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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 information currently available to the Board, the Group is expected to record a significant decrease in its net profit for the year ending 31st March 2017 as compared to that in last financial year.

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 information currently available to the Board, including the preliminary review of the unaudited consolidated financial information of the Group, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a significant decrease in its net profit for the year ending 31st March 2017 as compared to that in last financial year.

The expected decrease in the net profit of the Group is mainly attributable to the following reasons:

- (a) the Group recorded a one-off gain of HK\$221 million on the disposal of properties in the financial year ended 31st March 2016,
- (b) a decrease in profit margin mainly due to an increase in the costs of critical components, including TFT-LCD panels, used by the Group in the production of its electronic products, and
- (c) keen competition in the market resulting in the Group having difficulties in shifting the increased components cost to our customers, thus impacting our ability to take on orders. As compared to the financial year ended 31st March 2016, the Group’s revenue for the year ending 31st March 2017 is expected to decrease by around 30%.

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 financial information of Group, which have not been audited or reviewed by the Company's auditor or approved by the audit committee of the Company. Details of the annual results of the Company for the year ended 31st March 2017 will be announced in due course.

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 Kai Ching, Kimen
Chairman

Hong Kong, 16th February 2017

As at the date of this announcement, the executive directors of the Company are Mr. LEUNG Kai Ching, Kimen, 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.