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 2014

PERFORMANCE HIGHLIGHTS

	2014	2013 (Restated)
– Revenue (HK$)	**2,291m**	1,866m
– (Loss)/profit attributable to equity holders (HK$)	**(19m)**	58m
– Final dividend per share	**HK4 cents**	HK6 cents
– Full year dividend per share	**HK7 cents**	HK9 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 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2014

	Note	**2014** **HK$'000**	2013 HK$'000 (Restated)
Continuing operation			
Revenue	*3*	**2,291,141**	1,865,778
Cost of goods sold	*5*	**(2,161,070)**	(1,687,139)
Gross profit		**130,071**	178,639
Other income	*4*	**24,817**	95,404
Selling expenses	*5*	**(77,102)**	(86,223)
Administrative expenses	*5*	**(70,707)**	(66,608)
Other operating income/(expenses)	*5*	**1,686**	(11,565)
Exchange gain on loans and receivables	*10*	**6,186**	1,694
Loss on disposal of loans and receivables	*10*	**(11,946)**	–
Loss on disposal of available-for-sale financial assets	*11*	**(15,225)**	–
Impairment of available-for-sale financial assets	*11*	**–**	(75,137)
Operating (loss)/profit		**(12,220)**	36,204
Finance income		**21,764**	18,117
Finance costs		**(3,830)**	(3,835)
Profit before income tax		**5,714**	50,486
Income tax credit	*6*	**983**	15,662
Profit for the year from continuing operation		**6,697**	66,148
Discontinued operation			
Loss for the year from discontinued operation	*7*	**(26,179)**	(7,735)
(Loss)/profit for the year		**(19,482)**	58,413
(Loss)/profit for the year attributable to:			
Equity holders of the Company			
– Continuing operation		**7,080**	66,148
– Discontinued operation		**(26,179)**	(7,735)
		(19,099)	58,413
Non-controlling interests			
– Continuing operation		**(383)**	–
		(19,482)	58,413

	Note	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
Earnings/(loss) per share attributable to equity holders of the Company			
Basic earnings/(loss) per share			
– Continuing operation	*8*	**HK1.2 cents**	HK11.4 cents
– Discontinued operation	*8*	**(HK4.5 cents)**	(HK 1.3 cents)
		(HK3.3 cents)	HK10.1 cents
Diluted earnings/(loss) per share			
– Continuing operation	*8*	**HK1.2 cents**	HK11.4 cents
– Discontinued operation	*8*	**(HK4.5 cents)**	(HK 1.3 cents)
		(HK3.3 cents)	HK10.1 cents
Dividends	*9*	**40,607**	52,209

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2014

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit for the year	**(19,482)**	58,413
Other comprehensive income, net of tax:		
Items that will not be reclassified subsequently to profit or loss		
Fair value gain on transfer of owner-occupied property to investment property	**–**	58,074
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**575**	39
Other comprehensive income for the year, net of tax:	**575**	58,113
Total comprehensive (loss)/income for the year	**(18,907)**	116,526
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company		
– Continuing operation	**7,655**	124,261
– Discontinued operation	**(26,179)**	(7,735)
	(18,524)	116,526
Non-controlling interests		
– Continuing operation	**(383)**	–
	(18,907)	116,526

CONSOLIDATED BALANCE SHEET

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**212,385**	148,671
Investment properties		**305,210**	289,050
Leasehold land and land use rights		**7,150**	7,394
Intangible assets		**29,250**	38,133
Deferred income tax assets		**36,692**	31,708
Loans and receivables	10	**–**	1,538
Available-for-sale financial assets	11	**–**	36,953
Other receivables	12	**58,414**	–
		649,101	553,447
Current assets			
Inventories		**353,439**	317,826
Loans and receivables	10	**1,562**	100,841
Trade and other receivables	12	**632,824**	523,754
Current income tax assets		**692**	7,196
Cash and cash equivalents		**924,146**	1,231,776
		1,912,663	2,181,393
Current liabilities			
Trade and other payables	13	**575,843**	607,067
Borrowings		**80,000**	70,000
		655,843	677,067
Net current assets		**1,256,820**	1,504,326
Total assets less current liabilities		**1,905,921**	2,057,773

	Note	**2014**	2013
		HK$'000	*HK$'000*
Capital and reserves attributable to equity holders of the Company			
Share capital		**58,009**	58,009
Reserves		**1,798,264**	1,868,997
		1,856,273	1,927,006
Non-controlling interests		**(352)**	–
Total equity		**1,855,921**	1,927,006
Non-current liabilities			
Borrowings		**50,000**	130,000
Deferred income tax liabilities		**–**	767
		50,000	130,767
Total equity and non-current liabilities		**1,905,921**	2,057,773

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. Amendments of standards adopted by the Group

The Group has adopted the following new standards, amendments and interpretations to existing standards that are effective for the Group's accounting period beginning on 1st April 2013.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The following new standards, amendments and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 31st March 2014 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle	1st July 2014
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle	1st July 2014
HKFRS 7 and 9 (Amendment)	Mandatory Effective Date and Transition Disclosures	Not yet been fixed
HKFRS 9	Financial Instruments	Not yet been fixed
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1st July 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets	1st January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1st January 2014
HK(IFRIC) - Int 21	Levies	1st January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	1st January 2014

The Group has already commenced an assessment of the impact of the above new standards, amendments and interpretations to existing standards but is not yet in a position to state whether these new standards, amendments and interpretations to existing standards 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.

During the year, the Group disposed of the plastic products operation and the results of such operation together with the related loss on disposal have been presented as discontinued operation in the consolidated income statement for the year (Note 7).

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

Plastic products – Manufacture and sale of plastic and packaging products (ceased after February 2014)

	2014			2013		
	Continuing operation	**Discontinued operation**		Continuing operation	Discontinued operation	
	Consumer electronic products	**Plastic products**	**Total**	Consumer electronic products	Plastic products	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000* (Restated)	*HK$'000* (Restated)	*HK$'000* (Restated)
Segment revenue	**2,291,141**	**78,990**	**2,370,131**	1,865,778	97,551	1,963,329
Inter-segment sales	**–**	**(65,276)**	**(65,276)**	–	(93,788)	(93,788)
External sales	**2,291,141**	**13,714**	**2,304,855**	1,865,778	3,763	1,869,541
Segment results	**(12,220)**	**(28,232)**	**(40,452)**	36,204	(8,444)	27,760
Finance income	**21,764**	**–**	**21,764**	18,117	–	18,117
Finance costs	**(3,830)**	**–**	**(3,830)**	(3,835)	–	(3,835)
(Loss)/profit before income tax	**5,714**	**(28,232)**	**(22,518)**	50,486	(8,444)	42,042
Income tax credit	**983**	**2,330**	**3,313**	15,662	709	16,371
(Loss)/profit after income tax	**6,697**	**(25,902)**	**(19,205)**	66,148	(7,735)	58,413
Loss on disposal of a subsidiary	**–**	**(277)**	**(277)**	–	–	–
(Loss)/profit for the year	**6,697**	**(26,179)**	**(19,482)**	66,148	(7,735)	58,413
(Loss)/profit for the year attributable to						
– equity holders of the Company	**7,080**	**(26,179)**	**(19,099)**	66,148	(7,735)	58,413
– non-controlling interests	**(383)**	**–**	**(383)**	–	–	–
	6,697	**(26,179)**	**(19,482)**	66,148	(7,735)	58,413

(b) Segment analysed by geographical areas

The segment revenue for the years ended 31st March 2014 and 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operation		
North America	**2,088,500**	1,492,025
Europe	**127,964**	130,248
Asia	**72,314**	238,995
Others	**2,363**	4,510
	2,291,141	1,865,778

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 2014 and 2013 were located or utilised in the PRC or Hong Kong.

4. Other income

	2014	2013
	HK$'000	*HK$'000*
Continuing operation		
Fair value gain on investment properties	**16,160**	78,458
Rental income from investment properties	**7,862**	4,692
Service income	**–**	7,281
Income from dispute settlement	**–**	4,069
Others	**795**	904
	24,817	95,404

5. Expenses by nature

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operation		
Amortisation of intangible assets	**8,883**	13,156
Amortisation of leasehold land and land use rights	**292**	289
Auditor's remuneration	**2,280**	2,260
Cost of inventories	**1,717,570**	1,289,265
Depreciation of property, plant and equipment	**32,960**	39,478
Employee benefit expenses (including directors' emoluments)	**250,244**	219,762
Gain on disposal of property, plant and equipment	**(5,215)**	(3,565)
Operating lease rental in respect of land and buildings	**33,401**	20,133
Research and development costs	**16,496**	15,983
Write-off/impairment of property, plant and equipment	**2**	14,606

6. Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operation		
Current income tax		
– Hong Kong profits tax	**(3,992)**	(4,667)
– (Under)/over provision in prior years	**(9)**	15,123
Deferred income tax	**4,984**	5,206
	983	15,662

7. Discontinued operation

During the year ended 31st March 2014, the Group completed its disposal of the entire interest in Alco Plastic Products Limited ("APPL"), a wholly owned subsidiary of the Company, to one of the APPL's directors at a cash consideration of HK$3,000,000. Full consideration was received in February 2014. The principal activity of APPL was the manufacturing and selling of plastic products. Accordingly, the results of plastic products business together with the related loss on disposal have been presented as a discontinued operation in the consolidated financial statements for the year ended 31st March 2014.

Analysis of the results of discontinued operation is as follows:

	Note	**2014**	2013
		HK$'000	*HK$'000*
Revenue	*3*	**78,990**	97,551
Cost of goods sold		**(95,099)**	(102,486)
Gross loss		**(16,109)**	(4,935)
Selling expenses		**(38)**	(72)
Administrative expenses		**(2,112)**	(2,638)
Other operating expenses		**(9,973)**	(799)
Loss before income tax		**(28,232)**	(8,444)
Income tax credit		**2,330**	709
Loss after income tax		**(25,902)**	(7,735)
Loss on disposal of a subsidiary		**(277)**	–
Loss from discontinued operation attributable to equity holders of the Company		**(26,179)**	(7,735)

Analysis of the expenses of discontinued operation is as follows:

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories	**64,508**	52,663
Depreciation of property, plant and equipment	**2,508**	3,578
Employee benefit expenses (including directors' emoluments)	**22,116**	23,000
Gain on disposal of property, plant and equipment	**(793)**	(35)
Operating lease rental in respect of land and buildings	**1,367**	2,166
Write-off/impairment of property, plant and equipment	**3,748**	2,248

The major classes of assets and liabilities of discontinued operation are as follows:

	28th February 2014
	HK$'000
Property, plant and equipment	**7,550**
Deferred income tax assets	**1,563**
Trade and other current assets	**4,148**
Inventories	**1,331**
Cash and cash equivalents	**72**
Trade and other payables	**(11,387)**
Total net assets of the disposal	**3,277**
Consideration	**3,000**
Loss on disposal	**(277)**

Analysis of the cash flows of discontinued operation is as follows:

	2014	2013
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**43,496**	4,625
Net cash inflow/(outflow) from investing activities	**5,437**	(4,719)
Net cash outflow from financing activities	**(50,100)**	–
Net cash outflow from discontinued operation	**(1,167)**	(94)

8. Earnings/(loss) per share

Basic

Basic earnings/(loss) 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.

	2014	2013 (Restated)
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*		
– Continuing operation	**7,080**	66,148
– Discontinued operation	**(26,179)**	(7,735)
	(19,099)	58,413
Weighted average number of ordinary shares in issue	**580,093,720**	580,093,720
Basic earnings/(loss) per share *(HK cents)*		
– Continuing operation	**HK1.2 cents**	HK11.4 cents
– Discontinued operation	**(HK4.5 cents)**	(HK 1.3 cents)
	(HK3.3 cents)	HK10.1 cents

Diluted

Diluted earnings/(loss) 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 2014 and 2013, the conversion of all dilutive share options outstanding would have an anti-dilutive effect on the earnings/(loss) per share.

	2014	2013 (Restated)
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*		
– Continuing operation	**7,080**	66,148
– Discontinued operation	**(26,179)**	(7,735)
	(19,099)	58,413
Weighted average number of ordinary shares in issue	**580,093,720**	580,093,720
Dilutive effect on share options	**–**	–
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**580,093,720**	580,093,720
Diluted earnings/(loss) per share *(HK cents)*		
– Continuing operation	**HK1.2 cents**	HK11.4 cents
– Discontinued operation	**(HK4.5 cents)**	(HK 1.3 cents)
	(HK3.3 cents)	HK10.1 cents

9. Dividends

	2014	2013
	HK$'000	*HK$'000*
Interim dividend, paid, of HK3 cents (2013: HK3 cents) per ordinary share	**17,403**	17,403
Final dividend, proposed, of HK4 cents (2013: HK6 cents) per ordinary share	**23,204**	34,806
	40,607	52,209

10. Loans and receivables

	2014	2013
	HK$'000	*HK$'000*
Non-current		
Government bonds *(Note b)*	–	1,538
	–	1,538
Current		
Corporate bonds *(Note a)*	–	92,216
Government bonds *(Note b)*	**1,562**	8,625
	1,562	100,841
Carrying amount as at the end of the year	**1,562**	102,379
Carrying amount as at the beginning of the year	**102,379**	104,184
Additions	–	1,513
Redemption	**(21,302)**	(5,012)
Disposal	**(85,701)**	–
Exchange gain	**6,186**	1,694
Carrying amount as at the end of the year	**1,562**	102,379

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.

On 31st December 2013, the Group completed the disposal of the corporate bond issued by Hydis to an independent third party, PVI Global Corporation ("PVIG"), a subsidiary of E Ink Holdings Inc. ("E Ink"), a company incorporated in the Republic of China (Taiwan), at a consideration of US$10,000,000 (equivalent to HK$77,600,000) which would be settled through five annual instalments starting from July 2014 without interest. The receivable was included in "other receivables" (Note 12). A loss on disposal of loans and receivables of HK$11,946,000 was recognised in continuing operation in the consolidated income statement during the year ended 31st March 2014.

The RMB denominated corporate bond of RMB9,873,000 (equivalent to HK$12,539,000) was redeemed upon maturity at par value in October 2013.

(b) The government bonds are issued by the Ministry of Finance PRC and are denominated in RMB. The government bonds of RMB6,900,000 (equivalent to HK$8,763,000) were redeemed upon maturity at par value in September 2013.

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 amount of the loans and receivables.

11. Available-for-sale financial assets

	2014	2013
	HK$'000	*HK$'000*
Fair value of unlisted equity securities outside Hong Kong as at the beginning of the year	**36,953**	112,090
Impairment loss recognised in consolidated income statement	**–**	(75,137)
Disposal	**(36,953)**	–
Fair value of unlisted equity securities outside Hong Kong as at the end of the year	**–**	36,953

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

On 31st December 2013, the Group completed the disposal of the equity interest in Hydis to an independent third party, Dream Pacific International Corp, a subsidiary of E Ink, at a consideration of US$2,800,000 (equivalent to HK$21,728,000). Such consideration has been received by the Group on 2nd January 2014.

A loss on disposal of available-for-sale financial assets of HK$15,225,000 was recognised in continuing operation in the consolidated income statement during the year ended 31st March 2014.

12. Trade and other receivables

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**590,215**	490,787
Prepayments, deposits and other receivables	**101,023**	32,967
	691,238	523,754
Less: non-current portion of other receivables	**(58,414)**	–
Current portion	**632,824**	523,754

At 31st March 2014 and 2013, the ageing analysis of the trade receivables based on shipping terms is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**242,495**	99,483
31 – 60 days	**68,062**	89,240
61 – 90 days	**130,335**	100,115
Over 90 days	**149,323**	201,949
	590,215	490,787

As at 31st March 2014, trade receivables of HK$50,755,000 (2013: HK$34,693,000) were considered past due if measured strictly against the credit terms offered. The overdue sum is not considered as impaired since all of the overdue sum has been settled in April 2014.

As at 31st March 2014, other receivables included approximately HK$73,755,000 consideration receivables from PVIG for the disposal of the corporate bond issued by Hydis (Note 10). A guarantee was granted by E Ink to cover the entire receivable amount as at 31st March 2014.

13. Trade and other payables

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**522,787**	565,827
Other payables and accruals	**53,056**	41,240
	575,843	607,067

At 31st March 2014 and 2013, the ageing analysis of the trade payables based on invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**486,240**	524,085
31 – 60 days	**23,517**	24,477
61 – 90 days	**10,087**	13,924
Over 90 days	**2,943**	3,341
	522,787	565,827

DIVIDEND

The directors recommended the payment of a final dividend of HK4 cents (2013: HK6 cents) per ordinary share for the year ended 31st March 2014 to the shareholders whose names appear on the register of members of the Company on 1st September 2014.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, which is scheduled on 22nd August 2014, the final dividend is expected to be paid on 12th September 2014.

CLOSURE OF REGISTER OF MEMBERS

Annual general meeting

The register of members of the Company will be closed from Wednesday, 20th August 2014 to Friday, 22nd August 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 19th August 2014.

Dividend

The register of members of the Company will be closed from Thursday, 28th August 2014 to Monday, 1st September 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 27th August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

For the reporting year, the Group recorded turnover of HK$2.3 billion (2013: HK$1.9 billion), representing a year-on-year increase of 23%. Loss attributable to shareholders amounted to HK$19 million (2013: Profit of HK$58 million), and was mainly due to (i) the unsatisfactory performance and discontinuance of the plastic operations; (ii) relocation of Dongguan factory; and (iii) an increase in manufacturing costs.

The Board of Directors remains committed to a stable dividend payout policy. Correspondingly, the directors have resolved to declare a final dividend of HK4 cents (2013: HK6 cents) per share, which, combined with an interim dividend of HK3 cents per share already paid, represents a total dividend of HK7 cents per share for the financial year (2013: HK9 cents).

The final dividend will be paid on 12th September 2014 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

Although the latest financial year saw signs of a gradual recovery in the United States, some of the Group's customers remained highly cautious, tending to place last-minute orders to minimise inventory levels. Such a practice placed added pressure on both our production arrangements and our workforce, especially during the first half of the financial year, leading to more overtime and increased labour costs. Compounding matters was low production efficiency experienced by the Group as it relocated production to the new factory in Houjie Town in July 2013. Efficiency subsequently returned to normal by the end of the year.

Despite the temporary decline in production efficiency, the relocation of production is essential for alleviating the cost of labour that has been continuously rising, and which has been further aggravated by the shortage of skilled workers. In the coming years, with greater efficiency afforded by the new factory, we will be better able to not only control such costs, but also streamline operational processes.

While efficient production is certainly important to the performance of the Group, so too is the ability to continuously introduce appealing products that capture market trends and create new revenue streams. Indicative of our successful track record in this respect is the Group's new range of internet-related entertainment products, which offer such features as wireless keyboards that leverage Bluetooth technology. Owing to our ties with a leading consumer electronics brand, we commenced production of these attractive products in the second half of the year, and have recorded strong uptake ever since. Also providing a stable source of revenue are the Group's high-value sound bar and sound stand systems, which are ideal for enhancing sound quality and perfectly complement many of today's flat-panel TVs, hence, ideal for those who appreciate a totally immersive entertainment experience.

While having achieved revenue growth by riding on the back of new and existing products, we fully realise the importance of constantly reviewing and refining our product mix. Correspondingly, the management has continued to examine the current line-up of products, including DVD players and Blu-ray players, and taking into consideration such factors as competition, consumer demand and margin level, removed certain models when deemed appropriate. This allows the Group to more effectively manage its products and develop and update those that possess the potential for further growth.

Prospects

Even though the global economy appears to have emerged from the trough endured over the past several years, measures adopted by major governments to sustain growth may create more challenges in the future. Moreover, intense competition, rising labour cost and escalating manufacturing expenditures are just some of the concerns that the management will continue to face. Notwithstanding such issues, the Group possesses sound fundamentals, advanced infrastructure and appealing products, all of which will allow it to better cope with coming obstacles than its many industry rivals.

With regards to offering appealing products in particular, one of our star performers this year has been internet-related entertainment products, which builds on our expertise in the smartphones accessories market. Given the immense opportunities afforded by this new business, we will direct greater energies on expanding the product range in the coming year, especially with many more higher-value-added wireless accessories, such as Bluetooth scratch pad, Bluetooth stylus, and the like. At the same time, other products that have performed respectably, such as high-value sound bar and sound stand systems, will likewise receive further development focus, and thus ensure that they continue to deliver fair returns to the Group.

Given the need to constantly develop and update our product mix to meet the latest consumer trends, it is reassuring to know that the Group can do so in an even more efficient manner now that the new production facility in Houjie Town is fully operational. As previously noted, the facility not only allows us to benefit from greater flexibility, but also enables us to enjoy added efficiency, standardised quality and reduced reliance on skilled labour, all important attributes in combating escalating costs.

Also to our advantage is our strong cash position. As high liquidity provides us with solid protection against volatile market conditions, as well as allows us to explore business development opportunities and attract new partnerships, we will seek to continuously reinforce this important foundation. Correspondingly, the management will closely monitor inventories and receivables, and promptly take the steps necessary to address any irregularities.

With a highly experienced and trusted management team in place and a well motivated workforce, the Group is fully committed to realising long-term sustainable growth.

Liquidity and financial resources

The Group's total equity and total equity per share as at 31st March 2014 were HK$1,856 million (2013: HK$1,927 million) and HK$3.20 (2013: HK$3.32) respectively.

The Group maintains a strong financial position. As at 31st March 2014, we had cash and deposits of HK$924 million. After deducting bank loans of HK$130 million, we had net cash of HK$794 million. The Group has adequate liquidity for future working capital requirements.

As at 31st March 2014, our inventory was HK$353 million (2013: HK$318 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 31st March 2014 was HK$590 million (2013: HK$491 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 2014 was HK$523 million (2013: HK$566 million).

As at 31st March 2014, we had banking facilities of HK$1,596 million (2013: HK$1,609 million), of which HK$130 million (2013: HK$200 million) were utilised. Among the used facilities, HK$80 million shall be payable in the first year and HK$50 million shall be payable in the second year.

Capital expenditure on fixed assets during the year was HK$119 million (2013: HK$26 million). As at 31st March 2014, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery and renovation amounting to HK$2,377,000 (2013: HK$11,681,000). The Group had relocated its production facility to a new factory in Houjie Town in this financial year. We had spent approximately HK$93 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 2014, the amount totalled RMB226 million.

Employees

As at 31st March 2014, the Group had approximately 2,900 (2013: 3,000) 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 2014 are as follows:

			Number of share options				
Date of grant	**Exercise period**	**Exercise price per share**	**Outstanding as at 1st April 2013**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31st March 2014**
		HK$					
11th May 2010	11th May 2010 to 20th August 2013	2.90	13,818,000	–	–	(13,818,000)	–
27th August 2010	27th August 2010 to 20th August 2013	3.08	100,000	–	–	(100,000)	–
			13,918,000	–	–	(13,918,000)	–

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March 2014, the Company repurchased a total of 56,000 ordinary shares of the Company at a consideration of HK$72,800 on the Stock Exchange of Hong Kong Limited. All the 56,000 repurchased shares were cancelled subsequent to the year end date. Details of the repurchases are as follows:

Month of repurchases	Total number of shares repurchased	Price per share		Aggregate Consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
March 2014	56,000	1.30	1.30	72,800

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the net asset value per share and to improving the earnings or loss per share of the Company.

Save as disclosed above, neither the Company nor its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31st March 2014 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 2014.

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 2014.

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 2014.

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 2014 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 five executive directors, namely Mr LEUNG Kai Ching, Kimen, Mr LEUNG Wai Sing, Wilson, Mr KUOK Kun Man, Andrew, Mr LEUNG, Jimmy and Mr LIU Lup Man 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 2014