ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Website: http://www.alco.com.hk
(Stock Code: 328)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Reference is made to the interim report of Alco Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the period ended 30 September 2022 (the "**2022 Interim Report**") dated 25 November 2022.

This announcement is made to provide supplemental information on the financial information contained in the 2022 Interim Report for detail of impairment loss of HK$394 million related to the discontinued operation.

Detail of impairment loss of HK$394 million related to the discontinued operation

The impairment loss of HK$394 million mainly refers to the impairment loss on inventory of approximately HK$234 million and impairment loss on trade receivable of approximately HK$118 million and remaining HK$42 million is related to the impairment loss on property, plant and equipment, all the impairments were come from the Group's discontinued operation.

The impairment of property, plant and equipment represents the infrastructure and fixture built by the Company in the past in the PRC factory (e.g. bridge, lifts etc.). After the negotiations with local government, the PRC factory's production has been ceased on 31 August 2022 and is in progress of voluntary liquidation. The commencement date of voluntary liquidation was 3 January 2023. No amounts can be recovered after the auction performed by the local government to cover the debt. Therefore, the management considered it is suitable and necessary to provide 100% impairment on the full amount of the property, plant and equipment.

By order of the Board
Alco Holdings Limited
LEI KAM CHAO
Chairman

Hong Kong, 16 January 2023

As at the date of this announcement, the executive directors are Mr. LEI Kam Chao and Mr. CHUNG Hau Yeung. Non-executive director is Ms. HONG Ting. Independent non-executive directors are Mr. CHU Hoi Kan, Mr. LAM Chi Wing and Mr. TANG Sher Kin.