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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 2021 and the information currently available to the Board, the Group is expected to record an operating loss (before impairment, if any) of not less than HK\$290 million for the year ended 31 March 2021 (year ended 31 March 2020: approximately HK\$433 million). The expected operating loss abovementioned does not include one-off impairment (if any), which is under review by auditors. Net loss of the Group for the year ended 31 March 2020 was approximately HK\$599 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 2021 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 an operating loss (before impairment, if any) of not less than HK\$290 million for the year ended 31 March 2021 (year ended 31 March 2020: approximately HK\$433 million). The expected operating loss abovementioned does not include one-off impairment (if any), which is under review by auditors. Net loss of the Group for the year ended 31 March 2020 was approximately HK\$599 million.

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

- There was global supply shortage of critical components during the year under review, which had led to substantial increase in the costs of components. The abrupt increase in component costs makes it difficult for us to fully shift the additional costs to our customers.
- Because of global supply shortage of components, vendors were not able to deliver critical parts in time and we were forced to abandon certain sales orders during the year under review, which in turn affected our revenue and profitability.

- In order to continue to promote and further the momentum for the brand recognition of AVITA / Nexstgo notebook products, considerable product research and development, advertising and promotion expenses were spent during the year.

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 2021, the audit of which has not been completed by the auditors. The annual results announcement of the Group for the year ended 31 March 2021 will be announced on 29 June 2021.

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, 21 June 2021

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. WU Zhi-Ling.