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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 four months ended 31 July 2019 and the information currently available to the Board, the Group is expected to record a net loss in the range of HK\$190 million to HK\$220 million for the six months ending 30 September 2019. Net loss for the corresponding period last year was approximately HK\$181 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 four months ended 31 July 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 in the range of HK\$190 million to HK\$220 million for the six months ending 30 September 2019. Net loss for the corresponding period last year was approximately HK\$181 million.

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

- Sales of the Group are expected to drop by approximately 45%. 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 period.
- Keen price competition caused an erosion of gross margin during the period.
- In order to continue to create the brand awareness of AVITA, Nexstgo and VAIO notebook products, extensive advertising and promotion expenses have been spent during the period.

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 four months ended 31 July 2019, which have not been reviewed by the auditors and the audit committee of the Company. The interim results announcement of the Company for the six months ending 30 September 2019 is expected to be announced in November 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, 11 September 2019

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