ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2011

PERFORMANCE HIGHLIGHTS

	2011	2010
– Revenue (HK$)	**3,082m**	4,003m
– Profit for the year attributable to equity holders (HK$)	**271m**	248m
– Final dividend per share	**HK14 cents**	HK14 cents
– Special dividend per share	**HK8 cents**	HK6 cents
– Full year dividend per share	**HK32 cents**	HK29 cents

The directors of Alco Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Revenue	*3*	**3,082,330**	4,003,213
Cost of goods sold	*5*	**(2,698,147)**	(3,447,672)
Gross profit		**384,183**	555,541
Other income	*4*	**145,205**	14,451
Selling expenses	*5*	**(144,560)**	(216,833)
Administrative expenses	*5*	**(103,856)**	(93,428)
Other operating expenses	*5*	**(1,600)**	(4,718)
Exchange gain on loans and receivables	*9*	**3,140**	14,397
Operating profit		**282,512**	269,410
Finance income		**8,189**	5,989
Finance costs		**(889)**	(1,381)
Profit before income tax		**289,812**	274,018
Income tax expense	*6*	**(18,401)**	(25,725)
Profit for the year attributable to equity holders of the Company		**271,411**	248,293
Earnings per share attributable to equity holders of the Company			
– basic	*7*	**HK47.9 cents**	HK44.6 cents
– diluted	*7*	**HK47.6 cents**	HK44.6 cents
Dividends	*8*	**184,785**	163,265

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company		**271,411**	248,293
Other comprehensive (loss)/income, net of tax:			
Fair value gain on available-for-sale financial assets	*10*	**48**	40,485
Currency translation differences		**(86)**	(2,828)
Other comprehensive (loss)/income for the year, net of tax		**(38)**	37,657
Total comprehensive income for the year attributable to equity holders of the Company		**271,373**	285,950

CONSOLIDATED BALANCE SHEET

As at 31st March 2011

	Note	**31st March 2011 HK$'000**	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**252,813**	324,943	378,324
Investment properties		**312,388**	75,020	65,970
Leasehold land and land use rights		**7,821**	11,997	12,389
Intangible assets		**69,426**	76,827	81,658
Deferred income tax assets		**18,826**	7,072	–
Loans and receivables	9	**97,884**	78,501	64,104
Available-for-sale financial assets	10	**136,689**	136,641	96,156
		895,847	711,001	698,601
Current assets				
Inventories		**429,187**	472,688	703,846
Trade and other receivables	11	**714,757**	535,383	608,697
Cash and cash equivalents		**902,404**	1,039,830	872,307
		2,046,348	2,047,901	2,184,850
Current liabilities				
Trade and other payables	12	**878,433**	819,062	831,317
Current income tax liabilities		**14,551**	57,891	38,439
Borrowings		**49,771**	76,400	74,808
		942,755	953,353	944,564
Net current assets		**1,103,593**	1,094,548	1,240,286
Total assets less current liabilities		**1,999,440**	1,805,549	1,938,887
Capital and reserves attributable to equity holders of the Company				
Share capital		**57,780**	55,666	55,666
Reserves		**1,875,424**	1,703,883	1,545,966
Total equity		**1,933,204**	1,759,549	1,601,632
Non-current liabilities				
Borrowings		**66,236**	46,000	307,761
Deferred income tax liabilities		**–**	–	29,494
		66,236	46,000	337,255
Total equity and non-current liabilities		**1,999,440**	1,805,549	1,938,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. The adoption of new/revised HKFRS

The adoption of all the new/revised standards, amendments to standards and interpretation which are effective from 1st April 2010 does not have a material impact on the Group's consolidated financial statements except for HKAS 17 (Amendment) "Leases". The effect of the adoption of this amendment is as follows:

HKAS 17 (Amendment) – Leases

The amendment to HKAS 17 "Leases" removes the specific guidance which previously required that land element held under a lease should be classified as an operating lease. It provides new guidance which indicates that entities should use judgement to decide whether the lease transfers the significant risk and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has made a reassessment of the existing land lease arrangements and certain "Leasehold land and land use rights" have been reclassified to "Property, plant and equipment" and the corresponding "Amortisation of leasehold land and land use rights" has been reclassified to "Depreciation of property, plant and equipment" retrospectively. Comparative information has been restated to reflect this change in accounting policy. The adoption of amendment to HKAS 17 has the following impact on the consolidated financial information due to the reclassification as aforesaid:

	31st March 2011	31st March 2010	1st April 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase in property, plant and equipment	**46,133**	46,194	46,259
Decrease in leasehold land and land use rights	**46,133**	46,194	46,259

	Year ended 31st March	
	2011	2010
	HK$'000	*HK$'000*
Increase in depreciation of property, plant and equipment	**61**	65
Decrease in amortisation of leasehold land and land use rights	**61**	65

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1st April 2009, with consequential reclassification adjustments to comparatives for the year ended 31st March 2010. The reclassification has had no effect on reported profit, total comprehensive income or equity for any period presented.

As a result of the above retrospective reclassification, an additional consolidated statement of financial position as at 1st April 2009 is presented in accordance with the requirements of HKAS 1 "Presentation of financial statements".

New/Revised standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new/revised standards, amendments to standards and interpretations have been published but are not yet effective for the financial year ended 31st March 2011 and have not been early adopted by the Group:

		Effective for annual periods beginning or after
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters	1st July 2010
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1st July 2011
HKFRS 9	Financial Instruments	1st January 2013
HKAS 1 (Amendment)	Presentation of Financial Information	1st January 2011
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1st January 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
Various improvements to HKFRSs published by the HKICPA in May 2010		

The Group has already commenced an assessment of the impact of the above new/revised standards, amendments to standards and interpretations but is not yet in a position to state whether these new/revised standards, amendments to standards and interpretations would have a significant impact to its results of operations and financial position.

3. Segment information

(a) *Segment analysed by products*

The Group mainly operates in the People's Republic of China (the "PRC") and Hong Kong and is principally engaged in designing, manufacturing and selling of consumer electronic products and plastic products.

Consumer electronic products – Design, manufacture and sale of consumer electronic products

Plastic products – Manufacture and sale of plastic and packaging products

	2011				2010			
	Consumer electronic products	**Plastic products**	**Elimination**	**Group**	Consumer electronic products	Plastic products	Elimination	Group
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
External sales	**3,081,106**	**1,224**	**–**	**3,082,330**	3,998,776	4,437	–	4,003,213
Inter-segment sales	**–**	**115,586**	**(115,586)**	**–**	–	119,488	(119,488)	–
	3,081,106	**116,810**	**(115,586)**	**3,082,330**	3,998,776	123,925	(119,488)	4,003,213
Segment results	**282,604**	**(92)**		**282,512**	270,052	(642)		269,410
Finance income				**8,189**				5,989
Finance costs				**(889)**				(1,381)
Profit before income tax				**289,812**				274,018
Income tax expense				**(18,401)**				(25,725)
Profit for the year attributable to equity holders of the Company				**271,411**				248,293

(b) Segment analysed by geographical areas

The segment revenue for the years ended 31st March 2011 and 2010 are as follows:

	2011	2010
	HK$'000	*HK$'000*
North America	**2,114,295**	2,782,269
Europe	**545,834**	661,599
Asia	**337,482**	403,890
Others	**84,719**	155,455
	3,082,330	4,003,213

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

Primarily all of the Group's assets and capital expenditure for the years ended 31st March 2011 and 2010 were located or utilised in the PRC and Hong Kong.

4. Other income

	2011	2010
	HK$'000	*HK$'000*
Fair value gain on investment properties (Note a)	**109,162**	9,050
Rental income from investment properties	**3,834**	5,203
(Loss)/gain on sale of moulds	**(1,335)**	162
Compensation gain on disposal of land and building (Note b)	**33,508**	–
Others	**36**	36
	145,205	14,451

(a) This includes the revaluation gain of HK$78 million from an investment property in Fanling. The investment property was subsequently sold in April 2011.

(b) For the purpose of re-development, the local government of Houjie Town requested the Group to surrender a piece of land and building in Houjie Town formerly used by the Group as a polyfoam factory (the "Property") in return for a consideration of approximately HK$44 million. The compensation gain on disposal of the Property was the difference between the consideration and its carrying value as at the date of disposal.

5. Expenses by nature

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Amortisation of intangible assets	**19,508**	16,137
Amortisation of leasehold land and land use rights	**283**	392
Auditor's remuneration	**2,400**	2,508
Cost of inventories	**1,984,760**	2,632,467
Depreciation of property, plant and equipment	**67,484**	77,048
Employee benefit expenses (including directors' emoluments)	**325,378**	313,404
(Gain)/loss on disposal of property, plant and equipment	**(570)**	1,083
Operating lease rental in respect of land and buildings	**33,587**	32,591
Research and development costs	**25,799**	22,577
Write-off of intangible assets	**–**	209
Write-off/impairment of property, plant and equipment	**25,738**	7,629

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2011	2010
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**32,766**	56,322
– (Over)/under provision in prior years	**(2,611)**	5,969
Deferred income tax	**(11,754)**	(36,566)
	18,401	25,725

7. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit for the year attributable to equity holders of the Company (HK$'000)	**271,411**	248,293
Weighted average number of ordinary shares in issue	**566,896,906**	556,661,720
Basic earnings per share (HK cents)	**47.9**	44.6

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the summation of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

	2011	2010
Profit for the year attributable to equity holders of the Company (HK$'000)	**271,411**	248,293
Weighted average number of ordinary shares in issue	**566,896,906**	556,661,720
Dilutive effect on share options	**2,986,114**	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**569,883,020**	556,661,720
Diluted earnings per share (HK cents)	**47.6**	44.6

8. Dividends

	2011 *HK$'000*	2010 *HK$'000*
Interim dividend, paid, of HK10 cents (2010: HK9 cents) per ordinary share	**57,669**	50,100
Final dividend, proposed, of HK14 cents (2010: HK14 cents) per ordinary share	**80,892**	79,216
Special dividend, proposed, of HK8 cents (2010: HK6 cents) per ordinary share	**46,224**	33,949
	184,785	163,265

9. Loans and receivables

	2011 *HK$'000*	2010 *HK$'000*
Corporate bonds *(Note a)*	**93,112**	78,501
Government bond *(Note b)*	**4,772**	–
Carrying amount at year end	**97,884**	78,501

	2011 *HK$'000*	2010 *HK$'000*
Carrying amount at beginning of the year	**78,501**	64,104
Additions	**16,243**	–
Exchange gain	**3,140**	14,397
Carrying amount at year end	**97,884**	78,501

(a) The corporate bonds represent the Group's investment in Korean Won ("KRW") denominated corporate bond issued by a Korea incorporated company Hydis Technologies Company Limited ("Hydis") and Renminbi ("RMB") denominated corporate bond issued by China Development Bank Corporation.

(b) The government bond is issued by the Ministry of Finance PRC and is denominated in RMB.

The carrying amount of the loans and receivables approximates to their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of the loans and receivables.

10. Available-for-sale financial assets

	2011	2010
	HK$'000	*HK$'000*
Fair value of unlisted equity securities outside Hong Kong at beginning of the year	**136,641**	96,156
Fair value gain for the year	**48**	40,485
Fair value of unlisted equity securities outside Hong Kong at year end	**136,689**	136,641

The available-for-sale financial assets represent the Group's long-term investment in shares of Hydis. They are denominated in KRW.

11. Trade and other receivables

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**701,800**	521,120
Prepayments, deposits and other receivables	**12,957**	14,263
	714,757	535,383

At 31st March 2011 and 2010, the ageing analysis of the trade receivables based on shipping terms is as follows:

	2011	2010
	HK$'000	*HK$'000*
0-30 days	**203,845**	210,335
31-60 days	**147,935**	190,031
61-90 days	**120,316**	83,526
Over 90 days	**229,704**	37,228
	701,800	521,120

12. Trade and other payables

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**793,542**	729,168
Other payables and accruals	**84,891**	89,894
	878,433	819,062

At 31st March 2011 and 2010, the ageing analysis of the trade payables based on invoice date is as follows:

	2011	2010
	HK$'000	*HK$'000*
0-30 days	**718,290**	670,269
31-60 days	**51,474**	33,872
61-90 days	**20,219**	21,475
Over 90 days	**3,559**	3,552
	793,542	729,168

DIVIDENDS

The directors recommended the payment of a final dividend of HK14 cents (2010: HK14 cents) and a special dividend of HK8 cents (2010: HK6 cents) per ordinary share for the year ended 31st March 2011 to the shareholders whose names appear on the register of members of the Company on 31st August 2011.

Subject to shareholders' approval at the forthcoming annual general meeting, which is scheduled on 23rd August 2011, the final dividend and special dividend are expected to be paid on 9th September 2011.

CLOSURE OF REGISTER OF MEMBERS

Annual general meeting

The register of members of the Company will be closed from Friday, 19th August 2011 to Tuesday, 23rd August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 18th August 2011.

Dividend

The register of members of the Company will be closed from Monday, 29th August 2011 to Wednesday, 31st August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 26th August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

On behalf of the Board of Directors, I am pleased to present the financial results of Alco Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31st March 2011.

During the review year, the Group recorded profit attributable to shareholders of HK$271 million (2010: HK$248 million) though turnover contracted by 23% year on year to HK$3.1 billion (2010: HK$4.0 billion). Apart from the management's commitment to maintaining a reasonable profit level when selecting orders and employing stringent measures to control costs, a revaluation gain of HK$78 million from an industrial building in Fanling and a compensation gain of HK$34 million from a piece of land in Houjie Town, also contributed to the Group's results. Basic earnings per share were HK47.9 cents, compared with HK44.6 cents in 2010.

The Board of Directors remains dedicated to observing a dividend policy that delivers stable returns to shareholders. Accordingly, the payment of a final dividend of HK14 cents (2010: HK14 cents) and a special dividend of HK8 cents (2010: HK6 cents) has been recommended which, with the inclusion of an interim dividend of HK10 cents per share already paid (2010: HK9 cents), represents a total dividend of HK32 cents for the financial year (2010: HK29 cents).

The final dividend will be paid on 9th September 2011 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

Though the global economy has made certain progress since the financial crisis, some European countries and North America continued to experience a very slow path of recovery. Combined with intense competition, the Group endured intense cost and pricing pressure. Nevertheless, through our commitment to preserving a reasonable profit margin when selecting orders, delivering a product mix that observes current trends for smart electronics, and further implementation of inventory and production controls, we were able to maintain our competitiveness and a strong financial position – paramount for the Group to move forward.

Profit Margin Preceding Turnover

Recently, consolidation of the audio-visual manufacturing industry has become more intense as a greater number of Mainland Chinese manufacturers have entered the export market with the intent of using a low price strategy to compete. Our pursuit of quality over quantity and reasonable profit margin over turnover – a policy that we have observed over the past several years – has proved essential for allowing us to protect our market position and financial health amidst such competition. We have also been able to maintain a relatively stable gross margin of 12.5% (2010: 13.9%) due to our commitment to only accepting orders from trusted customers who share our vision of providing quality products; maintaining ties with customers with sound financial credentials; and compiling a portfolio of products that offer unique functions and features.

Addressing Market Needs for Smart Electronics
In order to safeguard our leading position in the market, we are constantly in step with the latest industry trends for smart consumer electronic products which provide integrated solutions and have continuously incorporated value-added features into our audio and visual products. During the review year, LCD TVs, high-end audio items and portable DVD/Blu-ray players continued to constitute our main revenue sources. The trend to replace CCFL (Cold Cathode Fluorescent Lamps) TVs with LED backlight LCD TVs is expected to continue to drive European market demand in the coming year. To address interest in multifunctional consumer electronic products and internet connectivity, we continued to develop audio and visual products and home theatre systems with value-added features such as iPhone and iPad docking as well as internet access. We further upgraded our Blu-ray disk products by adding new functions, including video streaming and internet connection via numerous user-friendly and popular applications ("apps").

Controlling Costs and Cash flow
The ability to control costs remains at the heart of our efforts to protect the Group's competitiveness. Product optimisation, standardisation of parts and components, and streamlining of production processes, such as the use of Cell Production Concept, are among the practices that we have continued to employ to stay ahead, yet without sacrificing our commitment to quality and the high functionality of our products. Through workflow management and aforementioned streamlining of production, we have also reduced our dependence on human labour; maintaining a lean, efficient workforce that allows us to be less affected by rising labour rates or migration of workers.

Keeping Check of Our Dollars and Cents
Another facet of operations that the Group has meticulously scrutinised is cash flow. Since a strong cash position provides an important buffer against uncertain market condition, it is the reason why we have long sought to maintain a high level of liquidity, well before the latest financial turmoil. We will continue to closely monitor our inventories and receivables, minimising the risks of obsolescence and bad debts.

Impact of Japan's Natural Disasters
The earthquake and tsunami that struck Japan in March 2011 resulted in disruptions to the supply chain of certain electronic components. As far as the Group is concerned, we experienced little impact on our production because we used considerable volume of electronic components from suppliers in Korea, Taiwan and Mainland China.

Prospects

Though more countries are moving out of the economic trough, there remain others, such as the United States and several European countries, which continue to grapple with issues ranging from high unemployment to soaring debt. Despite the lacklustre performance of certain markets, we remain cautiously optimistic that the consumer electronics segment will make further progress, driven by gradually strengthening consumption sentiment as well as the fast development of smart electronics, which is spurred on by consumers' insatiable desire for such products.

To ensure that we are not merely a bystander amid such progress, the Group will endeavour to develop even more attractive products that leverage the latest trends and fully capitalises on our strong R&D capabilities.

As we have been an early entrant in the LED-backlight LCD TV and Blu-ray disk player markets, we have proven our ability to identify and adopt the latest technologies that possess strong consumer appeal. Continuing to use such prowess, we will investigate the application of 3D technology in Blu-ray disk player products and Wi-Fi connectivity in our consumer electronics products, both of which have been gaining popularity in recent years. Moreover, further integration of audio and video players with iPad docking features, along with iPod and iPhone docking capabilities, will help to build an even stronger line-up of docking products. We have also started investigating 3D TVs, tablet PCs and video streaming players, all of which are expected to become main stream and popular products for the Group's mass merchants customers and consumers. All of these endeavours will go towards strengthening the Group's reputation as a leading consumer electronics manufacturer and brand.

What will certainly help to strengthen our stature as a reputable manufacturer is the soon-to-open Dongguan production facility, which has a site area of approximately 2.8 million square feet and a floor area of approximately 2.5 million square feet. Construction efforts are progressing well with topping out work expected in October 2011, following which renovation will be made. Production lines will be operational in the first half of 2012 as scheduled. The state-of-the-art facility will enable us to optimise production as well as open the way for the assembly of new product lines. Aside from greater production efficiency and flexibility, the Dongguan site employs various environmental friendly features for reducing energy consumption and sewage treatment, thus allowing the Group to do its part to protect the environment as well.

Moving ahead, we will continue to devise and employ strategies that enable us to grasp emerging opportunities, and thereby strengthen our market position and protect the Group's financial health. We will also seek to fulfil our vision of offering high-quality products that satisfy market needs, as well as further develop and launch products that pave the way for long-term growth.

Liquidity and financial resources

The Group's total equity and total equity per share as at 31st March 2011 were HK$1,933 million (2010: HK$1,760 million) and HK$3.35 (2010: HK$3.16) respectively.

The Group maintains a strong financial position. As at 31st March 2011, we had cash and deposits of HK$902 million. After deducting bank loans of HK$116 million, we had net cash of HK$786 million. The Group has adequate liquidity for future working capital requirements. Subsequent to balance sheet date, the Group sold one of its investment properties and there would be a net cash inflow (after deducting the related mortgage loan and transaction cost) of approximately HK$130 million to the Group. This will further fortify our financial position.

In order to optimising inventory level, management has put much effort in improving just-in-time delivery and parts standardisation. Our inventory as at 31st March 2011 was HK$429 million (2010: HK$473 million). Nevetheless, we have been monitoring the inventory level so that we are able to flexibly make adjustment to it in different trading seasons.

Trade receivables balance as at 31st March 2011 was HK$702 million (2010: HK$521 million). It is our policy to adopt a prudent credit policy and to deal with creditworthy customers, in order to minimise credit risk. The receivables were substantially settled by June 2011 according to the payment terms.

Trade payables balance as at 31st March 2011 was HK$794 million (2010: HK$729 million).

As at 31st March 2011, we had banking facilities of HK$1,748 million, of which HK$116 million were utilised. Among the used facilities, HK$50 million shall be payable in the first year and HK$66 million shall be payable in the second to seventh years.

Capital expenditure on fixed assets during the year was HK$30 million (2010: HK$34 million), mainly on the purchase of moulds. All expenditures were financed from internal resources. As at 31st March 2011, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery amounting to HK$1,521,000 (2010: HK$914,000). In addition, the Group's production facility in Houjie Town will be relocated to a new factory. Upon the completion of the new factory, we expect to spend approximately HK$150 million for the relocation and renovation.

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 was no gain or loss from speculative activities during the reporting financial year.

Following the signing of the revised Settlement Agreement on the Clearing of Renminbi business in July 2010, corporations are now able to conduct Renminbi business through the banks in Hong Kong. Taking this opportunity, we have diversified our cash portfolio by investing in RMB denominated deposits and bonds, totally RMB343 million. This provides a natural hedge against the cost impact caused by the potential appreciation of RMB.

Employees

As at 31st March 2011, the Group had approximately 6,900 (2010: 7,900) employees in Hong Kong and the PRC. 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.

SHARE OPTION SCHEME

On 21st August 2003, the Company adopted a share option scheme under which it may grant options to eligible persons, including employees and directors of the Group, to subscribe for shares in the Company.

On 11th May 2010 and 27th August 2010, totally 40,810,000 share options were granted to eligible persons. Details of the movements of the share options granted under the share option scheme during the year ended 31st March 2011 are as follows:

			Number of share options				
Date of grant	Exercise period	Exercise price per share *HK$*	Outstanding as at 1st April 2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31st March 2011
11th May 2010	11th May 2010 to 20th August 2013	2.90	–	40,540,000	21,006,000	54,000	19,480,000
27th August 2010	27th August 2010 to 20th August 2013	3.08	–	270,000	135,000	–	135,000

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31st March 2011 and the Company has not redeemed any of its shares during the same financial year.

EVENTS AFTER REPORTING PERIOD

Disposal of an investment property

On 12th April 2011, Euroform Enterprise Limited, a wholly-owned subsidiary of the Company, entered into a provisional agreement for sale and purchase with an independent third party for the disposal of an industrial building in Hong Kong at a consideration of HK$206 million. Prior to the disposal, the industrial building was wholly owned by Euroform Enterprise Limited as an investment property and the deal will be completed on or before 15th July 2011.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for deviation from the Code provision A.4.1.

Under the Code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term. However, according to the Bye-laws of the Company, independent non-executive directors of the Company will retire by rotation every year and their appointments will be reviewed when they are due for re-election. In the opinion of the Company, this meets the same objective as the Code.

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 10 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 12 months ended 31st March 2011.

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 31st March 2011.

The audit committee currently comprises three independent non-executive directors of the Company, namely Mr WONG Po Yan, G.B.M., J.P., The Hon LI Wah Ming, Fred, S.B.S., J.P. and Mr LAU Wang Yip, Derrick.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC Hong Kong 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 PwC Hong Kong on the preliminary announcement.

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 at www.irasia.com/listco/hk/alco/index.htm. 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 Board of Directors comprises three executive directors, namely Mr LEUNG Kai Ching, Kimen, Mr LEUNG Wai Sing, Wilson and Mr KUOK Kun Man, Andrew and three independent non-executive directors, namely Mr WONG Po Yan, The Hon LI Wah Ming, Fred and Mr LAU Wang Yip, Derrick.

On behalf of the Board
LEUNG Kai Ching, Kimen
Chairman

Hong Kong, 28th June 2011