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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 review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 and the information currently available to the Board, the Group is expected to record a net loss in the range of HK\$580 million to HK\$620 million (net loss before impairment of assets and revaluation loss of investment property was approximately HK\$420 million) for the year ended 31 March 2020. Net loss for the previous year was approximately HK\$563 million (net loss before impairment of assets was approximately HK\$487 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 review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 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\$580 million to HK\$620 million (net loss before impairment of assets and revaluation loss of investment property was approximately HK\$420 million) for the year ended 31 March 2020. Net loss for the previous year was approximately HK\$563 million (net loss before impairment of assets was approximately HK\$487 million).

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

- Sales of the Group are expected to drop by approximately 40%. The decrease in sales is partly due to the uncertainty on the trade war negotiation between USA and China last year which has dampened the sentiment of buyers in placing orders. In addition, the outbreak of COVID-19 at the beginning of the year has affected our production and delivery for February and March this year.
- In order to continue to promote the brand recognition of AVITA, Nexstgo and VAIO notebook products, extensive product research and development, advertising and promotion expenses have been spent during the year.

- Impairment of assets (being non-current assets and inventories) was approximately HK\$160 million.
- Revaluation loss of an investment property located in Shenzhen was approximately HK\$20 million.

The operating net loss of the Company for the year ended 31 March 2020 was approximately \$420 million (2019: operating net loss of HK\$487 million). Nevertheless, due to the global adverse business environment, auditors adopted a prudent approach and suggested to make an extensive one-time and non-cash impairment of certain non-current assets. Having studied the ground and analyzed the financial data, the Board agreed to adopt this approach.

The information contained in this announcement is only based on the information of the consolidated management accounts of the Group for the year ended 31 March 2020, the audit of which has not been completed by the auditors. The annual results announcement of the Company for the year ended 31 March 2020 will be announced on 29 June 2020.

**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, 23 June 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.*