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## **ALCO HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

**(Stock Code: 328)**

### **PROFIT WARNING**

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 based on the preliminary review of the unaudited consolidated management accounts of the Group for the ten months ended 31 January 2019 and the information currently available to the Board, the Group is expected to record a net loss of not less than HK\$370 million for the year ending 31 March 2019. Net loss for the previous year was approximately HK\$86 million.

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

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

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the ten months ended 31 January 2019 and the information currently available to the board of directors of the Company (the “**Board**”), the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a net loss of not less than HK\$370 million for the year ending 31 March 2019. Net loss for the previous year was approximately HK\$86 million.

The expected increase in net loss of the Group were mainly due to the following reasons:

- Sales of the Group decreased by approximately 24%.
  - Which is partially due to the shortage of global supply of central processing units for the manufacturing of notebook and tablet products.
  - Another impact to the decrease in sales is that, since USA is our main market, the trade war between USA and China has further dampened the sentiment of buyers in placing orders during the year.
- Keen price competition and the prices for critical components maintained at high levels in 2018 caused an erosion of gross margin during the year.
- In order to continue to create the brand awareness of AVITA, Nexstgo and VAIO notebook products, extensive advertising and promotion expenses have been spent this year.
- In an effort to penetrate the markets for notebook business, currently Hong Kong, Taiwan, Singapore, Malaysia, China, India, Indonesia, Vietnam, Thailand and the Philippines, additional start-up costs and operating expenses have been incurred.

The information contained in this announcement is only based on the information currently available to the Board, including the preliminary review of the unaudited consolidated management accounts of the Group for the ten months ended 31 January 2019, which have not been audited or reviewed by the auditors and the audit committee of the Company. The annual results announcement of the Company for the year ending 31 March 2019 is expected to be announced in June 2019.

**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 Wai Sing, Wilson**  
*Chairman and Chief Executive Officer*

Hong Kong, 13 March 2019

*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.*