ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

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

(Stock Code: 328)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PERFORMANCE HIGHLIGHTS

	2012	2011
– Revenue (HK$)	**2,769m**	3,082m
– Profit for the year attributable to equity holders (HK$)	**79m**	271m
– Final dividend per share	**HK3 cents**	HK14 cents
– Special dividend per share	**–**	HK8 cents
– Full year dividend per share	**HK12 cents**	HK32 cents

The directors of Alco Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	3	**2,768,925**	3,082,330
Cost of goods sold	5	**(2,466,484)**	(2,698,147)
Gross profit		**302,441**	384,183
Other income	4	**21,432**	145,205
Selling expenses	5	**(117,037)**	(144,560)
Administrative expenses	5	**(92,776)**	(103,856)
Other operating expenses	5	**(39,928)**	(1,600)
Exchange (loss)/gain on loans and receivables	9	**(2,117)**	3,140
Operating profit		**72,015**	282,512
Finance income		**16,029**	8,189
Finance costs		**(2,395)**	(889)
Profit before income tax		**85,649**	289,812
Income tax expense	6	**(6,863)**	(18,401)
Profit for the year attributable to equity holders of the Company		**78,786**	271,411
Earnings per share attributable to equity holders of the Company			
– basic	7	**HK13.6 cents**	HK47.9 cents
– diluted	7	**HK13.6 cents**	HK47.6 cents
Dividends	8	**69,611**	185,290

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Profit for the year attributable to equity holders of the Company		**78,786**	271,411
Other comprehensive loss, net of tax:			
Fair value gain on available-for-sale financial assets		**–**	48
Impairment of available-for-sale financial assets	*10*	**(1,598)**	–
Currency translation differences		**928**	(86)
Other comprehensive loss for the year, net of tax		**(670)**	(38)
Total comprehensive income for the year attributable to equity holders of the Company		**78,116**	271,373

CONSOLIDATED BALANCE SHEET
As at 31st March 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Non-current assets			
Property, plant and equipment		**220,113**	252,813
Investment properties		**123,900**	312,388
Leasehold land and land use rights		**7,658**	7,821
Intangible assets		**51,289**	69,426
Deferred income tax assets		**19,301**	20,581
Loans and receivables	9	**104,184**	97,884
Available-for-sale financial assets	10	**112,090**	136,689
		638,535	897,602
Current assets			
Inventories		**459,295**	429,187
Trade and other receivables	11	**654,336**	714,757
Cash and cash equivalents		**1,014,928**	902,404
		2,128,559	2,046,348
Current liabilities			
Trade and other payables	12	**718,408**	878,433
Current income tax liabilities		**9,137**	14,551
Borrowings		**150,000**	49,771
		877,545	942,755
Net current assets		**1,251,014**	1,103,593
Total assets less current liabilities		**1,889,549**	2,001,195
Capital and reserves attributable to equity holders of the Company			
Share capital		**58,009**	57,780
Reserves		**1,780,132**	1,875,424
Total equity		**1,838,141**	1,933,204
Non-current liabilities			
Borrowings		**50,000**	66,236
Deferred income tax liabilities		**1,408**	1,755
		51,408	67,991
Total equity and non-current liabilities		**1,889,549**	2,001,195

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 Group has adopted the following new/revised standards, amendments to standards and interpretations that have been issued and are effective for the Group's financial year commencing on 1st April 2011:

HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

Various improvements to HKFRS published by the HKICPA in May 2010

The adoption of the above new/revised standards, amendments to standards and interpretations did not have significant impact to the Group's consolidated financial statements and has not led to any changes in the Group's accounting policies.

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 2012 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July 2011
HKFRS 1 (Amendment)	Government Loans	1st January 2013
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets	1st July 2011
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1st July 2012
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013

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

	2012				2011			
	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	**2,768,538**	**387**	**–**	**2,768,925**	3,081,106	1,224	–	3,082,330
Inter-segment sales	**–**	**111,097**	**(111,097)**	**–**	–	115,586	(115,586)	–
	2,768,538	**111,484**	**(111,097)**	**2,768,925**	3,081,106	116,810	(115,586)	3,082,330
Segment results	**72,019**	**(4)**		**72,015**	282,604	(92)		282,512
Finance income				**16,029**				8,189
Finance costs				**(2,395)**				(889)
Profit before income tax				**85,649**				289,812
Income tax expense				**(6,863)**				(18,401)
Profit for the year attributable to equity holders of the Company				**78,786**				271,411

(b) Segment analysed by geographical areas

The segment revenue for the years ended 31st March 2012 and 2011 are as follows:

	2012	2011
	HK$'000	*HK$'000*
North America	**2,132,754**	2,114,295
Europe	**343,859**	545,834
Asia	**278,497**	337,482
Others	**13,815**	84,719
	2,768,925	3,082,330

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 2012 and 2011 were located and utilised in the PRC or Hong Kong.

4. Other income

	2012	2011
	HK$'000	*HK$'000*
Fair value gain on investment properties (Note a)	**17,512**	109,162
Rental income from investment properties	**3,525**	3,834
Compensation gain on disposal of land and buildings (Note b)	**–**	33,508
Others	**395**	(1,299)
	21,432	145,205

Note:

(a) The fair value gain for the year ended 31st March 2011 included the revaluation gain of HK$78 million from an investment property in Fanling. The investment property was 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:

	2012 *HK$'000*	2011 *HK$'000*
Amortisation of intangible assets	**18,137**	19,508
Amortisation of leasehold land and land use rights	**288**	283
Auditor's remuneration	**2,481**	2,400
Cost of inventories	**1,888,961**	1,984,760
Depreciation of property, plant and equipment	**52,690**	67,484
Employee benefit expenses (including directors' emoluments)	**335,867**	325,378
Loss/(gain) on disposal of property, plant and equipment	**271**	(570)
Impairment of available-for-sale financial assets *(Note 10)*	**23,001**	-
Operating lease rental in respect of land and buildings	**33,601**	33,587
Research and development costs	**26,231**	25,799
Write-off/impairment of property, plant and equipment	**–**	25,738

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 *HK$'000*	2011 *HK$'000*
Current income tax		
– Hong Kong profits tax	**4,904**	32,766
– Under/(over) provision in prior years	**1,015**	(2,611)
Deferred income tax	**944**	(11,754)
	6,863	18,401

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.

	2012	2011
Profit for the year attributable to equity holders of the Company (HK$'000)	**78,786**	271,411
Weighted average number of ordinary shares in issue	**579,647,436**	566,896,906
Basic earnings per share (HK cents)	**13.6**	47.9

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the year ended 31st March 2012, the conversion of all dilutive share options outstanding would have an anti-dilutive effect on the earnings per share.

	2012	2011
Profit for the year attributable to equity holders of the Company (HK$'000)	**78,786**	271,411
Weighted average number of ordinary shares in issue	**579,647,436**	566,896,906
Dilutive effect on share options	–	2,986,114
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**579,647,436**	569,883,020
Diluted earnings per share (HK cents)	**13.6**	47.6

8. Dividends

	2012	2011
	HK$'000	*HK$'000*
Interim dividend, paid, of HK9 cents (2011: HK10 cents) per ordinary share	**52,208**	57,669
Final dividend, proposed, of HK3 cents (2011: HK14 cents) per ordinary share	**17,403**	81,213
No special dividend proposed (2011: HK8 cents per ordinary share)	–	46,408
	69,611	185,290

9. Loans and receivables

	2012	2011
	HK$'000	*HK$'000*
Corporate bonds (Note a)	**90,656**	93,112
Government bonds (Note b)	**13,528**	4,772
Carrying amount as at the end of the year	**104,184**	97,884

	2012	2011
	HK$'000	*HK$'000*
Carrying amount as at the beginning of the year	**97,884**	78,501
Additions	**8,417**	16,243
Exchange (loss)/gain	**(2,117)**	3,140
Carrying amount as at the end of the year	**104,184**	97,884

(a) The corporate bonds represent the Group's investments 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 bonds are issued by the Ministry of Finance PRC and are 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

	2012	2011
	HK$'000	*HK$'000*
Fair value of unlisted equity securities outside Hong Kong as at the beginning of the year	**136,689**	136,641
Fair value gain for the year	**–**	48
Impairment loss recognised in consolidated statement of comprehensive income	**(1,598)**	–
Impairment loss recognised in consolidated income statement	**(23,001)**	–
Fair value of unlisted equity securities outside Hong Kong as at the end of the year	**112,090**	136,689

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

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**623,240**	701,800
Prepayments, deposits and other receivables	**31,096**	12,957
	654,336	714,757

At 31st March 2012 and 2011, the ageing analysis of the trade receivables based on shipping terms is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**131,331**	203,845
31 – 60 days	**113,936**	147,935
61 – 90 days	**142,816**	120,316
Over 90 days	**235,157**	229,704
	623,240	701,800

12. Trade and other payables

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**650,227**	793,542
Other payables and accruals	**68,181**	84,891
	718,408	878,433

At 31st March 2012 and 2011, the ageing analysis of the trade payables based on invoice date is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**589,686**	718,290
31 – 60 days	**53,194**	51,474
61 – 90 days	**3,954**	20,219
Over 90 days	**3,393**	3,559
	650,227	793,542

DIVIDEND

The directors have recommended the payment of a final dividend of HK3 cents (2011: final dividend of HK14 cents and special dividend of HK8 cents) per ordinary share for the year ended 31st March 2012 to the shareholders whose names appear on the register of members of the Company on 28th August 2012.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, which is scheduled on 20th August 2012, the final dividend is expected to be paid on 7th September 2012.

CLOSURE OF REGISTER OF MEMBERS

Annual general meeting

The register of members of the Company will be closed from Thursday, 16th August 2012 to Monday, 20th August 2012, 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 Wednesday, 15th August 2012.

Dividend

The register of members of the Company will be closed from Friday, 24th August 2012 to Tuesday, 28th August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final 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 Thursday, 23rd August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

On behalf of the Board of Directors, I present the financial results of Alco Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31st March 2012.

During the reporting period, the Group recorded profit attributable to shareholders of HK$79 million (2011: HK$271 million) with turnover amounting to HK$2.8 billion (2011: HK$3.1 billion). The declines were expected given that during the preceding financial year, the Group reported two exceptional non-recurring gains, specifically, a non-recurring gain of HK$78 million from an investment property in Fanling, Hong Kong, and a non-recurring compensation gain of HK$34 million from the surrender of land and building located in Houjie Town, China. Moreover, the floundering North American and European economies, compounded by intense competition in the TV and AV product segments further impacted on the Group during the year. Another factor that hindered its performance was an impairment of HK$23 million resulting from a decline in the value of the Group's investment in Hydis Technologies in Korea, a company specialises in the manufacture of TFT-LCD panels. The Group also began closing down production at the plant in Changan Town, thus incurring a restructuring expense of HK$14 million as part of a severance package.

Despite the financial contraction, the Board of Directors remains committed to paying a high dividend payout ratio. The payment of a final dividend of HK3 cents (2011: HK14 cents plus a special dividend of HK8 cents) has been recommended, which, combined with an interim dividend of HK9 cents per share already paid, represents a total dividend of HK12 cents per share for the financial year (2011: HK24 cents plus a special dividend of HK8 cents).

The final dividend will be paid on 7th September 2012 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

The latest financial year remained highly challenging, largely due to economic uncertainty hovering over Europe and the United States, with the former contending with such difficulties as the Greek debt crisis while the latter continued to face lacklustre job growth. The sluggish economy led to increase competition, creating intense pricing pressure. Weakened consumer confidence also made the Group's customers highly cautious when placing orders, preferring to place smaller orders and replenishing inventory when necessary rather than making bulk purchases.

To address price pressure, we sought to restructure production, placing emphasis on flexibility and efficiency. Along with outsourcing certain operations while streamlining others, we continued to raise production efficiency by increasing automation, consequently lessening our reliance on direct labour, thus reducing associated expenses. In light of the opening of our new production facility in Houjie Town in 2013, we began winding down production at the Changan plant. Consolidating all production to the plant in Houjie Town will result in a saving of approximately HK$16 million per year over the longer term.

The Group also continued the practice of selecting orders of high value-added products that are able to deliver a fair profit margin, and offering a desirable product mix that heeds current market demands. Such measures further contributed towards our ability to maintain strong financial health.

Apart from the measures undertaken, our sterling reputation in the industry has placed us in a strong position. Amidst ongoing market consolidation, our ability to persevere and maintain stability over the years has earned the trust of vendors and customers alike. In the case of the former, we have been able to cooperate more closely in areas such as outsourcing sub-assembly to reap mutual benefits. While in the latter, our strong ties with vendors enhance our capabilities to fulfil tight deadlines and directly deliver products to clients' distribution centres to uphold the highest level of service quality ensuring that we remain a trusted business partner.

A Dynamic Product Mix

Ever mindful of the latest industry trends, the Group has sought to continuously refine its product mix, providing integrated solutions and value-added features to a number of its audio and video products. During the year, Blu-ray players substantially made for OEM customers continued to perform strongly as did the Group's video streaming boxes. However, the TV segment was most severely affected by the weak global economy, with almost all major TV brand manufacturers posting record losses. As a result, the Group decided to streamline its TV products to only those with unique features.

Having been an early entrant in the AV segment, we will seek to make a similarly advantageous move into other segments in the future. The development of more docking-related audio and video products for the latest models of iPhones, iPads, Android-based smart phones and tablets, along with the introduction of new soundbar systems, some with wireless video and audio technologies, represent our more recent and successful endeavours.

Prospects

As we move forward we can anticipate the global economic climate to remain uncertain as weak economic conditions in Europe and the US will have a negative effect on other parts of the world, including Asia. The year ahead is therefore expected to be as challenging, if not more so, than this year. However, the Group will still be able to safely navigate through the rough economic conditions ahead.

Supporting this viewpoint is the knowledge that the Group is grounded on solid fundamentals. We possess strong R&D capabilities that have enabled us to present highly attractive products within their respective price points. The integration of 3D and video streaming technologies in TVs, are among our latest efforts. So too are wireless video streaming players that employ Wi-Fi technology – a technology that has also been introduced to our home theatre products and soundbar systems. In the coming financial year, we will be launching still other exciting AV products that reflect our emphasis on achieving reasonable margin, as well as high market appeal.

Aside from our R&D expertise, the Group's production capability certainly represents one of our major strengths. This strength is set to be bolstered with the opening of our new production plant in Houjie Town, which boasts a floor area of approximately 2.5 million square feet. Allowing for still greater production flexibility, the state-of-the-art facility will help optimise operations, enable us to introduce new product lines and reduce our dependence on direct labour still further.

The Group's healthy cash position represents yet another important attribute, and will be of growing significance in the face of ever challenging economic conditions. To avoid the dangers of bad debt and obsolescence, we will continue to monitor our inventories and receivables so that we are able to maintain a high level of liquidity, which is an important safeguard in these uncertain times.

Entrusted with monitoring and managing the Group is our highly experienced management team. Ultimately representing our greatest strength, this important nucleus will help steer the Group to long-term growth, drawing on visionary leadership, extensive industry knowledge and commitment to excellence that allows them to meticulously balance product, production and fiscal management.

Liquidity and financial resources

The Group's total equity and total equity per share as at 31st March 2012 were HK$1,838 million (2011: HK$1,933 million) and HK$3.17 (2011: HK$3.35) respectively.

The Group maintains a strong financial position. As at 31st March 2012, we had cash and deposits of HK$1,015 million. After deducting bank loans of HK$200 million, we had net cash of HK$815 million. The Group has adequate liquidity for future working capital requirements.

Our inventory as at 31st March 2012 was HK$459 million (2011: HK$429 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 31st March 2012 was HK$623 million (2011: HK$702 million). As it is our policy to deal with creditworthy customers and to adopt a prudent credit policy, credit risk is kept at minimal.

Trade payables balance as at 31st March 2012 was HK$650 million (2011: HK$794 million).

As at 31st March 2012, we had banking facilities of HK$1,674 million (2011: HK$1,748 million), of which HK$200 million (2011: HK$116 million) were utilised. Among the used facilities, HK$150 million shall be payable in the first year and HK$50 million shall be payable in the second to fourth years.

Capital expenditure on fixed assets during the year was HK$21 million (2011: HK$30 million). As at 31st March 2012, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery amounting to HK$1,845,000 (2011: HK$1,521,000). 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.

To naturally hedge against the cost impact caused by the potential appreciation of RMB, the Group has diversified its cash portfolio by investing in RMB denominated deposits and bonds. As at 31st March 2012, the amount totalled RMB208 million.

Employees

As at 31st March 2012, the Group had approximately 3,700 (2011: 6,900) 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 2012 are as follows:

			Number of share options				
Date of grant	**Exercise period**	**Exercise price per share** *HK$*	**Outstanding as at 1st April 2011**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31st March 2012**
11th May 2010	11th May 2010 to 20th August 2013	2.90	19,480,000	–	(2,256,000)	(566,000)	16,658,000
27th August 2010	27th August 2010 to 20th August 2013	3.08	135,000	–	(35,000)	–	100,000

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 2012 and the Company has not redeemed any of its shares during the same financial year.

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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the 12 months ended 31st March 2012, 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 2012.

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 2012.

The Audit Committee currently comprises three independent non-executive directors of the Company, namely The Hon LI Wah Ming, Fred, S.B.S., J.P., Mr LAU Wang Yip, Derrick and Mr LEE Tak Chi.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31st March 2012 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 The Hon LI Wah Ming, Fred, Mr LAU Wang Yip, Derrick and Mr LEE Tak Chi.

By order of the Board
Alco Holdings Limited
LEUNG Kai Ching, Kimen
Chairman

Hong Kong, 28th June 2012