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 2018

PERFORMANCE HIGHLIGHTS

	2018	2017
– Revenue (HK$)	**2,081m**	2,100m
– (Loss)/profit attributable to equity holders (HK$)	**(85.8m)**	73.9m
– Final dividend per share	**HK2 cents**	HK5 cents
– Full year dividend per share	**HK5 cents**	HK10 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 2018 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	3	**2,080,707**	2,100,142
Cost of goods sold	5	**(1,982,104)**	(1,862,266)
Gross profit		**98,603**	237,876
Other income	4	**41,227**	33,022
Selling expenses	5	**(95,117)**	(84,351)
Administrative expenses	5	**(96,978)**	(96,192)
Other operating expenses	5	**(17,826)**	(12,083)
Operating (loss)/profit		**(70,091)**	78,272
Finance income		**8,045**	9,875
Finance costs		**(9,253)**	(10,268)
(Loss)/profit before income tax		**(71,299)**	77,879
Income tax expense	7	**(14,637)**	(3,987)
(Loss)/profit for the year		**(85,936)**	73,892
(Loss)/profit for the year attributable to:			
– Equity holders of the Company		**(85,808)**	73,897
– Non-controlling interests		**(128)**	(5)
		(85,936)	73,892
(Loss)/earnings per share attributable to equity holders of the Company			
– Basic	8	**(HK14.8 cents)**	HK12.8 cents
– Diluted	8	**(HK14.8 cents)**	HK12.8 cents
Dividends	9	**28,930**	57,937

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2018

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(85,936)**	73,892
Other comprehensive income/(loss), net of tax:		
Item that may be reclassified subsequently to profit or loss		
Currency translation differences	**16,473**	(9,620)
Total comprehensive (loss)/income for the year	**(69,463)**	64,272
Total comprehensive (loss)/income for the year attributable to:		
– Equity holders of the Company	**(69,335)**	64,277
– Non-controlling interests	**(128)**	(5)
	(69,463)	64,272

CONSOLIDATED BALANCE SHEET

As at 31st March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**350,007**	202,798
Investment properties		**93,988**	90,488
Leasehold land and land use rights		**5,926**	6,001
Intangible assets		**36,652**	10,776
Deferred income tax assets		**16,790**	28,225
Prepayment, deposit and other receivables	*10*	**17,677**	23,070
		521,040	361,358
Current assets			
Inventories		**403,591**	473,819
Trade and other receivables	*10*	**864,157**	742,693
Current income tax recoverable		**13,090**	13,086
Cash and cash equivalents		**279,520**	787,201
		1,560,358	2,016,799
Current liabilities			
Trade and other payables	*11*	**215,090**	320,739
Current income tax liabilities		**3,361**	2,881
Deferred gain	*6*	**–**	17,450
Borrowings		**91,615**	116,400
		310,066	457,470
Net current assets		**1,250,292**	1,559,329
Total assets less current liabilities		**1,771,332**	1,920,687

	Note	**2018**	2017
		HK$'000	*HK$'000*
Capital and reserves attributable to equity holders of the Company			
Share capital		**57,860**	57,937
Reserves		**1,671,938**	1,788,995
		1,729,798	1,846,932
Non-controlling interests		**(569)**	(441)
Total equity		**1,729,229**	1,846,491
Non-current liabilities			
Deferred gain	*6*	**–**	15,996
Borrowings		**42,103**	58,200
		42,103	74,196
Total equity and non-current liabilities		**1,771,332**	1,920,687

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 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 following amended standards are mandatory for the financial year beginning 1st April 2017:

HKAS 7 (Amendment)	Disclosure initiative
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (Amendment)	Annual improvement to HKFRS 2014-2016 cycle

The adoption of these amended standards did not result in a significant impact on the results and financial position of the Group.

The new standards, amendments to standards and interpretations relevant to the Group which have been issued, but not effective for the financial year beginning 1st April 2017 and have not been early adopted:

		Effective for accounting period beginning on or after
HKAS 28 (Amendment)	Investment in associates and joint venture	1st January 2019
HKAS 40 (Amendment)	Transfer of investment property	1st January 2018
HKFRS 1 and HKAS 28 (Amendment)	Annual improvements to HKFRS 2014-2016 cycle	1st January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1st January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1st January 2018
HKFRS 9	Financial instruments	1st January 2018
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1st January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1st January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1st January 2018
HKFRS 16	Leases	1st January 2019
HKFRS 17	Insurance contracts	1st January 2021
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1st January 2018
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1st January 2019
Annual improvements projects	Annual improvements to HKFRS 2015-2017 cycle	1st January 2019

There are no other HKFRSs or interpretations that are not yet effective and would be 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"), Taiwan and Hong Kong and is principally engaged in designing, manufacturing and selling of consumer electronic products.

During the year, the Group diversified its development focus from the existing traditional consumer electronic products, including audio, video and tablet products (collectively, the "AV products"), to commercial notebook and personal computers (the "Notebook products"). As a result of such change in the business strategy, the chief operating decision-makers' review on the Group's segment performance and resource allocation has changed over that in prior years. The comparative segment information for the year ended 31st March 2017 has been reclassified to align with the presentation of the latest segment information disclosure as a result of such change:

AV products – Design, manufacture and sale of AV products

Notebook products – Design, manufacture and sale of notebook products

The Group's inter-segment transactions mainly consist of sale of assembly parts and notebook products among subsidiaries. The transactions were entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

	2018				2017 (Restated)			
	AV products	**Notebook products**	**Elimination**	**Group**	AV products	Notebook products	Elimination	Group
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
External sales	**2,067,912**	**12,795**	**–**	**2,080,707**	2,100,142	–	–	2,100,142
Inter-segment sales	**23,139**	**14,902**	**(38,041)**	**–**	–	–	–	–
	2,091,051	**27,697**	**(38,041)**	**2,080,707**	2,100,142	–	–	2,100,142
Segment results	**(18,294)**	**(51,797)**		**(70,091)**	84,570	(6,298)		78,272
Finance income				**8,045**				9,875
Finance costs				**(9,253)**				(10,268)
(Loss)/profit before income tax				**(71,299)**				77,879
Income tax expense				**(14,637)**				(3,987)
(Loss)/profit for the year				**(85,936)**				73,892
(Loss)/profit for the year attributable to								
– Equity holders of the Company				**(85,808)**				73,897
– Non-controlling interest				**(128)**				(5)
				(85,936)				73,892

(b) Segment analysed by geographical area

The segment revenue for the years ended 31st March 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
North America	**2,025,007**	2,079,543
Asia	**33,563**	4,643
Europe	**20,609**	8,740
Others	**1,528**	7,216
	2,080,707	2,100,142

The analysis of revenue by geographical area 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 2018 and 2017 were located or utilised in the PRC, Taiwan or Hong Kong.

4. Other income

	2018	2017
	HK$'000	*HK$'000*
Fair value gain on investment properties	**3,500**	11,068
Rental income from investment properties	**3,846**	2,979
Amortisation of deferred gain *(note 6)*	**33,446**	17,450
Others	**435**	1,525
	41,227	33,022

5. Expenses by nature

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

	2018	2017
	HK$'000	*HK$'000*
Amortisation of intangible assets	**9,899**	7,800
Amortisation of leasehold land and land use rights	**283**	281
Auditor's remuneration	**2,280**	2,200
Cost of inventories	**1,651,059**	1,628,633
Provision for/(write-back of) impairment of inventories	**4,486**	(17,440)
Depreciation of property, plant and equipment	**38,857**	37,326
Employee benefit expenses (including directors' emoluments)	**203,384**	233,353
Severance pay	**8,482**	6,550
Loss on disposal of plant and equipment	**1,399**	662
Operating lease rental in respect of land and buildings	**26,249**	33,174
Research and development costs	**35,007**	26,443
Provision for doubtful debt	**2,908**	–

6. Gain on disposal of properties and deferred gain

In January 2016, the Group disposed of a self-occupied property and certain investment properties in Hong Kong with carrying values of HK$23,791,000 and HK$236,310,000, respectively, at a total net consideration of HK$533,769,000 to an independent third party. The Group subsequently leased back such self-occupied property for its own use for 3 years commencing from the completion date of the aforesaid transaction. The excess of consideration over fair value of such leased property has been deferred and amortised over the lease period. The lease was early terminated in February 2018 and as a result, the remaining deferred gain totaling HK$33,446,000 as at 1st April 2017 has been fully amortised and recognised in the consolidated income statement for the current year.

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018 ***HK$'000***	2017 *HK$'000*
Current income tax		
– Hong Kong profits tax	**(5)**	(16)
– PRC enterprise income tax	**(2,036)**	(530)
– Overseas corporate income tax	**(69)**	(60)
– (Under)/over provision in prior years	**(2)**	16
Deferred income tax expense	**(12,525)**	(3,397)
Income tax expense	**(14,637)**	(3,987)

8. Loss/earnings per share

Basic

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

	2018	2017
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(85,808)**	73,897
Weighted average number of ordinary shares in issue	**579,044,115**	579,367,720
Basic (loss)/earnings per share *(HK cents)*	**(14.8)**	12.8

Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares during the years ended 31st March 2018 and 2017. Therefore, the diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

9. Dividends

	2018	2017
	HK$'000	*HK$'000*
Interim dividend, paid, of HK3 cents (2017: HK5 cents) per ordinary share	**17,358**	28,969
Final dividend, proposed, of HK2 cents (2017: HK5 cents) per ordinary share	**11,572**	28,968
	28,930	57,937

At a meeting held on 20th June 2018, the directors proposed a final dividend of HK2 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements.

10. Trade and other receivables

	2018	2017
	HK$'000	*HK$'000*
Non-current		
Prepayment, deposits and other receivables *(Note)*	**17,677**	23,070
Current		
Trade receivables	**823,724**	697,222
Prepayment, deposits and other receivables *(Note)*	**40,433**	45,471
	864,157	742,693
Total	**881,834**	765,763

Note: As at 31st March 2018, other receivables included HK$14,300,000 (2017: HK$28,629,000), being the consideration receivable from PVI Global Corporation (a subsidiary of E Ink Holdings Inc. ("E Ink")) for the disposal of the corporate bond of Hydis Technologies Company Limited. A guarantee was granted by E Ink to cover the entire receivable amount.

As of 31st March 2018, trade receivables of HK$2,908,000 (2017: nil) were considered impaired. The individual impaired receivables are mainly related to a customer which no longer has business relationship with the Group. The amount of provision is HK$2,908,000 as of 31st March 2018 (2017: nil). The ageing of these impaired receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
Over 90 days	**2,908**	–

Movements of the provision for impairment of trade receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
Beginning of the year	**–**	–
Provision for doubtful debt	**2,908**	–
End of the year	**2,908**	–

At 31st March 2018 and 2017, the ageing analysis of the trade receivables based on shipping terms is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**103,685**	102,368
31 – 60 days	**153,351**	95,899
61 – 90 days	**111,182**	132,720
Over 90 days	**455,506**	366,235
	823,724	697,222

As at 31st March 2018, trade receivables of HK$351,444,000 (2017: HK$163,543,000) were past due with reference to the credit terms offered.

The overdue sum is not considered as impaired since the overdue sum is expected to be fully settled in July 2018.

11. Trade and other payables

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**149,876**	250,407
Other payables and accruals	**65,214**	70,332
	215,090	320,739

At 31st March 2018 and 2017, the ageing analysis of the trade payables based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**118,621**	215,469
31 – 60 days	**18,497**	28,703
61 – 90 days	**5,809**	1,650
Over 90 days	**6,949**	4,585
	149,876	250,407

DIVIDEND

The directors recommended the payment of a final dividend of HK2 cents (2017: HK5 cents) per ordinary share for the year ended 31st March 2018 to the shareholders whose names appear on the register of members of the Company on 31st August 2018.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, which is scheduled on 22nd August 2018, the final dividend is expected to be paid on 11th September 2018.

CLOSURE OF REGISTER OF MEMBERS

Annual general meeting

The register of members of the Company will be closed from Friday, 17th August 2018 to Wednesday, 22nd August 2018, 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 registrar 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 Thursday, 16th August 2018.

Dividend

The register of members of the Company will be closed from Wednesday, 29th August 2018 to Friday, 31st August 2018, 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 registrar 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, 28th August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

On behalf of the Board of Directors, I hereby present the financial results of Alco Holdings Limited and its subsidiaries (collectively, the "Group") for the year ended 31st March 2018.

For the year under review, the Group recorded turnover of HK$2.1 billion (2017: HK$2.1 billion) and net loss attributable to shareholders of HK$85.8 million (2017: profit of HK$73.9 million). The net loss was due in part to the continuingly challenging business environment, which was made worse by the significant increase in the costs of certain critical components that the Group uses in the production of some of its products. Yet other factors that impacted on our profitability for the year under review include the initial set up and investment in our new notebook PC business.

Despite the lacklustre performance, the Group remains in healthy financial position with cash and cash equivalents amounting to HK$280 million. The Board of Directors has therefore resolved to declare a final dividend of HK2 cents (2017: HK5 cents) per share. This, combined with an interim dividend of HK3 cents per share already paid (2017: HK5 cents) represents a total dividend of HK5 cents per share for the financial year (2017: HK10 cents). The final dividend will be paid on 11th September 2018 to the Group's shareholders upon approval at the upcoming Annual General Meeting.

Review of operations

Even though the past year has been a challenging period for the Group, we have always maintained the view that obstacles invariably arise when one strives for excellence. This is particularly the case when we actively seek to migrate the Group's products mix and business model from mainly catering to discount retail channels towards reasonable margin and premium segments of the market, which is now the Group's near-term to long-term strategy. Over the past 12 months, such a strategy resulted in several significant developments, including the introduction of the Group's Consumer Notebook PCs under AVITA brand and B2B/Commercial Notebook PCs under Primus brand, both of which are managed by the Group's fully owned subsidiary Nexstgo Company Limited. Having recruited top talents to head its dedicated R&D and marketing/branding teams in Taiwan and Hong Kong respectively, Nexstgo has successfully launched Consumer Notebook PCs and Commercial Notebook PCs in Hong Kong, Macao, Taiwan, and Singapore during the year under review.

Consistent with our objective in not only investing in products development but also in raising the brand awareness of AVITA and Primus, significant investment was made on the marketing and promotion fronts for these brands, including Nexstgo's participation in 2018's Consumer Electronics Show (CES) that was held in Las Vegas in January of this year.

Besides the launch of our AVITA Consumer Notebook PCs and Primus B2B/Commercial Notebook PCs, past year also marked the introduction of the Group's RCA branded tablets in the U.K. and in France, RCA branded and Venturer branded tablets in South Africa, and Venturer branded tablets in India, all handled by the Group's fully-owned subsidiary Alco International Limited. In particular, the sell-through of RCA branded tablets in the UK was very encouraging and it is expected that the penetration of RCA branded (as well as Venturer branded) tablets in retail channels in the U.K. will expand further.

The Group's tablet products in North America, however, were impacted more significantly by the aforementioned increase in the costs of certain critical components, specifically memory ICs. This industry-wide development resulted in significant pressure on the profitability of tablets and computing devices during the year. Fortunately, as prices of such components begin to stabilize, retail buyers in North America gradually start to return to placing greater quantity orders of tablets to the Group as the higher costs gradually become more easily transferred to consumers via higher retail prices.

Though computing devices and tablet products will play key roles in facilitating the Group's evolution and migration to reasonable margin and premium market segments going forward, the important role played by our AV products has not diminished; AV products still formed part of an important foundation and revenue source of the Group. During the year under review, AV products continued to perform stably owing to steady demand, particularly from North American retailers for our sound bar systems, amplifiers, Bluetooth wireless speakers, DVD players and home theatre systems.

Yet another facet of our operation and an inseparable part of our makeup is production. The Group's manufacturing facility in Houjie Town/Dongguan marked its fifth year of operation as of 2018 and it continued to operate at the high level of efficiency, owing to timely enhancements and the introduction of the latest automation technologies. Most recently, such technologies have included robotic arms that enable us to realise the dual benefits of reducing low-skilled labour and consistently producing higher quality products. Such extensive use of automation technologies also allows us to quickly ramp up capacity to address demand for existing products and for any new products that will be launched in the future.

Prospects

In the coming financial period, we will continue to observe the three-pronged strategy of developing high value-added products, further upgrading manufacturing facilities through automation and robotization, and penetrating new markets via new brands and/or new product categories.

As mentioned above, central to our near-term to long-term strategy will be the development of the Group's Consumer Notebook PC and B2B/Commercial Notebook PC businesses. Based on the initial encouraging feedback from the introduction of such products in Hong Kong, Macao, Taiwan, and Singapore, and the success of our marketing and promotion efforts in raising the recognition of AVITA and Primus brands in these markets, we have been allocating resources and setting up promotional plans for the PRC and other Southeast Asia markets. Furthermore, during the recent Computex Taipei trade show that was held from June-5 to June-9, Nexstgo announced its cooperation with VAIO Corporation of Japan in distributing VAIO's S11 and S13 B2B/Commercial Notebook PCs in Hong Kong, Macao, Taiwan, and Singapore. Going forward, it is certainly Nexstgo's plan and aspiration to cooperate with VAIO and its partners in many more models as well as markets. As regard to RCA and Venturer brand tablets and notebook PCs, new models are also being developed to further expand the Group's market shares in pre-secondary education segments as well as in value-for-money categories.

While customers' reception so far of the Group's Consumer and B2B/Commercial Notebook PCs has been encouraging, we recognise that the PC market is extremely competitive and hence our ability to deliver high-value quality products remains paramount to the success and momentum of our fledgling PC businesses. We will therefore continue to direct our focus on research and development so that our Consumer Notebook PCs and B2B/Commercial Notebook PCs will continue to offer top value in their particular price points and can best cater to the needs and stringent demands of today's very discerning consumers.

As we seek to expedite development of our new businesses, production efficiency and manufacturing excellence will take on added importance. And even though our Houjie Town production facility already allows us to readily adjust capacity and flexibly meet various production parameters owing to its high level of automation, the human factor remains integral and indispensable in fulfilling our production goals. We will therefore continue to attract highly skilled individuals to join our workforce in order to maintain that the men and women in our manufacturing teams can cater to the ever more complex nature of the Group's products as well as to the higher levels of production precision and flexibility that such products require.

The challenging financial year that just concluded has only made us more determined and motivated to realise our long-term strategy of migrating towards higher margin and premium segments of the market. Though we will undoubtedly face numerous obstacles along this journey, we are unperturbed and remain fully focused on the big picture. We will leverage all of our strengths to achieve our goals and to deliver equitable returns to our shareholders.

Liquidity and financial resources

The Group's total equity and total equity per share as at 31st March 2018 were HK$1,729 million (2017: HK$1,846 million) and HK$2.99 (2017: HK$3.19) respectively.

The Group maintains a healthy financial position. As at 31st March 2018, we had cash and deposits of HK$280 million. After deducting bank loans of HK$134 million, we had net cash of HK$146 million. The Group has adequate liquidity for future working capital requirements.

As at 31st March 2018, our inventory was HK$404 million (2017: HK$474 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 31st March 2018 was HK$824 million (2017: HK$697 million). It is our policy to deal with creditworthy customers and to adopt a prudent credit policy, and we have been closely monitoring credit risk.

Trade payables balance as at 31st March 2018 was HK$150 million (2017: HK$250 million).

Capital expenditure on fixed assets during the year was HK$180 million (2017: HK$48 million), including HK$121 million for the acquisition of new headquarter in Sha Tin. As at 31st March 2018, we had capital commitments contracted but not provided for in respect of moulds, plant and machinery and renovation amounting to HK$13,030,000 (2017: HK$5,189,000).

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 potential cost impact caused by RMB, the Group has diversified its cash portfolio by investing in RMB denominated deposits. As at 31st March 2018, the amount totalled RMB77 million.

Employees

As at 31st March 2018, the Group had approximately 1,400 (2017: 1,600) employees in the PRC, Taiwan and Hong Kong. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. We also provide other benefits including medical insurance, provident fund and education subsidies to all eligible staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March 2018, the Company repurchased a total of 772,000 ordinary share of the Company at a consideration of HK$1,472,500 on The Stock Exchange of Hong Kong Limited. All the 772,000 repurchased shares were cancelled during the financial year. Details of the repurchases are as follows:

Month of repurchases	Total number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate Consideration
		HK$	*HK$*	*HK$*
September 2017	772,000	1.95	1.83	1,472,500

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 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 2018 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 2018, except with deviation from code provision E.1.2.

The chairman of the board had not attended the annual general meeting of the Company on 25th August 2017, which deviated from code provision E.1.2. The chairman will endeavour to attend all future annual general meetings of the Company.

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 2018.

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 2018.

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr CHEUNG, Johnson, Mr LI Wah Ming 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 2018 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers 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 four executive directors, namely Mr LEUNG Wai Sing, Wilson, Mr KUOK Kun Man, Mr LEUNG, Jimmy and Mr LIU Lup Man and three independent non-executive directors, namely Mr LI Wah Ming, Mr LEE Tak Chi and Mr CHEUNG, Johnson.

By order of the Board
Alco Holdings Limited
LEUNG Wai Sing, Wilson
Chairman and Chief Executive Officer

Hong Kong, 20th June 2018