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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Website: <http://www.alco.com.hk>

(Stock Code: 328)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

PERFORMANCE HIGHLIGHTS

	2025	2024
Continuing operations		
– Revenue (HK\$)	99m	148m
– (Loss)/profit attributable to owners (HK\$)	(64m)	6m

The directors of Alco Holdings Limited (the “Company”) announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Continuing operations			
Revenue	3	99,313	148,422
Cost of goods sold	5	(94,192)	(139,558)
Gross profit		5,121	8,864
Other income, gain and loss	4	2,483	65,007
Selling expenses	5	(13,770)	(12,801)
Administrative expenses	5	(46,787)	(50,295)
Research and development expenses	5	–	(115)
Other operating expenses	5	(46)	(243)
Impairment losses recognised on trade and other receivables		(1,310)	(4,031)
		(54,309)	6,386
Finance income	6	–	2
Finance costs	6	(9,961)	(9,458)
Loss before income tax		(64,270)	(3,070)
Income tax expense	7	–	–
Loss for the year from continuing operations		(64,270)	(3,070)
Discontinued operations			
Profit for the year from discontinued operations	8	–	594,842
(Loss)/profit for the year		(64,270)	591,772

	Notes	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		(64,270)	5,850
– from discontinued operations		–	594,842
		<u> </u>	<u> </u>
(Loss)/profit for the year attributable to owners of the Company		<u>(64,270)</u>	<u>600,692</u>
Loss for the year attributable to non-controlling interests			
– from continuing operations		–	(8,920)
– from discontinued operations		–	–
		<u> </u>	<u> </u>
Loss for the year attributable to non-controlling interests		<u>–</u>	<u>(8,920)</u>
		<u>(64,270)</u>	<u>591,772</u>
		<u> </u>	<u> </u>
(Loss)/earning per share	12		
From continuing and discontinued operations			
– Basic (HK\$)		<u>(0.63)</u>	<u>9.79</u>
		<u> </u>	<u> </u>
– Diluted (HK\$)		<u>(0.63)</u>	<u>9.79</u>
		<u> </u>	<u> </u>
From continuing operations			
– Basic (HK\$)		<u>(0.63)</u>	<u>0.10</u>
		<u> </u>	<u> </u>
– Diluted (HK\$)		<u>(0.63)</u>	<u>0.10</u>
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025	2024
	HK\$'000	HK\$'000
(Loss)/profit for the year	(64,270)	591,772
Other comprehensive expense, net of tax:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<u>11,411</u>	<u>(8,775)</u>
Total comprehensive (expense)/income for the year	<u>(52,859)</u>	<u>582,997</u>
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(52,859)	591,917
– Non-controlling interests	<u>–</u>	<u>(8,920)</u>
Total comprehensive (expense)/income for the year	<u>(52,859)</u>	<u>582,997</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		37,486	39,356
Right-of-use assets		53,357	55,755
Prepayments, deposits and other receivables	<i>14</i>	226	226
		91,069	95,337
CURRENT ASSETS			
Inventories		24,875	3,340
Trade and other receivables	<i>14</i>	53,485	59,869
Income tax recoverable		9	9
Bank balances and cash		10,056	23,855
		88,425	87,073
CURRENT LIABILITIES			
Trade and other payables	<i>15</i>	37,028	47,332
Provision of financial guarantee	<i>11</i>	108,468	123,532
Bank and other borrowings	<i>16</i>	47,528	47,528
Loans from shareholders	<i>17</i>	38,052	38,052
		231,076	256,444
Net current liabilities		(142,651)	(169,371)
TOTAL ASSETS LESS CURRENT LIABILITIES		(51,582)	(74,034)

		2025	2024
	Notes	HK\$'000	HK\$'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		1,146	955
Reserves		<u>(65,189)</u>	<u>(73,540)</u>
Equity attributable to owners of the Company		(64,043)	(72,585)
NON-CONTROLLING INTERESTS		<u>(650)</u>	<u>(14,942)</u>
Total deficit		<u>(64,693)</u>	<u>(87,527)</u>
NON-CURRENT LIABILITIES			
Other payables	15	1,111	13,493
Bank and other borrowings	16	<u>12,000</u>	<u>–</u>
		<u>13,111</u>	<u>13,493</u>
TOTAL DEFICIT AND NON-CURRENT LIABILITIES		<u>(51,582)</u>	<u>(74,034)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Alco Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in designing, manufacturing and selling of consumer electronic products including AV products and notebook products. In current year, the Group discontinued the manufacturing operations as described in note 8.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”), which is the Company’s functional and the Group’s presentation currency.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

Basis of preparation

In preparing the consolidated financial statements, the directors of the Company (the “Board”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred loss from continuing operations of approximately HK\$64,270,000 for the year ended 31 March 2025 and net current liabilities of approximately HK\$142,795,000 as at 31 March 2025.

During the year ended 31 March 2025, the Group has failed to repay certain bank borrowings amounted to approximately HK\$47,528,000 according to their scheduled repayment date and remained outstanding as at 31 March 2025. Such default in repayment amounted to bank borrowings of approximately HK\$47,528,000 as at 31 March 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities.

The Board considers that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Restructure of bank and other borrowings

The bank and other borrowings which are repayable on demand or within one year was defaulted in repayment amounted to approximately HK\$47,528,000 as at 31 March 2025.

The Group is negotiating with the banks for debt restructuring. The management is of the view that the Group will be able to obtain consent from the banks to extend the repayment of borrowings and continue to provide the banking facility to improve the liquidity position of the Group, considering the valuation of the office premise of the Group amounting to approximately HK\$130,000,000, with reference to valuation performed by independent qualified professional valuers and market data information from bank, and other properties held by Mr. Leung Wai Sing, Wilson (“Wilson”) pledged to the banks.

(ii) Future treatment of the loans from shareholders

As at 31 March 2025, the Group has loans from past and existing shareholders of approximately HK\$38,052,000, of which approximately HK\$38,052,000 was loan from the deceased ex-chairman of the Group, Wilson. As the estate of Wilson is frozen before the appointment of the estate administrator, the extension agreements related to loans from Wilson could not be arranged. As the loans are repayable within one year, the Company will discuss the extension of the loans with the estate administrator once he/she is appointed.

(iii) Restructure of trade payables

As at 31 March 2025, trade payables amounted to approximately HK\$7,338,000. The Group will negotiate with creditors to further extend the repayment.

(iv) Cash inflow from operations

The Group is taking measures to streamline the product mix and production mode, to tighten cost controls over various costs and expenses and is adopting a more flexible procurement policy to control the purchase costs with the aim to attain gross profit and positive operating cash flow.

Based on the sales orders on hand for the notebook products up to June 2025, the Board expects an increase in sales in the coming months comparing to the corresponding period for the year ended 31 March 2025. The directors of the Company will continue with its effort in sales and marketing to promote the Group's notebook products in existing market and explore opportunities in other countries.

The Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 March 2026. However, should the Group fail to achieve the above mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

2. APPLICATION OF NEW AND REVISED TO HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS and the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and revised HKFRS Accounting Standards in issue but not yet effective

The Group has not applied any new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning on 1 April 2024. These new and revised HKFRS Accounting Standards include the following which may be relevant to the Group.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 21	<i>Lack of Exchangeability¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

(a) Segment analysed by products

The chief operating decision-makers have been identified as the executive directors and senior management. The executive directors and senior management reviewed the Group's internal reporting to assess performance and allocate resources. No analysis of segment assets or segment liabilities is regularly provided to the chief operating decision-maker. A management approach has been used for the operating segment reporting.

The Group mainly operates in the Mainland China, Taiwan and Hong Kong for continuing operations and is principally engaged in designing, manufacturing and selling of consumer electronic product including AV products and notebook products.

The production line in Dongguan of AV products and manufacturing business of Notebook products was discontinued during year ended 31 March 2023. The segment information reported and comparatives do not include any amounts for these discontinued operations, which are described in more detail in note 8.

The chief operating decision-makers examine the Group's performance and has identified two reportable segments of its business for current year:

AV products Design and sale of consumer electronic products, including audio, video and tablet products

Notebook products Design and sale of commercial notebook and personal computers products

The Group's inter-segment transactions mainly consist of sale of assembly parts among subsidiaries. Inter-segment sales are charged with reference to market prices.

Continuing operations

	2025				2024			
	AV products HK\$'000	Notebook products HK\$'000	Elimination HK\$'000	Total HK\$'000	AV products HK\$'000	Notebook products HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
External sales	-	99,313	-	99,313	-	148,422	-	148,422
Inter-segment sales	-	-	-	-	-	-	-	-
	<u>-</u>	<u>99,313</u>	<u>-</u>	<u>99,313</u>	<u>-</u>	<u>148,422</u>	<u>-</u>	<u>148,422</u>
Segment results	-	(42,868)	-	(42,868)	-	(67,621)	-	(67,621)
Unallocated income				2,483				65,007
Unallocated corporate expenses				(12,614)				13,031
Impairment losses on trade and other receivables				(1,310)				(4,031)
Finance income				-				2
Finance costs				(9,961)				(9,458)
Loss before tax				<u>(64,270)</u>				<u>(3,070)</u>

(b) **Geographical information**

The Group's revenue analysed by geographical area are as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Asia	99,313	105,435
Europe	–	37,998
Others	–	4,989
	<u>99,313</u>	<u>148,422</u>

The analysis of revenue by geographical area is based on the destination to which the shipments are made.

(c) **Information about major customers**

Detail of the customer accounting for 10% or more of total revenue from continuing operations is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A ¹	21,053	42,700
Customer B ¹	27,437	33,134

¹ Revenue from Notebook products segment

4. **OTHER INCOME, GAIN AND LOSS**

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Rental income from investment properties	–	463
Fair value loss on investment properties	–	(6,887)
Gain on termination of lease	–	1,491
Gain on deconsolidation of subsidiaries	2,473	77,713
Loss on disposal of subsidiary	–	(8,321)
Exchange gains, net	–	302
Others	10	246
	<u>2,483</u>	<u>65,007</u>

5. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling expenses, administrative expenses, research and development expenses and other operating expenses are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Auditor's remuneration	750	750
Cost of inventories	94,192	139,224
Impairment loss on trade and other receivables	1,310	4,031
Depreciation of property, plant and equipment	3,804	3,777
Depreciation of right-of-use assets	2,398	3,099
Employee benefit expenses (including directors' emoluments)	9,171	17,438
	<u>9,171</u>	<u>17,438</u>

6. FINANCE INCOME AND FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Finance income:		
– Bank interest income	–	2
	<u>–</u>	<u>2</u>
Finance costs:		
– Interest expense on bank and other borrowings	8,646	8,140
– Interest expense on loans from shareholders	1,315	1,248
– Interest expense on lease liabilities	–	70
	<u>9,961</u>	<u>9,458</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax, the People's Republic of China corporate income tax and overseas corporate income tax for continuing operations have been made as there are no assessable profits for the years ended 31 March 2025 and 2024.

8. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

On 31 August 2022, the Board has made the strategic decision to cease the operation of the production line in Dongguan (the “Disposal Group”) and has obtained the approval from the local government on the same date. The related deregistration and insolvency application is in progress with the assistance from the local government as at this report date. The disposal of self-owned contract processing manufacturing business line enables the Group to free up the resources and redirect its resources to other business segments which may have higher growth potential to maximise the benefit of the shareholders of the Group. The assets and liabilities attributable to the production line, which is expected to be disposed of within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below).

Deconsolidation of Alco Electronics Limited (“AEL”) and its subsidiaries (“AEL Group”)

A winding up petition (the “Petition”) was filed with The High Court of the Hong Kong (the “Court”) on 28 June 2023 by Ching Kung Metal Products Manufactory Limited, being the petitioner, against AEL, an direct wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of AEL. The Petition was filed against AEL on the principal ground that AEL has failed to pay its outstanding debt. The Petition was heard before the Court on 28 June 2023. On 28 June 2023, AEL was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AEL. Accordingly, the Group had deconsolidated AEL Group as the Directors considered that the Group’s control over AEL had been lost on 28 June 2023.

	<i>HK\$’000</i>
Assets held for disposal	82,954
Liabilities associated with assets classified as held for sale	(802,372)
Amounts due to Group Company	(1,180,785)
	<hr/>
Net Liabilities	(1,900,203)
	<hr/> <hr/>
Gain on deconsolidation of AEL Group:	
Net liabilities deconsolidated	1,900,203
Amounts due from AEL Group	(1,180,785)
Provision for financial guarantee	(121,984)
Release of exchange reserve upon deconsolidation	(1,044)
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	596,390
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The results of the Disposal Group for the year were as follows:

	2024 HK\$'000
Revenue	—
Cost of goods sold	—
Other income, gain and loss	—
Selling expenses	—
Administrative expenses	—
Other operating expenses	—
Impairment losses on trade and other receivables	—
	—
Finance income	—
Finance costs	(1,548)
	—
Loss before tax	—
Income tax expense	—
	—
Loss for the year	—
Gain on deconsolidation of Disposal Group	596,390
Gain/(loss) for the year from discontinued operation	594,842

Loss for the year from discontinued operating include the following:

	2024 HK\$'000
Cost of inventories	—
Impairment of inventories	—
Depreciation of property, plant and equipment	—
Depreciation of right-of-use assets	—
Gain on termination of lease	—
Loss on disposal of property, plant and equipment	—
Bad debt written-off on other receivable	—
Bad debt written-off on trade receivable	—
Employee benefit expenses	—
Severance payment	—
Interest expenses on lease liabilities	—
Rental concession	—

The major classes of assets and liabilities of the Disposal Group as at 31 March 2023, which have been presented separately in the consolidated statement of financial position, are as follows:

	2023 HK\$'000
Property, plant and equipment	52,677
Right-of-use assets	–
Inventories	1,185
Trade and other receivables (<i>note a</i>)	25,892
Restricted bank balances	2,652
Bank balances and cash	548
	<hr/>
Total assets classified as held for sale	82,954
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Trade and other payables (<i>note b</i>)	279,323
Income tax payable	4,856
Bank and other borrowings	131,556
Loans from shareholders	390,637
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Total liabilities associated with assets classified as held for sale	806,372
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Reserves relating to assets and liabilities classified as held-for-sale	(1,044)
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As at 31 March 2023, the loans from shareholders are repayable within one year.

- a) As at 31 March 2023, the ageing analysis of the trade receivables based on revenue recognition dates:

	2023 HK\$'000
0-30 days	–
31-60 days	–
61-90 days	–
Over 90 days	1,071
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	1,071
	<hr/> <hr/>

- b) As at 31 March 2023, the ageing analysis of the trade payable based on invoice dates:

	2023 HK\$'000
0-30 days	–
31-60 days	–
61-90 days	–
Over 90 days	145,804
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	145,804
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9. DISPOSAL OF SUBSIDIARY

Disposal of Alco Electronics (Shenzhen) Limited

During the year ended 31 March 2024, the Group disposed of its 100% equity interest in its subsidiary, Alco Electronics (Shenzhen) Limited (“SZAEL”), 愛高電子(深圳)有限公司, to an independent third party for a consideration of approximately HK\$4,320,000. The above transactions are accounted for as disposal of subsidiary. Details of the net assets disposed of in respect of the above transactions are summarised below:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	<u>4,320</u>
Analysis of assets and liabilities over which control was lost:	
Investment properties	36,723
Trade and other receivables	533
Bank balance and cash	30
Trade and other payables	(32,263)
Amount due from group companies	<u>1,349</u>
Net assets disposed of	<u>6,372</u>
Gain on disposal of subsidiary:	
Consideration received	4,320
Net assets disposed of	(6,372)
Amount due to SZAEL	1,349
Release of exchange reserve upon disposal	<u>(7,618)</u>
Loss on disposal of subsidiary	<u>(8,321)</u>
Net cash inflow arising on disposal:	
Cash consideration	4,320
Bank balance and cash disposed of	<u>(30)</u>
	<u>4,290</u>

10. DECONSOLIDATION OF SUBSIDIARIES

Deconsolidation of AVITA TECHNOLOGIES INTERNATIONAL CO LTD (“AVITA TECH”)

A winding up petition (the “Petition”) was filed with The High Court of the Hong Kong (the “Court”) on 29 May 2024 by Avita-Giken Technology Pte Ltd, being the petitioner, against AVITA TECH, an direct partial-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of AVITA TECH. The Petition was filed against AVITA TECH on the principal ground that AVITA TECH has failed to pay its outstanding debt. The Petition was heard before the Court on 29 May 2024. On 29 May 2024, AVITA TECH was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AVITA TECH. Accordingly, the Group had deconsolidated AVITA TECH Group as the Directors considered that the Group’s control over AVITA TECH had been lost on 29 May 2024.

HK\$’000

Inventories	72
Trade and other receivables	1,970
Bank balances and cash	120
Trade and other payables	(18,927)
Net assets at date of de-consolidation	(16,765)
Non-controlling interests	14,292
Gain on de-consolidation of AVITA TECH	2,473
Net cash outflow arising from de-consolidation of AVITA TECH	(120)

Deconsolidation of Nexstgo Company Limited (Nexstgo) and its subsidiary (Nexstgo Group)

A winding up petition (the “Petition”) was filed with The High Court of the Hong Kong (the “Court”) on 10 January 2024 by Fortune Fountains (Asia) Limited, being the petitioner, against Nexstgo, an indirect wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of Nexstgo. The Petition was filed against Nexstgo on the principal ground that Nexstgo has failed to pay its outstanding debt. On 10 January 2024, Nexstgo was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of Nexstgo. Accordingly, the Group had deconsolidated Nexstgo as the Directors considered that the Group’s control over Nexstgo had been lost on 10 January 2024.

Analysis of assets and liabilities over which control was lost:

HK\$’000

Property, plant and equipment	26
Prepayments, deposits and other receivables	600
Inventories	27,970
Trade and other receivables	6,143
Income tax recoverable	1,716
Bank balances and cash	645
Trade and other payables	(59,566)
Income tax liabilities	(1,355)
Loan from shareholders	(47,501)
Amount due from group companies	822,209
	<hr/>
Net assets	750,887
	<hr/>
Gain on deconsolidation of Nexstgo Group:	
Net assets deconsolidated	(750,887)
Amount due to Nexstgo Group	822,209
Release of exchange reserve upon deconsolidation	6,391
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Gain on deconsolidation	77,713
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Net cash outflow arising on deconsolidation:	
Bank balances and cash of Nexstgo Group	(645)
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11. PROVISION OF FINANCIAL GUARANTEE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Financial guarantee issued	<u>108,468</u>	<u>123,532</u>

The Group had undertaken to indemnify certain lenders of the former subsidiaries for borrowings and related interest payables to the maximum extent of HK\$108,468,000. As at 31 March 2025, provision for these financial guarantee contracts amounted to HK\$108,468,000 has been recognized.

12. (LOSS)/EARNING PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(64,270)</u>	<u>600,692</u>

Number of shares

	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earning per share	<u>102,318,344</u>	<u>61,326,638</u>

For the year ended 31 March 2025, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share placing in November 2024.

There were no dilutive potential ordinary shares during the years ended 31 March 2025 and 2024. Therefore, the diluted loss per share is the same as basic loss per share.

For continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted loss per share from continuing operations	<u>(64,270)</u>	<u>5,850</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic earning per share for the discontinued operation was HK\$9.70 per share and diluted earning per share for the discontinued operation was HK\$9.70 per share, based on the profit for the year ended 31 March 2024 from the discontinued operations of HK\$594,842,000 and the denominators detailed above for both basic and diluted loss per share.

13. DIVIDENDS

No dividend was paid or proposed by the Company during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

14. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Non-current		
Prepayments, deposits and other receivables	226	226
Less: loss allowance	—	—
	<u>226</u>	<u>226</u>
Current		
Trade receivables	49,576	44,850
Less: loss allowance (<i>note a</i>)	(6,143)	(6,471)
	<u>43,433</u>	<u>38,379</u>
Trade receivables, net		
	<u>43,433</u>	<u>38,379</u>
Prepayments, deposits and other receivables	10,323	23,974
Less: loss allowance (<i>note b</i>)	(271)	(2,484)
	<u>10,052</u>	<u>21,490</u>
Prepayments, deposits and other receivables, net		
	<u>10,052</u>	<u>21,490</u>
	<u>53,711</u>	<u>60,095</u>

As at 31 March 2025 and 2024, the ageing analysis of the trade receivables based on revenue recognition dates:

	2025 HK\$'000	2024 HK\$'000
0-30 days	33,979	22,643
31-60 days	5,709	4,811
61-90 days	2,217	5,210
Over 90 days	1,528	5,715
	<u>43,433</u>	<u>38,379</u>

15. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Non-current		
Other payables	1,111	13,493
Current		
Trade payables	7,338	29,207
Other payables and accruals	29,690	18,125
	37,028	47,332
	38,139	60,825

As at 31 March 2025 and 2024, the ageing analysis of the trade payables based on invoice date:

	2025 HK\$'000	2024 HK\$'000
0-30 days	832	1,056
31-60 days	328	441
61-90 days	564	157
Over 90 days	5,614	27,553
	7,338	29,207

16. BANK AND OTHER BORROWINGS

As at 31 March 2025, bank and other borrowings were interest-bearing at fixed rates from 1.3% to 5.2% per annum or a margin over Hong Kong Interbank Offered Rate ("HIBOR"), Lender's Costs of Funds or loan prime rate (2024: fixed rates from 1.3% to 5.2% per annum or a margin over HIBOR, Lender's Costs of Funds or loan prime rate) and are repayable within one year.

A bond was issued by the Company with aggregate principal amount of HK\$12,000,000 during the year ended 31 March 2025, bearing interest rates of 6% and effective interest rates of 6%.

17. LOANS FROM SHAREHOLDERS

	2025 HK\$'000	2024 HK\$'000
Current	38,052	38,052

As at 31 March 2025 and 2024, the loans from shareholders are repayable within one year.

18. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed above, no significant events affecting the Company and its subsidiaries occurred since 1 April 2025 and up to the date of this announcement.

Save as disclosed above, the Group has no significant events took place after the end of the year.

DIVIDEND

The directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2025 (2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results and Dividends

The revenue of the continuing operations of the Group was HK\$99 million for the year ended 31 March 2025 as compared to HK\$148 million for the year ended 31 March 2024, represented a 33% decrease in revenue. Gross profit of the continuing operations of HK\$5 million was recorded for the year ended 31 March 2025 as compared to the gross profit of HK\$9 million for the year ended 31 March 2024. The loss for the year ended 31 March 2025 of HK\$64 million was mainly attributable to the decrease in revenue due to economic downturn worldwide and people reduces personal consumptions in markets, while the profit for the year ended 31 March 2024 of HK\$592 million was mainly attributable to the gain on deconsolidation of Disposal Group from discontinued operation of HK\$596 million and gain on deconsolidation of subsidiaries of HK\$78 million.

The directors do not recommend the payment of a final dividend for the financial year ended 31 March 2025 (2024: Nil).

Review of Operations

The core business of the Group during the period under review was focused on the development and sales of own brand notebooks and tablets.

While there has been a modest improvement in transitioning from in-house manufacturing to outsourcing Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM) functions, yielding a gross profit, the Company remains in challenging business environment. Exploring new products and markets has become one of the most important missions for the Company to complete.

The Company still require additional resources to refine operations, including but not limited to strategically leveraging its network from business partners and investors. These collaborations aim to enhance operational efficiency and optimize processes, aligning with the Company's commitment to adaptability and growth.

It is crucial to note that the overall financial picture remains challenging. Disregarding the one-off gain from deconsolidation of subsidiaries, the company still faces a net loss for the year. Caution is advised in both operational and cash flow aspects, given the persistently grim business environment.

To address financial challenges, the company will continue relying on raising funds from the capital market. Although there's a slight improvement in ongoing operations, finding a stable and profitable mode of operation remains a focal point. Efforts will be devoted to navigating these challenges and securing a sustainable and resilient business model for the future.

Prospects

Looking ahead, the Group remains committed to its strategic objectives and will continue to pursue opportunities for growth and profitability. The following prospects outline the key focus areas for the Group:

- Operational optimization: The Group will continue to implement measures to improve operational efficiency, including ongoing downsizing initiatives, process enhancements, and cost control measures.
- Business cooperation: The Group will actively explore opportunities for business cooperation, including strategic partnerships, technological innovation, and product diversification, to enhance competitiveness and capture new market opportunities.
- Capital market financing: The Group intends to explore capital market financing options, including rights issues, to raise funds for strategic investments and future growth initiatives.

The Group remains cautiously optimistic about its prospects, driven by the ongoing efforts to improve operational efficiency, reduce debts, and pursue growth opportunities. The focus on financial stability, strategic partnerships, and transformative initiatives positions the Group for long-term success in a rapidly evolving market landscape.

Liquidity and financial resources

The Group's total deficit as at 31 March 2025 was HK\$65 million (2024: HK\$88 million). As at 31 March 2025, we had bank balances and cash of HK\$10 million (2024: HK\$24 million). After deducting bank and other borrowings of HK\$48 million (2024: HK\$48 million), provision of financial guarantee of HK\$108 million (2024: HK\$124 million) and loans from shareholders of HK\$38 million (2024: HK\$38 million), we had net borrowing of HK\$184 million (2024: HK\$186 million).

As at 31 March 2025, our inventory was HK\$25 million (2024: HK\$3 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty. Trade receivables as at 31 March 2025 were HK\$43 million (2024: HK\$38 million). We are actively following the receivable with our customers for payments. Trade payables as at 31 March 2025 were HK\$7 million (2024: HK\$29 million).

Due to peg-rate system, we have limited exposure to trade-related foreign exchange risk as substantially all of our sales, purchases and borrowings are denominated in United States dollars and Hong Kong dollars. Adhering to the policy of not engaging in currency speculation, there were no speculative activities during the reporting financial year.

Employees

As at 31 March 2025, the Group had approximately 20 (2024: 15) employees in Mainland China, Taiwan and Hong Kong. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. We also provide other benefits including medical insurance, provident fund and education subsidies to all eligible staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2025.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the 12 months ended 31 March 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors, all the directors confirmed that they had complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions with the Company for the year ended 31 March 2025.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the financial statements of the Group for the year ended 31 March 2025.

The Audit Committee currently comprises five independent non-executive directors of the Company, namely Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen.

SCOPE OF WORK OF THE AUDITORS OF THE COMPANY

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, Global Link CPA Limited ("Global Link"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2025 as approved by the Board of Directors on 30 June 2025. The work performed by Global Link in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Global Link on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the report by Global Link, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 March 2025.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Alco Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in Note 1 to the consolidated financial statements, the Group incurred loss from continuing operations of approximately HK\$64,270,000 for the year ended 31 March 2025 and net current liabilities of approximately HK\$142,651,000 as at 31 March 2025. During the year ended 31 March 2025, the Group has failed to repay certain bank borrowings amounted to approximately HK\$47,528,000 according to their scheduled repayment date and remained outstanding as at 31 March 2025. Such default in repayment amounted to bank borrowings of approximately HK\$47,528,000 as at 31 March 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities. The current liabilities also included a provision of financial guarantee of approximately HK\$108,468,000 for former subsidiaries for borrowings and related interest payables. As at 31 March 2025, the Group’s bank balances and cash amounted to approximately HK\$10,056,000 only. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have been formulating and undertaking a number of plans and measures to mitigate the Group's liquidity pressure, to improve the financial position of the Group and to remediate the delayed repayments to lenders and creditors.

The consolidated financial statements had been prepared on a going concern basis, the validity of which depends on the outcome of those plans and measures as mentioned in Note 1 to the consolidated financial statements, which are subject to multiple uncertainties.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable because of (i) the lack of sufficient supporting basis from the management on the successfulness of negotiation with the remaining lenders and creditors on restructuring or extension of repayment terms of shareholders' loan, bank and other borrowings and trade payables; and (ii) the lack of sufficient supporting basis that the improvement of future operating results and cash flows would be realised, in particular, the uncertainty of outcome of those plans and measures and how variability in outcome would affect the future cash flows of the Group. Hence, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

Should the Group fail to achieve its plans and measures as mentioned in Note 1 to the consolidated financial statements, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024. Any adjustments to the balances as at 31 March 2024 would affect the balances of these financial statements items as at 1 April 2024 and the corresponding movements, if any, during the year ended 31 March 2025. The balances as at 31 March 2024 and the amounts for the year then ended are presented as corresponding figures in the consolidation financial statements for the year ended 31 March 2025. In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaimed our audit opinion on the consolidated financial statements relating to the going concern issue only and not any other issues for the year ended 31 March 2025 and also for the possible effect of the comparability of the current year's figures and the corresponding figures.

Other Matters

The consolidated financial statements of the Group for the year ended 31 March 2024, were audited by us and we expressed a disclaimer of opinion on those statements on 28 June 2024.

Had we not disclaimed our opinion, we would have issued a qualified opinion on the basis that the scope limitation on the comparative figure of gain on deconsolidation of the Disposal group as disclosed in the discontinued operation for the year ended 31 March 2024 and the corresponding balances instead of a disclaimer of opinion. The other issues mentioned below do not form part of paragraphs in relation to the disclaimer of opinion or the basis of disclaimer of opinion.

As set out in note 8 to the consolidated financial statements, on 31 August 2022, the directors of the Company have made the strategic decision to cease the operation of the production line in Dongguan and has obtained the approval from the local government on the same date. In August 2023 (the Deconsolidation Date”, the Company had been informed by the Court that the Court held that the creditor’s application complied with the legal requirements and accepted the creditor’s application for bankruptcy and liquidation against the Disposal Group. In addition, the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group, which were not made available to the Group’s management subsequent to the Deconsolidation Date. The related deregistration and insolvency application is in progress with the assistance from the local government as at this report date.

The results of the discontinued operation for the year ended 31 March 2024 are set out in note 8 to the consolidated financial statements.

As the books and records of the Disposal Group were kept and maintained by the bankruptcy administrator of the Disposal Group. Accordingly, we were not able to obtain sufficient appropriate audit evidence to verify the gain on deconsolidation of the Disposal Group, shown as comparative figure on the consolidated statement of profit or loss and related note 8 to the consolidated financial statements.

Given the above scope limitation, we were unable to obtain sufficient appropriate audit evidence with respect to the result of the Group’s discontinued operation for the year ended 31 March 2024, shown as comparative figure as at 31 March 2024 as set out in note 8. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the Group’s gain for the year from discontinued operations of HK\$594,842,000, shown as corresponding comparative figures.

MANAGEMENT VIEW ON GOING CONCERN

The Board have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Board considers that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Restructure of bank and other borrowings

The bank and other borrowings which are repayable on demand or within one year or was defaulted in repayment amounted to approximately HK\$47,528,000 as at 31 March 2025.

The Group is negotiating with the banks for debt restructuring. The management is of the view that the Group will be able to obtain consent from the banks to extend the repayment of borrowings and continue to provide the banking facility to improve the liquidity position of the Group, considering the valuation of the office premise of the Group amounting to approximately HK\$130,000,000, with reference to valuation performed by independent qualified professional valuers and market data information from bank, and other properties held by Mr. Leung Wai Sing, Wilson (“Wilson”) pledged to the banks.

(ii) Future treatment of the loans from shareholders

As at 31 March 2025, the Group has loans from past and existing shareholders of approximately HK\$38,052,000, of which approximately HK\$38,052,000 was loan from the deceased ex-chairman of the Group, Wilson. As the estate of Wilson is frozen before the appointment of the estate administrator, the extension agreements related to loans from Wilson could not be arranged. As the loans are repayable within one year, the Company will discuss the extension of the loans with the estate administrator once he/she is appointed.

(iii) Restructure of trade payables

As at 31 March 2025, trade payables amounted to approximately HK\$7,338,000. The Group will negotiate with the creditors to further extend the repayment.

(iv) Cash inflow from operations

The Group is taking measures to streamline the product mix and production mode, to tighten cost controls over various costs and expenses and is adopting a more flexible procurement policy to control the purchase costs with the aim to attain gross profit and positive operating cash flow.

Based on the sales orders on hand for the notebook products up to June 2025, the Board expects an increase in sales in the coming months comparing to the corresponding period for the year ended 31 March 2025. The directors of the Company will continue with its effort in sales and marketing to promote the Group’s notebook products in existing market and explore opportunities in other countries.

The Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 March 2025. However, should the Group fail to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

The Audit Committee has reviewed the Disclaimer of Opinion relating to the going concern, the management views on going concern, the plans and measures of the Group, and concurs with the Board's view.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of Alco Holdings Limited at www.alco.com.hk. The annual report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

LIST OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Ms. Liao Liping (Co-Chairman) and Mr. Ho Chak Yu. Non-executive directors of the Company are Mr. Tian Yi (Co-Chairman) and Mr. Bian Wenbin. Independent non-executive directors of the Company are Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen

By Order of the Board
Alco Holdings Limited
Co-Chairman and executive director
Liao Liping

Hong Kong, 30 June 2025