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## **ALCO HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

**(Stock Code: 328)**

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF PROPERTY**

On 11 November 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser for the disposal of the Property at a consideration of HK\$36,880,000. Pursuant to the terms of the Provisional Agreement, the Vendor and the Purchaser will enter into a formal sale and purchase agreement for the Disposal on or before 19 November 2020.

As the applicable percentage ratio under the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to announcement requirement under Chapter 14 of the Listing Rules.

#### **THE PROVISIONAL AGREEMENT**

On 11 November 2020, the Vendor entered into the Provisional Agreement with the Purchaser for the disposal of the Property.

#### **SUMMARY OF TERMS OF THE PROVISIONAL AGREEMENT**

Date: 11 November 2020

Vendor: Advance Packaging Limited, a wholly-owned subsidiary of the Company.

Purchaser: Tradeway Development Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Property: Lot Numbers 593 and 595 in Demarcation District Number 106, Kam Tin, Yuen Long, Hong Kong.

Consideration and payment: Pursuant to the terms of the Provisional Agreement, the Vendor will sell the Property to the Purchaser at a consideration of HK\$36,880,000. An initial deposit of HK\$1,400,000 in cash was received by the Vendor upon signing of the Provisional Agreement and a further deposit of HK\$2,288,000 in cash will be received by the Vendor upon signing of the formal sale and purchase agreement on or before 19 November 2020. The balance of the Consideration, being HK\$33,192,000, will be received by the Vendor in cash upon completion of the Disposal, which is scheduled to take place on or before 18 December 2020.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms after considering the valuation of the Property and the recent property market conditions in Hong Kong.

## **INFORMATION ON THE PROPERTY**

Pursuant to the Kam Tin South Outline Zoning Plan, the Property is zoned as residential (Group D). The site area of the Property is approximately 21,780 square feet.

The Property is partially an investment property and partially a self-use property as warehouse of the Company. Rental incomes attributable to the Property for the two financial years ended 31 March 2019 and 31 March 2020 were HK\$573,400 and HK\$605,466 respectively. After accounting for government rates and related expenses paid by the Vendor, net profit before and after taxation of the Property for the two financial years ended 31 March 2019 and 31 March 2020 were as follows:

	For the year ended 31 March	
	2020	2019
	HK\$	HK\$
Net profit before taxation	384,476	367,068
Net profit after taxation	321,037	306,502

## **INFORMATION ON THE VENDOR AND THE COMPANY**

The Vendor is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. The Vendor is principally engaged in property investment.

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange. The principal business of the Group involves designing, manufacturing and selling of audio-visual and notebook products.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties and the Purchaser is an investment company.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The carrying value and the valuation of the Property as at the date of the latest audited financial statements, i.e. 31 March 2020, amounted to HK\$10,639,634 and HK\$20,300,000, respectively. Based on the Consideration of HK\$36,880,000, the Company is expected to recognize a gain (net of related legal costs, commission and expenses) of approximately HK\$25,840,000 from the Disposal for the year ending 31 March 2021.

## **PROPOSED USE OF PROCEEDS**

Based on the Consideration of HK\$36,880,000 and the associated estimated direct cost of the Disposal of HK\$400,000, the Company is expected to receive a net proceeds of approximately HK\$36,480,000 from the Disposal.

The Company intends to use the net proceeds as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Having taken into account the current property market conditions, the Directors consider that the Disposal gives a good opportunity for the Company to realize its investment which currently provides a low return. Disposal of the Property will not affect the business operation of the Group. After the Disposal, the Group will have additional working capital for business operation.

The Board is of the view that the terms in the Provisional Agreement including the Consideration are in normal commercial terms, which are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As the applicable percentage ratio under the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to announcement requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms have the same meanings as set out below:

“Board”	the Board of Directors;
“Company”	Alco Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the main board of the Stock Exchange;
“Consideration”	HK\$36,880,000;
“Directors”	the directors of the Company;

“Disposal”	disposal of the Property by the Vendor pursuant to the terms of the Provisional Agreement;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	Lot Numbers 593 and 595 in Demarcation District Number 106, Kam Tin, Yuen Long, Hong Kong;
“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Vendor and the Purchaser on 11 November 2020 for the Disposal;
“Purchaser”	Tradeway Development Limited. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Purchaser is an Independent Third Party;
“Share(s)”	share(s) of par value of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Advance Packaging Limited, a wholly-owned subsidiary of the Company.

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

Hong Kong, 11 November 2020

*As at the date of this announcement, the executive directors of the Company are Mr. LEUNG Wai Sing, Wilson, Mr. LEUNG Kam Fai, Peter and Mr. LIU Hoi Keung. The independent non-executive directors are Mr. LEE Tak Chi, Mr. CHEUNG, Johnson and Mr. CHEUNG Ka Wing.*