



ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 328)

INTERIM REPORT 2015

The directors of Alco Holdings Limited (the “Company”) announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2015, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2015

		Unaudited	
		Six months ended	
		30th September	
		2015	2014
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	1,383,088	1,095,396
Cost of goods sold	4	(1,223,336)	(1,030,763)
Gross profit		159,752	64,633
Other income		4,164	4,214
Selling expenses	4	(51,518)	(43,333)
Administrative expenses	4	(37,858)	(31,105)
Other operating expenses	4	(5,099)	(10,066)
Operating profit/(loss)		69,441	(15,657)
Finance income		8,590	6,670
Finance costs		(1,637)	(2,281)
Profit/(loss) before income tax		76,394	(11,268)
Income tax (expenses)/credit	5	(5,271)	2,009
Profit/(loss) for the period		71,123	(9,259)
Profit/(loss) for the period attributable to:			
– Equity holders of the Company		71,329	(9,181)
– Non-controlling interests		(206)	(78)
		71,123	(9,259)
Earnings/(loss) per share attributable to equity holders of the Company			
– basic	6	HK12.3 cents	(HK1.6 cents)
– diluted	6	HK12.3 cents	(HK1.6 cents)
Dividends	7	34,762	17,381

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2015

	Unaudited	
	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
Profit/(loss) for the period	71,123	(9,259)
Other comprehensive loss, net of tax:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>(3,444)</u>	<u>(411)</u>
Total comprehensive income/(loss) for the period	<u>67,679</u>	<u>(9,670)</u>
Total comprehensive income/(loss) for the period attributable to:		
– Equity holders of the Company	67,885	(9,592)
– Non-controlling interests	<u>(206)</u>	<u>(78)</u>
	<u>67,679</u>	<u>(9,670)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2015

		Unaudited 30th September 2015 HK\$'000	Audited 31st March 2015 HK\$'000
Non-current assets			
Property, plant and equipment		227,211	200,846
Investment properties		315,670	315,670
Leasehold land and land use rights		6,607	6,815
Intangible assets		17,550	21,450
Deferred income tax assets		39,153	38,811
Deposits and other receivables	8	37,494	60,692
		643,685	644,284
Current assets			
Inventories		1,122,745	403,540
Trade and other receivables	8	1,245,908	560,988
Cash and cash equivalents		601,822	888,335
		2,970,475	1,852,863
Current liabilities			
Trade and other payables	9	876,272	512,072
Trust receipt loan		592,712	1,654
Current income tax liabilities		12,699	7,086
Borrowings	10	157,600	50,000
		1,639,283	570,812
Net current assets		1,331,192	1,282,051
Total assets less current liabilities		1,974,877	1,926,335
Capital and reserves attributable to equity holders of the Company			
Share capital	11	57,937	57,937
Reserves		1,878,773	1,868,825
		1,936,710	1,926,762
Non-controlling interests		(633)	(427)
Total equity		1,936,077	1,926,335
Non-current liabilities			
Borrowings	10	38,800	–
Total equity and non-current liabilities		1,974,877	1,926,335

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2015

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Staff compensation reserve	Revaluation surplus	Retained earnings	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2014	58,009	310,651	940	(43)	11,783	58,074	1,416,859	1,856,273	(352)	1,855,921
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(9,181)	(9,181)	(78)	(9,259)
Other comprehensive loss										
Currency translation differences	-	-	-	(411)	-	-	-	(411)	-	(411)
Total comprehensive loss	-	-	-	(411)	-	-	(9,181)	(9,592)	(78)	(9,670)
Transactions with owners										
Repurchase of shares	(72)	(978)	72	-	-	-	(72)	(1,050)	-	(1,050)
2014 final dividend	-	-	-	-	-	-	(23,175)	(23,175)	-	(23,175)
Total transactions with owners	(72)	(978)	72	-	-	-	(23,247)	(24,225)	-	(24,225)
At 30th September 2014	57,937	309,673	1,012	(454)	11,783	58,074	1,384,431	1,822,456	(430)	1,822,026
At 1st April 2015	57,937	309,674	1,012	(2,199)	11,783	58,074	1,490,481	1,926,762	(427)	1,926,335
Comprehensive income/(loss)										
Profit/(loss) for the period	-	-	-	-	-	-	71,329	71,329	(206)	71,123
Other comprehensive loss										
Currency translation differences	-	-	-	(3,444)	-	-	-	(3,444)	-	(3,444)
Total comprehensive (loss)/income	-	-	-	(3,444)	-	-	71,329	67,885	(206)	67,679
Transactions with owners										
2015 final dividend	-	-	-	-	-	-	(57,937)	(57,937)	-	(57,937)
Total transactions with owners	-	-	-	-	-	-	(57,937)	(57,937)	-	(57,937)
At 30th September 2015	57,937	309,674	1,012	(5,643)	11,783	58,074	1,503,873	1,936,710	(633)	1,936,077

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2015

	Unaudited	
	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
Net cash used in operating activities	(921,485)	(720,174)
Net cash (used in)/generated from investing activities	(44,549)	5,948
Net cash generated from financing activities	679,521	512,538
Net decrease in cash and cash equivalents	(286,513)	(201,688)
Cash and cash equivalents at the beginning of the period	888,335	924,146
Cash and cash equivalents at the end of the period	601,822	722,458
Analysis of balances of cash and cash equivalents		
Bank balances and cash	601,822	722,458

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2015

1. Basis of preparation and accounting policies

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” 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 (“Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2015.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31st March 2015, except the Group has adopted certain HKASs and Hong Kong Financial Reporting Standards (“HKFRS”) which are mandatory for the financial year beginning 1st April 2015.

2. Changes in accounting policies

The following amendments to standards are relevant to the Group and are mandatory for the financial year beginning 1st April 2015.

HKAS 19 (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contribution
HKFRS (Amendment)	Annual Improvements 2010-2012 Cycle
HKFRS (Amendment)	Annual Improvements 2011-2013 Cycle

The adoption of the above amendments to standards did not have significant impact to the Group’s financial statements and has not led to any changes in the Group’s accounting policies.

2. Changes in accounting policies (continued)

The following new standards and amendments to existing standards have been published but are not yet effective for the financial year beginning 1st April 2015 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements ¹
HKAS 28 and HKFRS 10 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKAS 28, HKFRS 10 and HKFRS 12 (Amendment)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 9	Financial Instruments ²
HKFRS 11 (Amendment)	Accounting for Acquisition of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS (Amendment)	Annual Improvements 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1st January 2016

² Effective for annual periods beginning on or after 1st January 2018

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

3. Segment information

(a) Segment analysed by products

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

	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
Segment revenue	1,383,088	1,095,396
Segment results	69,441	(15,657)

3. Segment information (continued)

(b) Segment analysed by geographical areas

	Revenue	
	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
North America	1,370,845	1,053,067
Asia	10,513	32,956
Europe	1,730	2,465
Others	-	6,908
	<u>1,383,088</u>	<u>1,095,396</u>

The analysis of revenue by geographical segment is based on the destination to which the shipments are made. Primarily all of the Group's assets and capital expenditure for the six months ended 30th September 2015 and 2014 were located or utilised in the PRC or Hong Kong.

4. Expenses by nature

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

	Six months ended	
	30th September	
	2015	2014
	HK\$'000	HK\$'000
Amortisation of intangible assets	3,900	3,900
Depreciation	15,941	16,716
Employee benefit expenses	128,195	112,754
Severance pay	3,800	16,394
	<u>151,636</u>	<u>149,764</u>

5. Income tax expenses/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

5. Income tax expenses/credit (continued)

The amount of taxation (charged)/credited to the condensed consolidated income statement represents:

	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	(3,401)	(40)
– PRC corporate income tax	(2,212)	(1,605)
Deferred income tax credit	342	3,654
	<hr/>	<hr/>
Income tax (expenses)/credit	(5,271)	2,009
	<hr/> <hr/>	<hr/> <hr/>

6. Earnings/loss per share

Basic

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

	Six months ended 30th September	
	2015	2014
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	71,329	(9,181)
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares in issue	579,367,720	579,715,327
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings/(loss) per share (HK cents)	12.3	(1.6)
	<hr/> <hr/>	<hr/> <hr/>

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. There were no dilutive potential ordinary shares during the six months ended 30th September 2015 and 2014. Therefore, the diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

7. Dividends

	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend, declared, of HK6 cents (2014: HK3 cents) per ordinary share	34,762	17,381

At a meeting held on 25th November 2015, the directors declared an interim dividend of HK6 cents (2014: HK3 cents) per share for the six months ended 30th September 2015.

8. Trade and other receivables

	30th September 2015	31st March 2015
	HK\$'000	HK\$'000
Non-current		
Deposits and other receivables (<i>Note</i>)	37,494	60,692
Current		
Trade receivables	1,210,520	533,406
Prepayments, deposits and other receivables (<i>Note</i>)	35,388	27,582
	1,245,908	560,988
Total	1,283,402	621,680

Note:

As at 30th September 2015, other receivables included approximately HK\$43,374,000 (31st March 2015: HK\$58,414,000) consideration receivable from PVI Global Corporation (a subsidiary of E Ink Holdings Inc. ("E Ink")) for the disposal of the corporate bond of Hydix Technologies Company Limited. A guarantee was granted by E Ink to cover the entire receivable amount.

8. Trade and other receivables (continued)

The ageing analysis of trade receivables based on shipping terms is as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
0 – 30 days	708,386	143,255
31 – 60 days	137,373	110,115
61 – 90 days	176,317	54,240
Over 90 days	188,444	225,796
	<u>1,210,520</u>	<u>533,406</u>

As at 30th September 2015, trade receivables of HK\$45,237,000 (31st March 2015: nil) were considered past due with reference to the credit terms offered. The overdue sum is not considered as impaired since all of the overdue sum has been settled in October 2015.

9. Trade and other payables

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Trade payables	812,643	460,239
Other payables and accruals	63,629	51,833
	<u>876,272</u>	<u>512,072</u>

The ageing analysis of trade payables based on invoice date is as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
0 – 30 days	721,722	434,652
31 – 60 days	64,874	16,773
61 – 90 days	22,444	3,247
Over 90 days	3,603	5,567
	<u>812,643</u>	<u>460,239</u>

10. Borrowings

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Non-current		
Bank borrowings, unsecured (<i>Note</i>)	38,800	–
Current		
Bank borrowings, unsecured (<i>Note</i>)	157,600	50,000
Total borrowings	196,400	50,000

Note:

The bank borrowings are unsecured and are supported by corporate guarantees given by the Company (*Note 12*). The borrowings were denominated in HKD and USD and interest bearing at a margin over HIBOR or LIBOR.

The maturity of bank borrowings is as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Within one year	157,600	50,000
In the second year	19,400	–
In the third year	19,400	–
	196,400	50,000

The carrying amounts of the bank borrowings approximated to their fair values.

11. Share capital

	Company Ordinary Shares	
	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1st April 2014, 31st March 2015 and 30th September 2015	800,000,000	80,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1st April 2014	580,093,720	58,009
Cancellation of shares repurchased	(726,000)	(72)
At 31st March 2015 and 30th September 2015	579,367,720	57,937

12. Contingent liabilities

The Company provided corporate guarantees in favour of the banks to secure general banking facilities granted to certain of its subsidiaries (*Note 10*).

13. Commitments

(a) Capital commitments

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Moulds, plant and machinery and renovation contracted but not provided for	3,837	16,018

13. Commitments (continued)

(b) Operating lease commitments (as lessee)

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Not later than one year	34,340	35,165
Later than one year and not later than five years	135,310	139,017
Later than five years	301,677	326,267
	<hr/> 471,327 <hr/>	<hr/> 500,449 <hr/>

(c) Operating lease commitments (as lessor)

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Not later than one year	9,930	4,370
Later than one year and not later than five years	14,420	336
	<hr/> 24,350 <hr/>	<hr/> 4,706 <hr/>

The lease terms are from one to three years.

DIVIDEND

The directors have resolved to declare an interim dividend of HK6 cents (2014: HK3 cents) per share for the six months ended 30th September 2015 to the shareholders whose names are on the register of members of the Company on 11th December 2015. The dividend warrants are expected to be despatched on 22nd December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10th December 2015 to Friday, 11th December 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim 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, 9th December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results

For the six months ended 30th September 2015, the Group reported turnover of HK\$1.4 billion (2014: HK\$1.1 billion), with profit attributable to shareholders amounting to HK\$71 million. Gross margin increased to 11.6% compared with 5.9% for the corresponding period last year. The rise in turnover was mainly due to the encouraging performance of the Group's tablet products and stable sales generated by its existing product portfolio, all of which have capitalised on a rise in consumption in key markets.

Business review

With the economic recovery in the United States continuing, albeit still only at a modest pace, the Group has shrewdly exploited improving consumption sentiment through its appealing range of products.

One of the Group's best performing categories is its tablet series, which is expected to provide strong organic growth for the short and medium terms. So far, the majority of the Group's tablet products have been engineered to run on Google's Android operating system (OS), and larger-size models (10-inch and above) have also been equipped with wireless keyboards that are paired with Bluetooth technology. It is now obvious that in many markets, larger size tablets installed with Microsoft Windows 10 OS are fast becoming the productivity tool of choice, hence, the Group has also developed and introduced, even though only in relatively low quantities for the time being, 10-inch and 11-inch Windows 10 tablets.

While infotainment products such as Android tablets and Windows tablets mentioned above have performed favourably during the reporting period, the Group's many AV product lines, including sound bar systems, home theatre systems and the like, have at the same time provided stable sources of revenue.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business review *(continued)*

Though the products constitute the stars of the Group, backend support is no less essential. While the Houjie Town production facility has been fully operational, its benefits are continuing to be felt. Having replaced all of the old SMT (Surface Mount Technology) assembly lines with new lines at the facility during the period, the Group has been able to meet higher precision requirements and capitalise on greater manufacturing efficiency. And since each new assembly line has significantly higher output than its predecessor, less lines and labour are required, enabling the Group to reduce labour cost and overhead. Still another benefit of the new assembly lines is lower energy consumption, thus allowing the Group to fulfil its commitment to energy conservation.

Prospects

As the US economy makes incremental steps forward, the management will place even greater attention to opportunities and trends that will emerge in the future. Having achieved a strong track record of effectively identifying consumer trends and leveraging in-house R&D capabilities to introduce exciting new products to market, the management will continue to use such strengths as it pursues sustainable and healthy growth.

While always looking out for new opportunities and new product developments, the management will at the same time seek to build on the progress achieved by the Group's existing product lines. Of the highest priority is to further strengthen, and therefore capitalise on the success so far achieved by the Group's tablet series. In addition to sizes ranging from 7-inch to 11-inch presently available, larger size models are now in the pipe-line and will gradually enter production in 2016. Also in the new year, in addition to wireless keyboards, other productivity accessories will be considered for inclusion with the Group's tablets, such as wireless mouse, active stylus and the like.

Even though the Group's sound bars and other AV products will not need to be renewed and revamped as drastically or as frequently as tablets, they are still being examined and re-engineered constantly to make sure that they can be produced more efficiently and have features and refinements which are in step with consumer trends.

The need for constant development will also extend to production. Although the Houjie Town facility is state-of-the-art, the management will continue to dedicate efforts towards raising efficiency, and thereby minimise the Group's exposure to high labour costs. And apart from investing in automation for continuous productivity improvements, the Group has also added, and will continue to add, high-precision equipment for further enhancing product quality, reliability and durability.

Even though the Group has made clear progress during the latest financial period, it is well aware of the need to sustain growth over the long term. Through the determination of an experienced management team; the nurturing of ties with long-standing and trusted business partners; the bolstering of product lines and ongoing push to enter new markets, the Group will have the means and methods for achieving this overriding goal.

Liquidity and financial resources

Total equity and equity per share of the Group as at 30th September 2015 were HK\$1,936 million (31st March 2015: HK\$1,926 million) and HK\$3.34 (31st March 2015: HK\$3.32) respectively.

The Group maintains a healthy financial position. To provide additional working capital to meet the seasonal orders, we have arranged a three-year loan facility with several major banks for a total standby amount of US\$80 million. As at 30th September 2015, we had cash and deposits of HK\$602 million. After deducting bank loans and trust receipt loans of HK\$789 million, we had net borrowings of HK\$187 million.

As at 30th September 2015, our inventory was HK\$1,123 million (31st March 2015: HK\$404 million). After the end of the period, substantially all of the finished goods made have been shipped in October 2015. We have been taking a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 30th September 2015 was HK\$1,211 million (31st March 2015: HK\$533 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 30th September 2015 was HK\$813 million (31st March 2015: HK\$460 million).

Capital expenditure on fixed assets during the six months ended 30th September 2015 was HK\$56 million (2014: HK\$23 million). As at 30th September 2015, we had capital commitments contracted but not provided for in respect of mould, plant and machinery and renovation amounting to HK\$3,837,000 (31st March 2015: HK\$16,018,000).

Due to the 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 period.

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 30th September 2015, the amount totalled RMB249 million.

Employees

As at 30th September 2015, the Group had approximately 3,100 (2014: 3,300) 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

(a) Long positions in ordinary shares of HK\$0.10 each of the Company

As at 30th September 2015, the interests and short positions of each director and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

	Number of shares held			Percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total	
Mr LEUNG Kai Ching, Kimen	20,152,000	225,911,400 <i>(note)</i>	246,063,400	42.47%
Mr LEUNG Wai Sing, Wilson	46,320,000	–	46,320,000	7.99%
Mr LEUNG, Jimmy	1,144,000	–	1,144,000	0.20%
Mr KUOK Kun Man, Andrew	752,000	–	752,000	0.13%
Mr LI Wah Ming, Fred	260,000	–	260,000	0.04%

Note:

These shares were owned by Shunde Investments Limited, a company incorporated in the British Virgin Islands with limited liability, of which Mr LEUNG Kai Ching, Kimen was the sole shareholder.

(b) Long positions in underlying shares of the Company

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executives or their spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(continued)*

(b) Long positions in underlying shares of the Company *(continued)*

Save as disclosed above, as at 30th September 2015, other than one ordinary share each in certain Hong Kong incorporated subsidiaries of the Company held in trust for the Group by Mr LEUNG Kai Ching, Kimen, none of the directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2015, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Name	Capacity in which shares were held	Number of shares – Long position	Percentage of the issued share capital of the Company
Shundeian Investments Limited	Beneficial owner	225,911,400 <i>(note i)</i>	38.99%
Webb David Michael	Beneficial owner	52,367,400 <i>(note ii)</i>	9.04%
Preferable Situation Assets Limited	Beneficial owner	35,749,000 <i>(note iii)</i>	6.17%
LEUNG Wai Lap, David	Beneficial owner	34,828,190	6.01%

Notes:

- (i) These shares were owned by Shundeian Investments Limited, a company incorporated in the British Virgin Islands with limited liability, of which Mr LEUNG Kai Ching, Kimen was the sole shareholder.
- (ii) Mr Webb David Michael beneficially owned 16,618,400 shares, and in addition he held 35,749,000 shares through Preferable Situation Assets Limited, which was 100% directly owned by him *(note iii)*.
- (iii) Preferable Situation Assets Limited was 100% owned by Mr Webb David Michael.

Save as disclosed above, as at 30th September 2015, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, who had any interest or short position in the shares or underlying shares of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares for the six months ended 30th September 2015 and the Company did not redeem any of its shares during the same period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to enhance clarity and transparency of business activities. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

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 directors of the Company. Having made specific enquiry to 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 six months ended 30th September 2015.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the financial statements of the Group for the six months ended 30th September 2015.

The audit committee comprises three independent non-executive directors of the Company, namely Mr LAU Wang Yip, Derrick (chairman of the audit committee), Mr LI Wah Ming, Fred, *S.B.S., J.P.*, and Mr LEE Tak Chi.

LIST OF DIRECTORS

As at the date of this report, 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, *S.B.S., J.P.*, 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, 25th November 2015