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 2013

PERFORMANCE HIGHLIGHTS

	2013	2012 (Restated)
– Revenue (HK$)	**1,870m**	2,769m
– Profit for the year attributable to equity holders (HK$)	**58m**	80m
– Final dividend per share	**HK6 cents**	HK3 cents
– Full year dividend per share	**HK9 cents**	HK12 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 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2013

	Note	**2013** **HK$'000**	2012 *HK$'000* (Restated)
Revenue	*3*	**1,869,541**	2,768,925
Cost of goods sold	*5*	**(1,695,837)**	(2,466,484)
Gross profit		**173,704**	302,441
Other income	*4*	**95,404**	21,432
Selling expenses	*5*	**(86,295)**	(117,037)
Administrative expenses	*5*	**(69,246)**	(92,776)
Other operating expenses	*5*	**(12,364)**	(16,927)
Exchange gain/(loss) on loans and receivables	*9*	**1,694**	(2,117)
Impairment of available-for-sale financial assets	*10*	**(75,137)**	(23,001)
Operating profit		**27,760**	72,015
Finance income		**18,117**	16,029
Finance costs		**(3,835)**	(2,395)
Profit before income tax		**42,042**	85,649
Income tax credit/(expense)	*6*	**16,371**	(5,513)
Profit for the year attributable to equity holders of the Company		**58,413**	80,136
Earnings per share attributable to equity holders of the Company			
– basic	*7*	**HK10.1 cents**	HK13.8 cents
– diluted	*7*	**HK10.1 cents**	HK13.8 cents
Dividends	*8*	**52,208**	69,611

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2013

	Note	**2013** **HK$'000**	2012 *HK$'000* (Restated)
Profit for the year attributable to equity holders of the Company		**58,413**	80,136
Other comprehensive income/(loss), net of tax:			
Impairment of available-for-sale financial assets	*10*	**–**	(1,598)
Fair value gain on transfer of owner-occupied property to investment property		**58,074**	–
Currency translation difference		**39**	928
Other comprehensive income/(loss) for the year, net of tax		**58,113**	(670)
Total comprehensive income for the year attributable to equity holders of the Company		**116,526**	79,466

CONSOLIDATED BALANCE SHEET

As at 31st March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**148,671**	220,113	252,813
Investment properties		**289,050**	123,900	312,388
Leasehold land and land use rights		**7,394**	7,658	7,821
Intangible assets		**38,133**	51,289	69,426
Deferred income tax assets		**31,708**	26,446	26,376
Loans and receivables	9	**1,538**	104,184	97,884
Available-for-sale financial assets	10	**36,953**	112,090	136,689
		553,447	645,680	903,397
Current assets				
Inventories		**317,826**	459,295	429,187
Loans and receivables	9	**100,841**	–	–
Trade and other receivables	11	**523,754**	654,336	714,757
Current income tax assets		**7,196**	–	–
Cash and cash equivalents		**1,231,776**	1,014,928	902,404
		2,181,393	2,128,559	2,046,348
Current liabilities				
Trade and other payables	12	**607,067**	718,408	878,433
Current income tax liabilities		**–**	9,137	14,551
Borrowings		**70,000**	–	49,771
		677,067	727,545	942,755
Net current assets		**1,504,326**	1,401,014	1,103,593
Total assets less current liabilities		**2,057,773**	2,046,694	2,006,990
Capital and reserves attributable to equity holders of the Company				
Share capital		**58,009**	58,009	57,780
Reserves		**1,868,997**	1,787,277	1,881,219
Total equity		**1,927,006**	1,845,286	1,938,999
Non-current liabilities				
Borrowings		**130,000**	200,000	66,236
Deferred income tax liabilities		**767**	1,408	1,755
		130,767	201,408	67,991
Total equity and non-current liabilities		**2,057,773**	2,046,694	2,006,990

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 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-forsale 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 amendments to standards that have been issued and are effective for the Group's financial year commencing on 1st April 2012:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

The adoption of the above amendments to standards did not have significant impact to the Group's consolidated financial statements except for HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets".

The effect of the adoption of this amendment is as follows:

HKAS 12 (Amendment) – Deferred Tax: Recovery of Underlying Assets

This amendment to HKAS 12 provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when an investment property is measured at fair value. The amendment introduces a presumption that an investment property measured at fair value will be recovered entirely through sale rather than over time through operations. The implication is that deferred tax liabilities are not provided as capital gains upon sale are not taxed in Hong Kong. This represents a change in the accounting policy which is applied retrospectively.

The adoption of amendment to HKAS 12 has the following impact on the consolidated financial statements:

	31st March 2012 *HK$'000*	1st April 2011 *HK$'000*
Assets		
Increase in deferred tax assets	7,145	5,795
Equity		
Increase in retained earnings	7,145	5,795

	Year ended 31st March 2012 *HK$'000*
Decrease in income tax expense	1,350
Increase in basic and diluted earnings per share *(HK cents)*	0.2

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 2013 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	Government Loans	1st January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures	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 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance	1st January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1st January 2014
HKFRS 13	Fair Value Measurement	1st January 2013
HKAS 1 (Amendment)	Presentation of Financial Statements	1st July 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
Annual Improvement	Improvements to HKASs and HKFRSs 2011	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.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective and are expected to have a material impact on the Group.

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

	2013				2012			
	Consumer electronic products *HK$'000*	**Plastic products** *HK$'000*	**Elimination** *HK$'000*	**Group** *HK$'000*	Consumer electronic products *HK$'000* (Restated)	Plastic products *HK$'000* (Restated)	Elimination *HK$'000* (Restated)	Group *HK$'000* (Restated)
Segment revenue								
External sales	**1,865,778**	**3,763**	**–**	**1,869,541**	2,768,538	387	–	2,768,925
Inter-segment sales	**–**	**93,788**	**(93,788)**	**–**	–	111,097	(111,097)	–
	1,865,778	**97,551**	**(93,788)**	**1,869,541**	2,768,538	111,484	(111,097)	2,768,925
Segment results	**28,086**	**(326)**		**27,760**	72,019	(4)		72,015
Finance income				**18,117**				16,029
Finance costs				**(3,835)**				(2,395)
Profit before income tax				**42,042**				85,649
Income tax credit/(expense)				**16,371**				(5,513)
Profit for the year attributable to equity holders of the Company				**58,413**				80,136

(b) Segment analysed by geographical areas

The segment revenue for the years ended 31st March 2013 and 2012 are as follows:

	2013	2012
	HK$'000	*HK$'000*
North America	**1,492,025**	2,132,754
Asia	**242,758**	278,497
Europe	**130,248**	343,859
Others	**4,510**	13,815
	1,869,541	2,768,925

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 2013 and 2012 were located and utilised in the PRC or Hong Kong.

4. Other income

	2013	2012
	HK$'000	*HK$'000*
Fair value gain on investment properties *(Note)*	**78,458**	17,512
Rental income from investment properties	**4,692**	3,525
Service income	**7,281**	–
Income from dispute settlement	**4,069**	–
Others	**904**	395
	95,404	21,432

Note:

During the year ended 31st March 2013, the Group transferred an owner-occupied property located in Hong Kong to an investment property and rented it out.

5. Expenses by nature

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

	2013	2012
	HK$'000	*HK$'000*
Amortisation of intangible assets	**13,156**	18,137
Amortisation of leasehold land and land use rights	**289**	288
Auditor's remuneration	**2,280**	2,481
Cost of inventories	**1,248,140**	1,888,961
Depreciation of property, plant and equipment	**43,056**	52,690
Employee benefit expenses (including directors' emoluments)	**242,762**	335,867
(Gain)/loss on disposal of property, plant and equipment	**(3,600)**	271
Operating lease rental in respect of land and buildings	**22,299**	33,601
Research and development costs	**15,983**	26,231
Write-off/impairment of property, plant and equipment	**16,854**	–

6. Income tax credit/expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current income tax		
– Hong Kong profits tax	**(4,667)**	(4,904)
– Over/(under) provision in prior years	**15,135**	(1,015)
Deferred income tax	**5,903**	(944)
Effect of adoption of HKAS 12 (Amendment)	**–**	1,350
	16,371	(5,513)

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.

	2013	2012 (Restated)
Profit for the year attributable to equity holders of the Company *(HK$'000)*	**58,413**	80,136
Weighted average number of ordinary shares in issue	**580,093,720**	579,647,436
Basic earnings per share *(HK cents)*	**10.1**	13.8

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 years ended 31st March 2013 and 2012, the conversion of all dilutive share options outstanding would have an anti-dilutive effect on the earnings per share.

	2013	2012 (Restated)
Profit for the year attributable to equity holders of the Company *(HK$'000)*	**58,413**	80,136
Weighted average number of ordinary shares in issue	**580,093,720**	579,647,436
Dilutive effect on share options	**–**	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**580,093,720**	579,647,436
Diluted earnings per share *(HK cents)*	**10.1**	13.8

8. Dividends

	2013 ***HK$'000***	2012 *HK$'000*
Interim dividend, paid, of HK3 cents (2012: HK9 cents) per ordinary share	**17,403**	52,208
Final dividend, proposed, of HK6 cents (2012: HK3 cents) per ordinary share	**34,805**	17,403
	52,208	69,611

9. Loans and receivables

	2013	2012
	HK$'000	*HK$'000*
Non-current		
Corporate bonds *(Note a)*	**–**	90,656
Government bonds *(Note b)*	**1,538**	13,528
	1,538	104,184
Current		
Corporate bonds *(Note a)*	**92,216**	–
Government bonds *(Note b)*	**8,625**	–
	100,841	–
Carrying amount as at the end of the year	**102,379**	104,184

	2013	2012
	HK$'000	*HK$'000*
Carrying amount as at the beginning of the year	**104,184**	97,884
Additions	**1,513**	8,417
Redemption	**(5,012)**	–
Exchange gain/(loss)	**1,694**	(2,117)
Carrying amount as at the end of the year	**102,379**	104,184

Notes:

(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

	2013 *HK$'000*	2012 *HK$'000*
Fair value of unlisted equity securities outside Hong Kong as at the beginning of the year	**112,090**	136,689
Impairment loss recognised as other comprehensive loss	**–**	(1,598)
Impairment loss recognised in consolidated income statement	**(75,137)**	(23,001)
Fair value of unlisted equity securities outside Hong Kong as at the end of the year	**36,953**	112,090

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

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables	**490,787**	623,240
Prepayments, deposits and other receivables	**32,967**	31,096
	523,754	654,336

At 31st March 2013 and 2012, the ageing analysis of the trade receivables based on shipping terms is as follows:

	2013 *HK$'000*	2012 *HK$'000*
0 – 30 days	**99,483**	131,331
31 – 60 days	**89,240**	113,936
61 – 90 days	**100,115**	142,816
Over 90 days	**201,949**	235,157
	490,787	623,240

12. Trade and other payables

	2013 *HK$'000*	2012 *HK$'000*
Trade payables	**565,827**	650,227
Other payables and accruals	**41,240**	68,181
	607,067	718,408

At 31st March 2013 and 2012, the ageing analysis of the trade payables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**524,085**	589,686
31 – 60 days	**24,477**	53,194
61 – 90 days	**13,924**	3,954
Over 90 days	**3,341**	3,393
	565,827	650,227

DIVIDEND

The directors recommended the payment of a final dividend of HK6 cents (2012: HK3 cents) per ordinary share for the year ended 31st March 2013 to the shareholders whose names appear on the register of members of the Company on 2nd September 2013.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, which is scheduled on 23rd August 2013, the final dividend is expected to be paid on 12th September 2013.

CLOSURE OF REGISTER OF MEMBERS

Annual general meeting

The register of members of the Company will be closed from Wednesday, 21st August 2013 to Friday, 23rd August 2013, 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 Tuesday, 20th August 2013.

Dividend

The register of members of the Company will be closed from Thursday, 29th August 2013 to Monday, 2nd September 2013, 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 Wednesday, 28th August 2013.

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 2013.

During the financial year, the Group recorded profit attributable to shareholders of HK$58 million (2012 Restated: HK$80 million) with turnover amounting to HK$1.9 billion (2012: HK$2.8 billion). The Group recorded an impairment of HK$75 million resulting from the decline in value of its investment in Hydis Technologies Co., Ltd., a Korean-based specialist manufacturer of thin-film-transistor liquid crystal displays (TFT-LCD). However, a revaluation gain from the Group's investment properties in Hong Kong was able to offset the impact of the impairment.

The Board of Directors remains committed to a stable dividend payout ratio policy. Reflecting this commitment, a final dividend of HK6 cents (2012: HK3 cents) per share has been recommended, which, combined with an interim dividend of HK3 cents per share already paid, represents a total dividend of HK9 cents per share for the financial year (2012: HK12 cents).

The final dividend will be paid on 12th September 2013 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

Over the past 12 months the global economic picture has yet to realise significant improvement, with Europe continuing to be burdened by serious debt and unemployment problems while the United States' recovery has remained lacklustre. The ongoing erosion of consumer confidence has led to some of our customers taking a highly conservative and piecemeal approach when restocking inventory, adopting a 'wait and see' attitude that has meant the reduction in bulk purchases. The weak economic conditions have also led to intense competition among existing players as they vie for business at the expense of profitability.

Though material costs have stabilised during the financial year, the issue of labour remains a concern. While minimum wage legislation in Mainland China has resulted in the steady escalation of this expense, there is also the problem of limited supply of skilled workers, especially in the Pearl River Delta. This has further pushed up the cost of labour as employers seek to either retain their existing workforce through incentive schemes or to address their shortage by offering higher wages.

Strategy that heeds changing market conditions

In spite of the challenging macro-economic backdrop, we were able to achieve progress in a number of areas. Our DVD players have continued to be our leading revenue source, while our Blu-ray players made for OEM customers also contributed to the revenue. With respect to the Group's wireless video streaming players equipped with WiFi technology, such devices have performed positively since entering the market. Steady inroads have also been made by our high-value sound bar systems, some of which feature wireless video/audio technologies, while all represent the perfect complement to flat-panel TVs. Overall, we have continued to refine and update our product mix to ensure that our products are in step with current market trends.

Having noted the increasingly competitive nature of the industry that has led to rising price pressure, we have sought to alleviate such strain by reorganising production, focusing on adaptability and cost competitiveness. Among the measures taken include the outsourcing of certain operations and streamlining operational processes, thereby reducing the impact of rising labour costs. More significantly, we have wound down operations at our factory in Changan Town, Dongguan, and will transfer all production activities to a new facility in Houjie Town, which is scheduled for completion by the second half of 2013. This new factory will not only enhance efficiency and reduce overhead in the long term, but also allow us to explore new product segments owing to its flexible production capabilities.

In addition to the many measures that have been taken to raise efficiency and enhance our product portfolio, the importance of the Group's reputation in the industry should not be discounted. With market consolidation having taken its toll – removing some industry players – customers are more cautious than ever at selecting companies that are committed to high quality and punctual delivery. The Group has for many years built its reputation on being a dependable partner and will continue to leverage this attribute to both strengthen ties with existing customers and attract new customers to the fold.

Prospects

The upcoming financial year will unlikely see any major changes in the health of the global economy. Though current market conditions will call for utmost caution, we are buoyed by the knowledge that progress made by the Group both in products and infrastructure can continue to be built upon.

In terms of the Group's products, we have seen continuously healthy uptake of our DVD and Blu-ray players; hence we will leverage our R&D capabilities to further develop these products, which will include the integration of 3D as well as 4K technologies. Likewise, the progress of our wireless video streaming players and sound bar products with wireless video/audio capabilities suggest that they too can be enhanced through the integration of more appealing features. Not to be ignored is the growing line-up of wireless speaker products, some of which feature AirPlay technology, thus opening the way for fresh business prospects.

As an early entrant in the Blu-ray and sound bar segments, we have established a strong track record in identifying market winners. The rise in popularity of smartphones and smart devices, with purchases expected to exceed the 1 billion units in 2013, clearly represents a major opportunity that we will not squander. In addition to strengthening our line-up of docking-related audio and video products, the Group will also introduce various size tablet-PC products for shipment in Q3/Q4 of 2013.

Complementing our product push will be our new production facility in Houjie Town that will start operation in the second half of 2013. As mentioned, its flexible production capacity will allow the Group to address present market conditions while also aid us in determining future product goals.

The new production base in Houjie Town is also symbolic of our commitment to controlling costs. While it will help to alleviate the cost of labour, this represents one measure in a line of measures that we will take. In the face of escalating rent, we have consolidated our offices in Hong Kong from two floors to one and rented the unoccupied premises for additional income. We have also been closely examining the viability of streamlining the present workforce while maintaining optimum efficiency. This overall cost-control drive will be ongoing and meticulous as we seek to rein in all expenditures.

Indicative of our success in controlling costs, as well as exploiting business opportunities and managing our finances is the strong cash position of the Group. Having maintained a close eye on inventories and receivables, we will remain vigilant of any irregularities, given that strong financial health remains the best defence against unpredictable market conditions.

Despite the strong headwinds that have been faced in recent years, the Group has remained unflustered thanks to careful stewardship from our highly experienced management team and dedication from colleagues. Through their in-depth industry knowledge, perseverance and foresight, the Group will be well prepared to chart further growth once the economic downturn subsides.

Liquidity and financial resources

The Group's total equity and total equity per share as at 31st March 2013 were HK$1,927 million (2012 Restated: HK$1,845 million) and HK$3.32 (2012 Restated: HK$3.18) respectively.

The Group maintains a strong financial position. As at 31st March 2013, we had cash and deposits of HK$1,232 million. After deducting bank loans of HK$200 million, we had net cash of HK$1,032 million. The Group has adequate liquidity for future working capital requirements.

As at 31st March 2013, our inventory was HK$318 million (2012: HK$459 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 31st March 2013 was HK$491 million (2012: HK$623 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 2013 was HK$566 million (2012: HK$650 million).

As at 31st March 2013, we had banking facilities of HK$1,609 million (2012: HK$1,674 million), of which HK$200 million (2012: HK$200 million) were utilised. Among the used facilities, HK$70 million shall be payable in the first year and HK$130 million shall be payable in the second to third years.

Capital expenditure on fixed assets during the year was HK$26 million (2012: HK$21 million). As at 31st March 2013, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery amounting to HK$11,681,000 (2012: HK$1,845,000). In addition, the Group will relocate its production facility to a new factory in Houjie Town in the second half of 2013. We expect to spend approximately HK$110 million for the renovation and relocation costs.

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 2013, the amount totalled RMB405 million.

Employees

As at 31st March 2013, the Group had approximately 3,000 (2012: 3,700) 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 2013 are as follows:

			Number of share options				
Date of grant	**Exercise period**	**Exercise price per share** *HK$*	**Outstanding as at 1st April 2012**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31st March 2013**
11th May 2010	11th May 2010 to 20th August 2013	2.90	16,658,000	–	–	(2,840,000)	13,818,000
27th August 2010	27th August 2010 to 20th August 2013	3.08	100,000	–	–	–	100,000
			16,758,000	–	–	(2,840,000)	13,918,000

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 2013 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 2013.

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 2013.

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 2013.

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr 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 2013 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 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, 26th June 2013