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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 and the information currently available to the Board, the Group is expected to record a net loss in the range of HK\$150 million to HK\$170 million for the six months ended 30 September 2020. Net loss for the corresponding period last year was approximately HK\$217 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 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\$150 million to HK\$170 million for the six months ended 30 September 2020. Net loss for the corresponding period last year was approximately HK\$217 million.

The first quarter during the period under review saw the gradual recovery of the supply chain in the PRC after the lockdown, on the other hand increased work from home and online learning has increased the demand for our products starting from the second quarter. Both these factors contributed to the significant demand for the critical components of our products. The expected net loss of the Group was mainly due to the shortage of global supply of these critical components, which had led to the intensive increase in the costs of components during the period under review. The abrupt increase in component prices makes it difficult for us to fully shift the additional costs to our customers. In addition, also because of the shortage of supply of components, we were not able to source enough raw material and were forced to abandon certain sales orders during the period under review, which in turn affected our revenue and profitability.

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 for the six months ended 30 September 2020 of the Group, which has not been audited or reviewed by the auditors and the audit committee of the Company. The interim results of the Company for the six months ended 30 September 2020 will be announced on 25 November 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, 17 November 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.