shares. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the PRC and the requirements of the regulatory bodies or stock exchanges of the PRC with respect to extending the Rights Issue to the Overseas Shareholder. The Company has been advised by its legal advisers in the PRC that the Prospectus Documents would not be required to be registered with any regulatory authorities or the stock exchanges of the PRC. Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholder in the PRC, who is therefore a Qualifying Shareholder. As set out in the announcement of the Company dated 28 December 2018, in order to be registered as a member of the Company on the Record Date, a Shareholder must have lodged the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 17 January 2019. Based upon the register of members of the Company as at the Latest Practicable Date, there was no Excluded Shareholder.

**The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.**

It is the responsibility of any person (including but not limited to Shareholders and beneficial owners of the Shares, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Any acceptance of the offer of the Rights Shares by any person by way of completion or return to the Registrar of a PAL and/or an EAF will be deemed to constitute a representation and warranty from such person to the Company that the applicable local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties provisions above.

The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so may violate applicable legal or regulatory requirements.

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## LETTER FROM THE BOARD

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Notwithstanding any other provision in this prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

### **Distribution of the Prospectus Documents**

The Company will only send this prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this prospectus, for information purposes only, to the Excluded Shareholders (if any). The Company will not send any PALs or EAFs to the Excluded Shareholders (if any).

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

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## LETTER FROM THE BOARD

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Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this prospectus or a PAL or an EAF in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders. No odd-lot matching services will be provided.

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## LETTER FROM THE BOARD

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### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Wednesday, 13 February 2019 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares and for Application and Payment for Excess Rights Shares" in "Expected Timetable" on page 6 in this prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**ALCO HOLDINGS LIMITED – RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 13 February 2019, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 31 January 2019 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Shareholders are advised to study the procedures set out in the PAL carefully.

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## LETTER FROM THE BOARD

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If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” on pages 22 to 23 of this prospectus is not fulfilled or, where applicable, waived at or before 4:30 p.m. on Thursday, 14 February 2019 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 21 February 2019.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Application for excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the full amount payable for application for the excess Rights Shares, with the Registrar by not later than 4:00 p.m. on Wednesday, 13 February 2019 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares and for Application and Payment for Excess Rights Shares” in “Expected Timetable” on page 6 in this prospectus). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**ALCO HOLDINGS LIMITED – EXCESS APPLICATION ACCOUNT**” and crossed “**ACCOUNT PAYEE ONLY**”.

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## LETTER FROM THE BOARD

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The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company as at the close of business on the Record Date. Accordingly, the Investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to individual beneficial owners whose Shares are held by any such nominee company.

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## LETTER FROM THE BOARD

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The Company reserves the right to refuse to accept any application for the excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on his application is expected to be returned to him in full without interest on or before Thursday, 21 February 2019 by means of cheques despatched by the Registrar by ordinary post at the risk of the Qualifying Shareholder to his registered address. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than what is applied for, the surplus application monies are also expected to be returned to him without interest on or before Thursday, 21 February 2019.

If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 22 to 23 of this prospectus is not fulfilled or, where applicable, waived at or before 4:30 p.m. on Thursday, 14 February 2019 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 21 February 2019.

The EAF is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any application monies received.

### **Cheques and banker’s cashier orders**

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL or an EAF together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL or EAF (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder’s assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

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## LETTER FROM THE BOARD

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### **Beneficial owners' instructions to their Intermediary**

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” on page 5 of this prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 2,000 Shares in one board lot.

### **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 settlement 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.

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## LETTER FROM THE BOARD

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### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for Rights Issues**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” on pages 22 to 23 of this prospectus, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 21 February 2019.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 21 February 2019 by ordinary post to the applicants’ registered address, at their own risk.

### **The Rights Issue is on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) 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 and there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed. In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

The legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue under Bermuda or Hong Kong laws.

A Shareholder who applies to take up all or part of his entitlement under PAL or apply for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

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## LETTER FROM THE BOARD

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Accordingly, the Rights Issue will be made on the terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code.

For the avoidance of doubt, the above provision shall not apply to HKSCC Nominees Limited.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as applicable) of each of the following conditions:

- (a) the meeting(s) of the Board properly and validly convened to approve and implement the Rights Issue;
- (b) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than the Posting Date, each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the prospectus to the Excluded Shareholder(s), if any, and for information purposes only, on or before the Posting Date;
- (d) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (e) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

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## LETTER FROM THE BOARD

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- (f) compliance with and performance of all undertakings and obligations of Mr. Kimen Leung, Shunde Investments, and the Leung Family Members under the Irrevocable Undertakings in all material respects; and
- (g) there shall not have occurred and be continuing any of the following:
  - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by members of the Company) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affects the business or the financial or trading position or prospects of the Company or the Rights Issue; or
  - (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company occurs, whether or not of the same kind with any of the foregoing; or
  - (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for conditions (f) and (g) above which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled and/or not waived (where applicable) at or before 4:30 p.m. on Thursday, 14 February 2019 or such later time and/or 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.**

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## LETTER FROM THE BOARD

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### IRREVOCABLE UNDERTAKINGS AND NIL-PAID RIGHTS AGREEMENT

As at the Latest Practicable Date, Mr. Kimen Leung and Shunde Investments (a company wholly-owned by Mr. Kimen Leung) respectively held 20,150,000 Shares and 225,911,400 Shares. Mr. Kimen Leung's aggregate beneficial shareholding interest in the Company amounts to 246,061,400 Shares (representing approximately 42.53% of the issued share capital of the Company as at the Latest Practicable Date).

Pursuant to the KL Irrevocable Undertakings, Mr. Kimen Leung has irrevocably and unconditionally undertaken to the Company, among other things: (i) to accept and take up all of his assured entitlements arising from his direct shareholding interest in the Company under the Rights Issue which shall amount to 5,037,500 Rights Shares (representing approximately 3.48% of the total Rights Shares proposed to be provisionally allotted by the Company); (ii) that he will not sell, transfer, or dispose of the 20,150,000 Shares of which he is the registered holder and beneficial owner or acquire additional Shares (other than taking up his aforesaid assured entitlements under the Rights Issue) from the date of the KL Irrevocable Undertakings up to the latest date on which the Rights Issue becomes unconditional; (iii) that he will not apply for any excess Rights Shares; and (iv) that he will procure Shunde Investments to perform its obligations under the Shunde Irrevocable Undertakings.

Pursuant to the Shunde Irrevocable Undertakings, Shunde Investments has irrevocably and unconditionally undertaken to the Company, among other things: (i) to accept and take up part of its assured entitlements under the Rights Issue being 41,901,100 Rights Shares (representing approximately 28.97% of the total Rights Shares proposed to be provisionally allotted by the Company); (ii) that it will not sell, transfer, or dispose of the 225,911,400 Shares of which it is the registered holder or acquire additional Shares (other than taking up the aforesaid portion of its assured entitlements under the Rights Issue) from the date of the Shunde Irrevocable Undertakings up to the latest date on which the Rights Issue becomes unconditional; and (iii) that on and subject to the terms of the Nil-paid Rights Transfer Agreement, it will transfer the nil-paid rights of all and not part only of the Remaining Rights Shares, being an aggregate of 14,576,750 Rights Shares, to the Leung Family Members for a consideration.

As at the Latest Practicable Date, the Leung Family Members collectively held an aggregate of 83,044,190 Shares (representing approximately 14.35% of the issued share capital of the Company as at the Latest Practicable Date). Pursuant to the Leung Family Members Irrevocable Undertakings, the Leung Family Members have irrevocably and unconditionally undertaken to the Company, among other things: (i) to accept and take up all of their assured entitlements under the Rights Issue which shall amount to an aggregate of 20,761,048 Rights Shares (representing approximately 14.35% of the total Rights Shares proposed to be provisionally allotted by the Company); (ii) that each of them will not sell, transfer, or dispose of the Shares held by them as of the Latest Practicable Date or acquire additional Shares (other than taking up its assured entitlements under the Rights Issue and the relevant nil-paid rights pursuant to the terms of the Nil-paid Rights Transfer Agreement, and their potential application for excess Rights Shares) from the date of the Leung Family Members Irrevocable Undertakings up to the latest date on which the Rights Issue becomes unconditional; and (iii) that on and subject to the terms of the Nil-paid Rights Transfer Agreement, they will collectively take up all of the nil-paid rights in respect of the Remaining Rights Shares to be transferred to them by Shunde Investments and subscribe to the corresponding Rights Shares.

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## LETTER FROM THE BOARD

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In addition to the Rights Shares the Leung Family Members have undertaken to subscribe to as set out above, they may also apply for excess Rights Shares. As two of the Leung Family Members, Mr. Leung Wai Sing, Wilson, and Mr. Leung Wai Lap, David, are Mr. Kimen Leung's sons, they are the associates of Mr. Kimen Leung pursuant to Rule 14A.12 of the Listing Rules. Under Rule 7.21(3)(b) of the Listing Rules, the Company is required, and will take steps, to identify the excess applications (if any) made by Mr. Leung Wai Sing, Wilson and Mr. Leung Wai Lap, David and will disregard their excess applications to the extent the total number of excess Rights Shares each of them has applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by each of them under their respective assured entitlements.

Set out below are the number of Shares held by Mr. Kimen Leung, Shunde Investments, and each of the Leung Family Members as at the Latest Practicable Date and the respective number of Rights Shares they have irrevocably and unconditionally undertaken to accept and subscribe to pursuant to their respective Irrevocable Undertakings:

Shareholder(s)	Number of Shares held as at the Latest Practicable Date	Number of Rights Shares undertaken to be taken up under PAL	Number of Rights Shares undertaken to be taken up under Nil-paid Rights Transfer Agreement	Total number of Rights Shares undertaken to be taken up
Mr. Kimen Leung and Shunde Investments (Note 1)	246,061,400	46,938,600	N/A	46,938,600
Mr. Leung Wai Sing, Wilson (Note 2)	47,072,000	11,768,000	8,262,550	20,030,550
Mr. Leung Wai Lap, David (Note 3)	34,828,190	8,707,048	6,113,394	14,820,442
Ms. Alice Nga Sze, Chung (Note 4)	<u>1,144,000</u>	<u>286,000</u>	<u>200,806</u>	<u>486,806</u>
<b>Total:</b>	<u><u>329,105,590</u></u>	<u><u>67,699,648</u></u>	<u><u>14,576,750</u></u>	<u><u>82,276,398</u></u>

Notes:

1. Mr. Kimen Leung, the founder of the Group, is the beneficial owner of 20,150,000 Shares (approximately 3.48% of the issued Shares as at the Latest Practicable Date). In addition, he also indirectly holds another 225,911,400 Shares (approximately 39.04% of issued Shares as at the Latest Practicable Date) through Shunde Investments, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by him.
2. Mr. Leung Wai Sing, Wilson is Mr. Kimen Leung's son and is currently the Chairman of the Board and the Chief Executive Officer of the Group.
3. Mr. Leung Wai Lap, David, is Mr. Kimen Leung's son and is the senior sales manager of the Group.
4. Ms. Alice Nga Sze, Chung is the spouse of Mr. Leung, Jimmy who is Mr. Kimen Leung's son and an executive Director.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any substantial shareholders (as defined in the Listing Rules) of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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

The Rights Issue is subject to the fulfilment or (where applicable) waiver of the conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 22 to 23 of this prospectus. The conditions include the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

Shareholders and investors should also note that the Rights Issue may not proceed upon the occurrence of certain events (as specifically set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 22 to 23 of this prospectus) at or prior to the latest time for the Rights Issue to become unconditional, which is currently expected to be 4:30 p.m. on Thursday, 14 February 2019. These include force majeure events, and/or any change in the market conditions or combination of circumstances in Hong Kong which in the absolute opinion of the Company will in any material respect affect the success of the Rights Issue or will otherwise make it inadvisable or inappropriate for the Company to proceed with the Rights Issue.

If any of the conditions of the Rights Issue is not fulfilled or (where applicable) waived at or prior to the latest time for the the Rights Issue to become unconditional (which is currently expected to be 4:30 p.m. on Thursday, 14 February 2019), the Rights Issue will not proceed.

Any Shareholder or investor dealing in the Shares and/or the Rights Shares in their nil-paid form up to the latest time for the Rights Issue to become unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or investor contemplating any dealings in the Shares and/or the Right Shares in their nil-paid form are recommended to consult their professional advisers.

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 the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company: (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shunde Investments and the Leung Family Members who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement, assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date to the date of completion of the Rights Issue:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shunde Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Kimen Leung and Shunde Investments (Note 1)	246,061,400	42.53	307,576,750	42.53	293,000,000	44.34
Mr. Leung Wai Sing, Wilson	47,072,000	8.14	58,840,000	8.14	67,102,550	10.15
Mr. Leung Wai Lap, David	34,828,190	6.02	43,535,238	6.02	49,648,632	7.51
Ms. Alice Nga Sze Chung	1,144,000	0.20	1,430,000	0.20	1,630,806	0.25
Mr. Leung, Kai Chun (Note 2)	20,000,000	3.46	25,000,000	3.46	20,000,000	3.03
<b>Sub-total</b>	<b>349,105,590</b>	<b>60.35</b>	<b>436,381,988</b>	<b>60.35</b>	<b>431,381,988</b>	<b>65.28</b>
Mr. Webb, David Michael	58,085,400	10.04	72,606,750	10.04	58,085,400	8.79
Mr. Li Wah Ming (Note 3)	260,000	0.04	325,000	0.04	260,000	0.04
Public Shareholders	171,144,730	29.57	213,930,912	29.57	171,144,730	25.89
<b>Total</b>	<b>578,595,720</b>	<b>100.00</b>	<b>723,244,650</b>	<b>100.00</b>	<b>660,872,118</b>	<b>100.00</b>

*Notes:*

- Shunde Investments is wholly-owned by Mr. Kimen Leung.
- Mr. Leung, Kai Chun is Mr. Kimen Leung's brother.
- Mr. Li Wah Ming is an independent non-executive Director.

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## LETTER FROM THE BOARD

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### REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the design, manufacture and sale of consumer electronic products.

In light of the ongoing trade war between the United States and the PRC, high costs of critical components, rising costs of hiring high-skilled workers and advertising and promotion expenses of the Group, the Company is facing challenging times and has been actively considering options for strengthening its financial capabilities.

While the aforementioned developments are outside the control of the Group, the management has nonetheless continued to pursue and invest heavily in activities to stimulate the Group's long-term growth, in particular, the on-going promotion of the Group's Notebook PCs business to its key markets in South East Asia. Progress has been made by Nexstgo Company Limited (the wholly-owned subsidiary of the Group responsible for its Notebook PC Business) in assisting its cooperative partner VAIO Corporation of Japan in distributing VAIO S11 and S13 B2B/Commercial Notebook PCs to markets including Hong Kong, Macau, Taiwan and Singapore. Furthermore, the Group is moving away from serving mainly discount retail channels and is planning towards higher value-added and upscale segments of the consumer electronic goods market. The current line-up of Consumer Notebook PCs and B2B/Commercial Notebook PCs is a reflection of this strategy, and it is the Group's aim to bolster their respective range of products going forward.

To enable the Group to maintain its goal for long-term growth, the Board is of the view that the Rights Issue is necessary, and is in the interests of the Group and the Shareholders as a whole, to provide sufficient funds for the development of the Notebook PCs business and its sale and marketing activities, and to allow the Group to attract high-skilled workers, promote its own brands, and to continue to introduce advanced technologies and increase automation of its production plant in order to help the Group maintain its competitive edge.

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## LETTER FROM THE BOARD

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The expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<b>Assuming full acceptance by the Qualifying Shareholders HK\$ (approximately)</b>	<b>Assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shundean Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement HK\$ (approximately)</b>
Gross proceeds	125,844,569	71,580,466
Net proceeds	124,044,569	69,780,466
Net price per Rights Share	0.86	0.85

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

- (i) as to about 70% of the net proceeds for developing the Notebook PCs business of the Group, which can be further broken down into:
  - (a) as to about 40% of the net proceeds for development of its Notebook PCs and related products; and
  - (b) as to about 30% of the net proceeds for sales and marketing activities of its Notebook PCs and related products, including advertising and participation in exhibitions in Southeast Asia, the PRC, Taiwan and India; and
- (ii) as to about 30% of the net proceeds for general working capital of the Group.

The use of net proceeds may be adjusted based upon the development of the Group's business and its needs. In the event of any change in the use of net proceeds, the Company will publish announcement on the change as and when appropriate and in accordance with the requirements of the Listing Rules.

The Board believes that the Rights Issue will also enable the Group to strengthen its capital base and to enhance its financial position, and allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

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## LETTER FROM THE BOARD

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Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the needs of the Group, and the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interest of the Company to proceed with the Rights Issue on a non-underwritten basis.

### FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

### TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### ADDITIONAL INFORMATION

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

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

**1. FINANCIAL INFORMATION**

The audited financial information of the Group for each of the three years ended 31 March 2016, 2017 and 2018 can be found in the annual reports of the Company for the financial years ended 31 March 2016 (pages 27 to 86 of the annual report dated 19 July 2016), 31 March 2017 (pages 44 to 104 of the annual report dated 20 July 2017), and 31 March 2018 (pages 52 to 118 of the annual report dated 18 July 2018) respectively.

The abovementioned financial information has been published on both the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.alco.com.hk](http://www.alco.com.hk)).

2016 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0719/LTN20160719240.pdf>

2017 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0720/LTN20170720245.pdf>

2018 annual report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0718/LTN20180718277.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 November 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the total indebtedness of the Group amounted to approximately HK\$ 905,594,000, details of which are set out below:

	<i>HK\$'000</i>
Secured bank loans	73,877
Unsecured bank loans	737,877
Unsecured loan from a Shareholder	<u>93,840</u>
	<u><u>905,594</u></u>

As at 30 November 2018, the Group's land and buildings with carrying amounts of HK\$117,548,000 were pledged for the secured bank loans. The unsecured bank loans were guaranteed by the Company. The unsecured loan from a Shareholder was unguaranteed.

Save as abovementioned and apart from intra-group liabilities, as at the close of business on 30 November 2018, the Group did not have any outstanding mortgages, charges, debentures, or other loan capital or bank overdrafts, loans, debts securities or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments, or any guarantees or other material commitment or any material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the cash flows generated from the operating activities of the Group, the financial resources presently available to the Group including available bank facilities, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital to meet its requirements for at least the next 12 months from the date of this prospectus in the absence of unforeseen circumstances.

### **4. MATERIAL ADVERSE CHANGES**

The Company recorded a net loss of approximately HK\$180.6 million for the six months ended 30 September 2018, as compared to a net loss of approximately HK\$36.6 million for the six months ended 30 September 2017. Revenue of the Group fell approximately 8.27% to HK\$836.1 million for the six months ended 30 September 2018 from HK\$911.4 million for the same six-month period in 2017.

As stated in the Company's announcement dated 30 October 2018 and its interim report 2018 issued on 21 December 2018, the increase in net loss and decrease in sales of the Group were mainly due to the following reasons: (i) erosion of gross margin as result of keen price competition for consumer electronic products whilst costs of critical components remained at high levels; (ii) the trade war between the United States (being a major market for the Group) and China further dampened the sentiment of buyers in placing orders during the reporting period; (iii) increase in marketing expenses due to extensive advertising and promotion activities aimed at promoting brand awareness of AVITA, Nexstgo and VAIO notebook products, which is important to the long-term growth of the Group's business; and (iv) additional start-up costs and operating expenses incurred during the reporting period for offices located in Hong Kong, Taiwan, Singapore and Malaysia for the development of its notebook business.

The Group had net borrowings (defined as cash and deposits minus bank loans) of approximately HK\$472 million as at 30 September 2018 whereas the Group had net cash of approximately HK\$146 million as at 31 March 2018.

Other than as mentioned above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up.

**5. INDUSTRY TREND AND BUSINESS OF THE GROUP**

Since 31 March 2018, being the date to which the Group's latest published audited accounts were made up, prices for certain critical components for production of the Group's tablet products have remained at high levels. Severe price competition in the industry has prevented the Group from transferring the high costs of production to its customers, resulting in continuous erosion of the Group's gross margin.

As the trade war between China and the United States continues, general business sentiment in the consumer electronic goods manufacturing sector in the Group's key markets in China, India and Southeast Asia is gradually shifting from cautious optimism to increasing concern. Even though the tariffs imposed by the United States on goods made in China have so far not directly impacted upon any product manufactured by the Group, customers have become increasingly apprehensive about placing large-quantity orders for fear of being caught out by sudden changes in their government policies. Increasingly, customers have been placing orders in a piece-meal fashion, which has adversely affected the Group, both in terms of having to pay higher costs for components (in response to buyers' orders coming in in a lower quantity each time, the Group has had to buy components in smaller quantities, which has reduced the Group's bargaining power when placing orders and negotiating prices with its suppliers), and in terms of production efficiency (more starts and stops in the Group's production line as a result of customers' orders coming in in an increasingly piece-meal fashion, eroding the overall economies of scale).

Although the Group has continued to gear towards replacing manual labour with robotic automation as far as practicable and financially feasible, significant parts of the production process such as assembly of tablets still require high-skilled workers. The Group has continued to experience difficulties in employing sufficient high-calibre workers from China for peak production periods partly as a result of increasing labour costs. As such, the Group has had to allocate additional financial resources to attract high-skilled workers from different mainland provinces. Compounding the situation was the interest rate hikes by the Federal Reserve of the United States in 2018, resulting in higher borrowing costs for the Group.

While the aforementioned external developments are outside the control of the Group, the management of the Group has remained focused on its efforts to continue to pursue and invest heavily in activities to stimulate the Group's long-term growth. These include the ongoing promotion of the AVITA Consumer Notebook PCs and Nexstgo B2B/Commercial Notebook PCs to key markets in China, India and Southeast Asia. Also, efforts to further diversify the notebook portfolio have continued. It is worth noting that progress has been made by Nexstgo Company Limited (the wholly-owned subsidiary of the Group responsible for Notebook PC business) in assisting its cooperative partner VAIO Corporation of Japan in distributing VAIO S11 and S13 B2B/Commercial Notebook PCs to markets including Hong Kong, Macau, Taiwan and Singapore. It is expected that more new VAIO models will be distributed to these markets in 2019. The Group has also continued to develop RCA and Venturer branded Android/Windows tablets, particularly those targeted at the pre-secondary education segment.

The Group's AV products continue to generate stable revenue in proportion to total sales. Since 31 March 2018, the sales of the Group's sound bar systems and home theatre products have continued to perform relatively well, as the demand for traditional DVD products continues to decline significantly.

Meanwhile, the Group has continued to make investments in automation at its production facility in Houjie Town, Dongguan, China. As at the Latest Practicable Date, the Group had a total of about 100 robots on the facility. Apart from enabling the Group to lower its expenditures on human labour, which as mentioned above have been spiralling upwards, automation also allows the Group to benefit from greater flexibility in terms of meeting changes in capacity or new product specifications. It is therefore to be expected that in the foreseeable future, the Group will continue to further automate and streamline its production processes (in addition to its highly automated final assembly lines) in order to maintain its competitive edge.

## **6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Potential escalation of the trade war between China and the United States, and speculations of further interest rate hikes by the Federal Reserve of the United States remain to be matters for the Group to watch out this year. The Group will closely monitor how such developments may impact upon the consumer electronics goods industry generally as well as the business of the Group.

Notwithstanding the uncertainties in the external environment, the Group remains confident about its business prospect, and in particular, its strong line-up of new models including Consumer Notebook PCs and B2B/Commercial Notebook PCs to be introduced to its markets in Asia over the course of 2019. Furthermore, the Group's AVITA and Nexstgo Notebook PCs have been launched to more countries in Asia, including China, Thailand, India, Vietnam, Indonesia, and the Philippines. It is important to note that the contribution to the Group's revenues by Consumer Notebook PCs and B2B/Commercial Notebook PCs has increased from around HK\$13 million for the financial year ended 31 March 2018 to around HK\$93 million for the six months ended 30 September 2018.

Undaunted by possible headwinds on the horizon and uncertainties in the external politico-economic environment, the Group's management will persist in efforts aimed at moving the Group away from serving mainly discount retail channels and more towards higher value-added electronic consumer products and the upscale segments of the consumer market. The Group's current line-up of Consumer Notebook PCs and B2B/Commercial Notebook PCs is a reflection of this strategy, and it is the Group's objective to continue to bolster the sales of these products by increasing its marketing activities and continuing to improve the design of these products going forward.

Notwithstanding the challenging times ahead, the Group's many efforts are underway to further upgrade various facets of its operations, such as the development of more high value-added products, the promotion of its own brands, the continuous introduction of advanced technologies and automation to its production plant, the recruitment of more skilled workers to join its high-calibre workforce, and most important of all, the evolution and expansion of its business model to include offering products to upscale segments of the consumer electronics product market. The Group is confident that these efforts will stand the Group in good stead for its stable and long-term growth, whilst funds expected to be raised from the Rights Issue will help provide a sound capital base to support these ongoing initiatives.

**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2018 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as if the Rights Issue had taken place at 30 September 2018.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as at 30 September 2018, as extracted from the published interim report of the Company for the six months ended 30 September 2018, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to shareholders of the Company had the Rights Issue been completed as at 30 September 2018 or at any future date.

**Scenario I – Assuming full acceptance by the Qualifying Shareholders**

Unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as at 30 September 2018 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue  HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company immediately after completion of the Rights Issue  HK\$'000	Unaudited consolidated net tangible assets per share attributable to shareholders of the Company as at 30 September 2018 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to shareholders of the Company immediately after completion of the Rights Issue  HK\$
Based on 144,648,930 Rights Shares to be issued at the Subscription Price of HK\$0.87 per Rights Share	1,537,214	124,045 <i>(note 2(a))</i>	1,661,259	2.66
	1,537,214	124,045 <i>(note 2(a))</i>	1,661,259	2.66
			2.66	2.30 <i>(note 4(a))</i>

**Scenario II – Assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shundeian Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement**

Unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as at 30 September 2018 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company immediately after completion of the Rights Issue HK\$'000	Unaudited consolidated net tangible assets per share attributable to shareholders of the Company as at 30 September 2018 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to shareholders of the Company immediately after completion of the Rights Issue HK\$
Based on 82,276,398 Rights Shares to be issued at the Subscription Price of HK\$0.87 per Rights Share				
1,537,214	69,780 <i>(note 2(b))</i>	1,606,994	2.66	2.43 <i>(note 4(b))</i>

*Notes:*

- 1 The unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as at 30 September 2018 is based on the unaudited consolidated net assets of the Group attributable to shareholders of the Company as at 30 September 2018 of HK\$1,585,783,000 excluding intangible assets of the Group of HK\$48,569,000 as extracted from the published interim report of the Company for the period ended 30 September 2018.
- 2(a) The estimated net proceeds from the Rights Issue are based on 144,648,930 Rights Shares to be issued on the basis of one Rights Share for every four existing Shares at the Subscription Price of HK\$0.87 per Rights Share, assuming full acceptance by the Qualifying Shareholders, after deduction of the related expenses of approximately HK\$1,800,000.
- 2(b) The estimated net proceeds from the Rights Issue are based on 82,276,398 Rights Shares to be issued on the basis of one Rights Share for every four existing Shares at the Subscription Price of HK\$0.87 per Rights Share, assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shunde Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement, after deduction of the related expenses of approximately HK\$1,800,000.
- 3 The unaudited consolidated net tangible assets per share attributable to shareholders of the Company as at 30 September 2018 was HK\$2.66, which was based on the unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company as at 30 September 2018 of HK\$1,537,214,000 and 578,595,720 shares in issue as at 30 September 2018.
- 4(a) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company as adjusted for the Rights Issue per share is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company of HK\$1,537,214,000 and the estimated net proceeds of HK\$124,045,000 assuming full acceptance by the Qualifying Shareholders (Note 2(a) above) and on the basis that 578,595,720 shares were in issue as at 30 September 2018 and 144,648,930 Rights Shares were issued under the Rights Issue, assuming the Rights Issue had been completed at 30 September 2018.
- 4(b) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company as adjusted for the Rights Issue per share is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to shareholders of the Company of HK\$1,537,214,000 and the estimated net proceeds of HK\$69,780,000 assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shunde Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement (Note 2(b) above) and on the basis that 578,595,720 shares were in issue as at 30 September 2018 and 82,276,398 Rights Shares were issued under the Rights Issue, assuming the Rights Issue had been completed at 30 September 2018.
- 5 No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2018.

**2. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF  
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus:*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the 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 the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 September 2018, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-3 of the Company’s prospectus dated 25 January 2019, in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-3.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue on the Group’s financial position as at 30 September 2018 as if the proposed rights issue had taken place at 30 September 2018. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial statements for the six months ended 30 September 2018, on which no audit or review report has been published.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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 (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements 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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) 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 accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 September 2018 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 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, 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 by the directors of the Company 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 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 25 January 2019

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

	Authorised shares	Shares in issue as at the Latest Practicable Date	Rights Shares to be issued pursuant to the Rights Issue (assuming full acceptance by the Qualifying Shareholders)	Rights Share to be issued pursuant to the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shundean Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement)	Shares in issue upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)	Shares in issue upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Mr. Kimen Leung, Shundean Investments and the Leung Family Members who will take up the Rights Shares in accordance with the Irrevocable Undertakings and the Nil-paid Rights Transfer Agreement)
Total number of Shares/ Rights Shares (as applicable)	800,000,000	578,595,720	144,648,930	82,276,398	723,244,650	660,872,118
Aggregate nominal value (HK\$)	80,000,000.00	57,859,572.00	14,464,893.00	8,227,639.80	72,324,465.00	66,087,211.80

All the Shares in issue are fully-paid and rank *pari passu* in all respects including as regards to dividends, voting rights and return of capital. All Rights Shares to be issued will rank *pari passu* with the then existing Shares in issue in all respects. Holders of 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 of the Rights Shares.

The Company has applied to the Listing Committee for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). 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, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares, and there was no arrangement under which dividends are/will be waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' and chief executive's interest and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, interests of the Directors and the chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

#### *Long position in the Shares and the underlying Shares*

Name of Directors	Capacity	Number of Shares held	Approximate % of total interests in the Shares in issue (Note)
Mr. Leung Wai Sing, Wilson	Beneficial owner	47,072,000	8.14%
Mr. Leung, Jimmy	Interest of spouse	1,144,000	0.20%
Mr. Li Wah Ming	Beneficial owner	260,000	0.04%

*Note:* The approximate percentage shown was the number of securities the relevant Director was interested expressed as a percentage of the number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

**(b) Interest of the substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position 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 who were directly or indirectly interested in 10% or more of the issued voting shares capital of any other member of the Group:

Name of holder of Shares/underlying Shares	Capacity	Number of Shares held as at the Latest Practicable Date	Approximate % of total interests in the Shares in issue as at the Latest Practicable Date
Mr. Kimen Leung (Note 1)	Beneficial owner and interest of controlled corporation	246,061,400	42.53%
Shundean Investments Limited (Note 1)	Beneficial owner	225,911,400	39.04%
Mr. Webb David Michael (Note 2)	Beneficial owner and interest of controlled corporation	58,085,400	10.04%

*Notes:*

- Mr. Kimen Leung is the beneficial owner of 20,150,000 Shares (approximately 3.48% of the issued Shares). He also indirectly holds another 225,911,400 Shares (approximately 39.04% of the issued Shares) through Shundean Investments, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by him.
- Mr. Webb David Michael is the beneficial owner of 19,650,400 Shares (approximately 3.40% of the issued Shares). He also indirectly holds another 38,435,000 Shares (approximately 6.64% of the issued Shares) through Preferable Situation Assets Limited, which is wholly-owned by him.

**4. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any members of the Group.

**5. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within two years preceding the issue date of this prospectus and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole:

- (i) the provisional sale and purchase agreement dated 12 October 2018 entered into between Alco Electronics Limited, a wholly-owned subsidiary of the Company (as vendor), and Haoyang Investment Enterprise Limited (as purchaser) in relation to the disposal of Workshops A, B, C, D, E, F, G, H, I, J on the 7th floor of Block 1 and car park numbers 48, 49, 50 on ground floor of Kwai Tak Industrial Centre, numbers 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong for a consideration of HK\$88,880,000; and
- (ii) the preliminary agreement for sale and purchase dated 4 September 2017 entered into between Jaco Limited (as vendor) and Windom Limited, an indirect wholly-owned subsidiary of the Company (as purchaser) in relation to the acquisition of the whole 11th floor together with parking space numbers P224, P225, P226, P227, P228, P348, P349 of Metropole Square, 2 On Yiu Street, Shatin, New Territories, Hong Kong for a consideration of HK\$111,300,000.

**6. DIRECTOR'S INTEREST IN CONTRACTS AND ASSETS**

- (i) None of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2018 (being the date to which the latest published annual results announcement for the audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this prospectus which is significant in relation to the business of the Group.

**7. QUALIFICATION AND CONSENT OF THE EXPERT**

The following is the qualification of the professional adviser who has given opinion or advice contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
PricewaterhouseCoopers	Certified Public Accountants

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter/report and/or references to its name in the form and context in which they respectively appear in this prospectus.

PricewaterhouseCoopers does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

PricewaterhouseCoopers does not and did not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2018, being the date to which the latest published audited accounts of the Group were made up.

**8. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered Office</b>	Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Principal Office in Hong Kong</b>	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
<b>Authorised Representatives</b>	Mr LEUNG Wai Sing, Wilson Mr KUOK Kun Man 11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
<b>Company Secretary</b>	Mr LIU Lup Man 11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
<b>Auditor and Reporting Accountant</b>	PricewaterhouseCoopers Certified Public Accountants 22/F Prince's Building Central Hong Kong

**Principal Bankers**

Hang Seng Bank Limited  
Hang Seng Bank Building  
83 Des Voeux Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

MUFG Bank, Limited  
8/F, AIA Central  
1 Connaught Road Central  
Hong Kong

**Hong Kong Branch Share Registrar  
and Transfer Office**

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Financial Adviser to the Company  
as to the Rights Issue**

China Tonghai Capital Limited  
18/F-19/F, China Building  
29 Queen's Road Central  
Hong Kong

**Legal Adviser to the Company as to  
the Rights Issue**

Howse Williams Bowers  
27/F Alexandra House  
18 Chater Road  
Central  
Hong Kong

## 9. PARTICULARS OF DIRECTORS

## (a) Name and address of the Directors

<b>Name</b>	<b>Business Address</b>
<i>Executive Directors</i>	
Mr. LEUNG Wai Sing, Wilson	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Mr. KUOK Kun Man	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Mr. LEUNG, Jimmy	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Mr. LIU Lup Man	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. LI Wah Ming	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong
Mr. LEE Tak Chi	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong

<b>Name</b>	<b>Business Address</b>
Mr. CHEUNG, Johnson	11/F, Metropole Square 2 On Yiu Street Sha Tin New Territories Hong Kong

**(b) Name and address of the senior management**

The business address of the senior management disclosed in section 9(d) below is the same as the address of the Company's principal office in Hong Kong located at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong.

**(c) Profiles of the Directors**

***Executive Directors***

**Mr LEUNG Wai Sing, Wilson**, aged 58, joined the Group in 1985 and is the Chairman and the Chief Executive Officer of the Group and takes full charge of the Group's overall strategy and operations. He holds a master of science degree in electrical engineering from Queen's University, Canada.

**Mr KUOK Kun Man**, aged 65, joined the Group in 1990 and is the Director of the Group. He holds a master's degree in business administration and has more than 41 years of experience in finance and accounting with multinational organisations.

**Mr LEUNG, Jimmy**, aged 49, is a brother of the Chairman of the Group. He joined the Group in 1993 and was appointed as executive director in 2013. He has more than 25 years of experience in the field of audio electronic products and oversees the Group's purchasing function.

**Mr LIU Lup Man**, aged 47, joined the Group in 2005 and was appointed as executive director in 2013. He was also appointed as the Company Secretary of the Group in 2017. He holds a bachelor's degree from the University of Toronto, Canada, and is a Fellow Member of the HKICPA and the ACCA. He has over 23 years of experience in auditing and accounting.

***Independent Non-executive Directors***

**Mr LI Wah Ming**, *S.B.S., J.P.*, aged 63, joined the Group in 1992 and is the director of a consultancy company. He holds a bachelor's degree in arts from the University of Waterloo, Canada and a master's degree in social work from the University of Toronto, Canada.

**Mr LEE Tak Chi**, aged 63, joined the Group in 2011 and was previously Associate Dean and Professor of School of Design, The Hong Kong Polytechnic University. He also served as Board of Director of Automotive Parts and Accessory Systems R&D Centre established by the Hong Kong government.

**Mr CHEUNG, Johnson**, aged 52, joined the Group in 2016 and holds a Bachelor of Science Degree (Hons) in Biology and a Master of Arts Degree in Economics from the University of British Columbia. He has more than 26 years of experience in the equity market and presently is the Director of Research at China Galaxy International Securities (Hong Kong) Co., Ltd.

**(d) Profiles of senior management**

**Mr LEUNG Wai Lap, David**, aged 57, is a brother of the Chairman of the Group. He joined the Group in 2005 and is the senior sales manager of the Group. He oversees the sales and marketing for the Group's products and service in North America.

**Mr YIP Wing Shing, David**, *S.B.S., M.H., J.P.*, aged 60, joined the Group in 1973. He is the Group's general manager and oversees the whole operation of the Dongguan factory. He has over 34 years of experience in the field of consumer electronic products.

**Mr CHUNG Hau Yeung, Alex**, aged 49, joined the Group in 2016 as CEO of NEXSTGO and set up Nexstgo Company Limited and Taiwan Nexstgo Limited. He has over 21 years of experience in technology, IT, mobile and consumer electronics sectors. Prior to joining NEXSTGO, Mr Chung served as Country General Manager in Lenovo HK. He also held various senior management positions at the Shun Hing Group, Samsung Electronics and Sony Corporation. He holds an Executive Master of Business Administration from The University of Western Ontario, Canada. He is currently a Councilor of the Hong Kong Information Technology Federation, a fellow member of the Chartered Institute of Marketing (UK) and a Chartered Marketer. He also serves as an Advisory committee member of the School of Business in Hong Kong Baptist University.

**Mr SUN Kuo Ting**, aged 45, joined the Group in 2016. He is the Chief Operating Officer of Nexstgo Company Limited, and is responsible for research and development of the notebook business. He has over 17 years of experience in technology, consumer electronic and IT sectors, with solid experience in research & development, operation, product management and product marketing. Before joining NEXSTGO, Mr Sun served as Vice President in CVTE in charge of its hardware research & development. Mr Sun held various senior management positions at Acer, Dell and HP. He holds a master of science degree in environment engineering from National Chiao Tung University, Taiwan.

None of the Directors or senior management had held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three years preceding the Latest Practicable Date. Save for the cases of Mr. LEUNG Wai Sing, Wilson, Mr. LEUNG, Jimmy and Mr LEUNG Wai Lap, David (who are brothers) as disclosed above, none of the management has any relationship with any directors, the other members of the senior management, substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date.

**(e) Profile of Company Secretary**

**Mr LIU Lup Man**, aged 47, joined the Group in 2005 and was appointed as executive director in 2013. He was also appointed as the Company Secretary of the Group in 2017. He holds a bachelor's degree from the University of Toronto, Canada, and is a Fellow Member of the HKICPA and the ACCA. He has over 23 years of experience in auditing and accounting.

**10. DIRECTOR'S SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which were not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

**11. EXPENSES**

The expenses in connection with the Rights Issue, including the fees of legal and financial advisers and auditors, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.8 million, which are payable by the Company.

**12. GENERAL**

The English language text of this prospectus and the other Prospectus Documents shall prevail over its Chinese language text, in case of any inconsistency.

**13. LEGAL EFFECT**

This prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

**14. BINDING EFFECT**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of this prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed “7. Qualification and Consent of the Expert” in this Appendix III, has been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies Ordinance.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following will be available for inspection during normal business hours (other than Saturdays, Sundays and public holidays) at 11/F, Metropole Square, 2 On Yiu Street, Sha Tin, New Territories, Hong Kong from the date of this prospectus up to and including 13 February 2019:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for the three years ended 31 March 2016, 31 March 2017 and 31 March 2018;
- (iii) the accountant’s report on the unaudited pro forma financial information of the Group from PricewaterhouseCoopers set out in Appendix II to this prospectus;
- (iv) the material contracts as referred to in the paragraph headed “5. Material Contracts” in this appendix;
- (v) the written consent referred to in the paragraph headed “7. Qualification and Consent of the Expert” in this Appendix III; and
- (vi) the circular of the Company dated 18 July 2018.