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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

INSIDE INFORMATION

LITIGATION PROCEEDINGS AND OUTSTANDING BANK LOANS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that (i) the Group has received three writs of summons from its supplier in respect of outstanding sums due and owing by the Group; (ii) the Group has received certain demand letters from its suppliers/contractor in respect of outstanding sums due and owing by the Group; and (iii) the Group has certain banking facilities with the principal bankers, HSB and SCB, which has fallen due and remain outstanding.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by board of directors (the “**Board**”) of Alco Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities Future Ordinance (Chapter 571 of the Laws of Hong Kong).

LITIGATION PROCEEDINGS

The Group has received three writs of summons issued by suppliers in respect of outstanding sums due and owing by Alco Electronics Limited (“**Alco Electronics**”) and Alco Electronics (Dongguan) Limited (“**Alco Dongguan**”), both are indirect wholly owned subsidiaries of the Company, under supply contracts. Details of which are set out in the table below:

Date of commencement of action	Court	Plaintiff	Defendant	Amount claimed
14 April 2022	Zhongkai District People’s Court of Huizhou, People’s Republic of China	Seoul Alloymetal (Huizhou) Co., Ltd.* (首邇合金(惠州)有限公司)	Alco Dongguan	HK\$65,882.00 plus interest and costs
22 April 2022	Court of First Instance of the High Court of Hong Kong	Ching Kung Metal Products Manufactory Limited	Alco Electronics	HK\$9,386,954.55 plus interest and costs
28 April 2022	District Court of Hong Kong	Shenzhen Tianjiang Electronics Company Limited* (深圳市天將電子有限公司)	Alco Electronics	HK\$537,767.96 plus interest and costs

The Group is currently seeking legal advice in respect of the merits of the alleged claims and will make meticulous reply to the litigations. As the litigation proceedings are still at early stage, it is difficult to predict with certainty the final outcome of the litigations. The Company will take every possible step to protect the interests of the Company as well as the interest of the shareholders and potential investors of the Company.

LEGAL DISPUTES

The Group has also received demand letters from certain suppliers/contractors in respect of outstanding sums due and owing by Alco Electronics, Alco Dongguan and Nexstgo Company Limited (“**Nexstgo**”), all are indirect wholly owned subsidiaries of the Company, under supply/service contracts. The aggregate amount of the outstanding sums is approximately HK\$27,600,000 plus interest and costs.

The Group has engaged legal advisors to assess the merits of the alleged claims and has not formulated any decision on the next step. No legal action has been commenced by any of the above claimants against the Group as at the date of this announcement.

OUTSTANDING BANK LOANS

The Group has two principal bankers, namely Hang Seng Bank Limited (“**HSB**”) and Shanghai Commercial Bank Limited (“**SCB**”).

Windom Limited, an indirect wholly-owned subsidiary of the Company, as the borrower, has maintained trade finance facilities with HSB, as the lender. Pursuant to the terms and conditions of the banking facilities, payment of the principal amount of HK\$161.1 million has fallen due as of 31 May 2022. As at the date of this announcement, Windom Limited has not yet repaid the above outstanding amount together with interests. The Company, Alco Electronics, Nexstgo, Mr. Leung Wai Sing, Wilson (a deceased substantial shareholder) and Top Team Development Limited (a company owned by Mr. Leung Wai Sing, Wilson) provided guarantee on the obligations of Windom Limited. The said facilities are secured by the office premise held by Windom Limited and two other landed properties held by Mr. Leung Wai Sing, Wilson.

Alco Electronics, as the borrower, has maintained unsecured inward bills loans with SCB, as the lender. Pursuant to the terms and conditions of the loan, payment of the principal amount of HK\$28.1 million has fallen due as of 31 May 2022. As at the date of this announcement, Alco Electronics has not yet repaid the above outstanding amount together with interests. The Company has provided corporate guarantee to the above bank facilities from SCB.

The Company is in active discussion with these two banks for a potential resolution, such as longer repayment periods. As at the date of this announcement, no legal action has been commenced by HSB and SCB against the Group in relation to the outstanding loans.

The Company will disclose further developments on the above matters by way of further announcement(s) as and when appropriate in accordance with regulatory requirements.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Alco Holdings Limited
LEUNG Kam Fai, Peter
Executive Director

Hong Kong, 7 June 2022

As at the date of this announcement, the executive Directors are Mr. LEUNG Kam Fai, Peter, Mr. CHUNG Hau Yeung and Mr. YIP Wing Shing. The independent non-executive Directors are Mr. LEE Tak Chi and Mr. WONG Siu Kee.

For the purpose of this announcement, unless otherwise indicated, conversion of USD into HK\$ is calculated at the approximate exchange rate of USD1.00 to HK\$7.78. The exchange rate is adopted for illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at that rate or any other rate at all.

* *For identification purposes only*