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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 12th October 2018 (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\$88,880,000. 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 25th October 2018.

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 12th October 2018, the Vendor entered into the Provisional Agreement with the Purchaser for the disposal of the Property.

SUMMARY OF TERMS OF THE PROVISIONAL AGREEMENT

Date:	12th October 2018
Vendor:	Alco Electronics Limited, a wholly-owned subsidiary of the Company.
Purchaser:	Haoyang Investment Enterprise 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:	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.

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\$88,880,000. An initial deposit of HK\$4,444,000 in cash was received by the Vendor upon signing of the Provisional Agreement and a further deposit of HK\$4,444,000 in cash will be received by the Vendor upon signing of the formal sale and purchase agreement on or before 25th October 2018. The balance of the Consideration, being HK\$79,992,000, will be received by the Vendor in cash upon completion of the Disposal, which is scheduled to take place on or before 31st December 2018.

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

INFORMATION ON THE PROPERTY

The Property comprises 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. The workshop portion of the Property has a total saleable area of approximately 24,686 square feet.

The Property is an investment property of the Company. Rental incomes attributable to the Property for the two financial years ended 31st March 2017 and 31st March 2018 were HK\$2,495,233 and HK\$3,315,278 respectively. After accounting for the management fee, government rates and related expenses paid by the Vendor, net profit before and after taxation of the Property for the two financial years ended 31st March 2017 and 31st March 2018 are as follows:

	For the year ended 31st March	
	2018	2017
	HK\$	HK\$
Net profit before taxation	2,660,750	1,895,100
Net profit after taxation	2,221,726	1,582,408

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 designing, manufacturing and selling of consumer electronic products and notebook products.

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 consumer electronic products 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 of the Property as at the date of the latest audited financial statements, i.e. 31st March 2018, amounted to HK\$85,700,000. Based on the Consideration of HK\$88,880,000, the Company is expected to recognize a gain (net of related legal costs, commission and expenses) of approximately HK\$2,676,000 from the Disposal for the year ending 31st March 2019.

PROPOSED USE OF PROCEEDS

Based on the Consideration of HK\$88,880,000 and the associated estimated direct cost of the Disposal of HK\$504,000, the Company is expected to receive a net proceeds of approximately HK\$88,376,000 from the Disposal.

The Company intends to use the net proceeds as general working capital and for future investment 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 reasonably realize its investment. After the Disposal, the Group will have additional working capital for future expansion.

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\$88,880,000;
“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 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”	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;
“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Vendor and the Purchaser on 12th October 2018 for the Disposal;
“Purchaser”	Haoyang Investment Enterprise 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”	Alco Electronics 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, 12th October 2018

As at the date of this announcement, the executive directors of the Company are Mr. LEUNG Wai Sing, Wilson, Mr. KUOK Kun Man, Mr. LEUNG, Jimmy and Mr. LIU Lup Man. The independent non-executive directors are Mr. LI Wah Ming, Mr. LEE Tak Chi and Mr. CHEUNG, Johnson.