



ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 328)

INTERIM REPORT 2018

The directors of Alco Holdings Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2018, as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2018

		Unaudited Six months ended 30th September	
		2018	2017
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	836,096	911,435
Cost of goods sold	5	(867,806)	(866,936)
Gross (loss)/profit		(31,710)	44,499
Other income	4	5,767	11,092
Selling expenses	5	(86,472)	(41,271)
Administrative expenses	5	(65,199)	(50,698)
Other operating expenses	5	(4,073)	(8,549)
Operating loss		(181,687)	(44,927)
Finance income		2,941	5,458
Finance costs		(5,084)	(3,157)
Loss before income tax		(183,830)	(42,626)
Income tax credit	6	3,054	5,884
Loss for the period		(180,776)	(36,742)
Loss for the period attributable to:			
– Equity holders of the Company		(180,598)	(36,581)
– Non-controlling interests		(178)	(161)
		(180,776)	(36,742)
Loss per share attributable to equity holders of the Company			
– Basic	8	(HK31.2 cents)	(HK6.3 cents)
– Diluted	8	(HK31.2 cents)	(HK6.3 cents)
Dividends	9	–	17,358

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2018

		Unaudited Six months ended 30th September 2018	2017
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Loss for the period		(180,776)	(36,742)
Other comprehensive loss, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(16,521)	9,321
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value gain on transfer of owner-occupied property to investment property	10	<u>65,423</u>	<u>–</u>
Total comprehensive loss for the period		<u>(131,874)</u>	<u>(27,421)</u>
Total comprehensive loss for the period attributable to:			
– Equity holders of the Company		(131,696)	(27,260)
– Non-controlling interests		<u>(178)</u>	<u>(161)</u>
		<u>(131,874)</u>	<u>(27,421)</u>

CONSOLIDATED BALANCE SHEET

As at 30th September 2018

		Unaudited 30th September 2018 HK\$'000	Audited 31st March 2018 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		330,977	350,007
Investment properties		168,008	93,988
Leasehold land and land use rights		–	5,926
Intangible assets		48,569	36,652
Deferred income tax assets		20,929	16,790
Prepayments, deposits and other receivables	11	21,598	17,677
		<u>590,081</u>	<u>521,040</u>
Current assets			
Inventories		789,195	403,591
Trade and other receivables	11	1,011,534	864,157
Current income tax recoverables		13,068	13,090
Cash and cash equivalents		197,296	279,520
		<u>2,011,093</u>	<u>1,560,358</u>
Current liabilities			
Trade and other payables	12	337,539	215,090
Contract liabilities		2,400	–
Current income tax liabilities		4,342	3,361
Trust receipt loan		594,565	–
Borrowings	13	32,778	91,615
		<u>971,624</u>	<u>310,066</u>
Net current assets		<u>1,039,469</u>	<u>1,250,292</u>
Total assets less current liabilities		<u><u>1,629,550</u></u>	<u><u>1,771,332</u></u>

		Unaudited 30th September 2018 <i>HK\$'000</i>	Audited 31st March 2018 <i>HK\$'000</i>
	<i>Note</i>		
Capital and reserves attributable to equity holders of the Company			
Share capital	14	57,860	57,860
Reserves		1,528,670	1,671,938
		1,586,530	1,729,798
Non-controlling interests		(747)	(569)
Total equity		1,585,783	1,729,229
Non-current liabilities			
Contract liabilities		2,400	–
Borrowings	13	41,367	42,103
		43,767	42,103
Total equity and non-current liabilities		1,629,550	1,771,332

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2018

	Unaudited									
	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Staff compensation reserve HK\$'000	Revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
At 1st April 2017	57,937	309,674	1,012	(18,855)	11,783	-	1,485,381	1,846,932	(441)	1,846,491
Comprehensive income/(loss)										
Loss for the period	-	-	-	-	-	-	(36,581)	(36,581)	(161)	(36,742)
Other comprehensive income										
Currency translation differences	-	-	-	9,321	-	-	-	9,321	-	9,321
Total comprehensive income/(loss)	-	-	-	9,321	-	-	(36,581)	(27,260)	(161)	(27,421)
Transaction with owners										
2017 final dividend	-	-	-	-	-	-	(28,968)	(28,968)	-	(28,968)
Total transaction with owners	-	-	-	-	-	-	(28,968)	(28,968)	-	(28,968)
At 30th September 2017	57,937	309,674	1,012	(9,534)	11,783	-	1,419,832	1,790,704	(602)	1,790,102
At 1st April 2018	57,860	308,278	1,089	(2,382)	11,783	-	1,353,170	1,729,798	(569)	1,729,229
Comprehensive income/(loss)										
Loss for the period	-	-	-	-	-	-	(180,598)	(180,598)	(178)	(180,776)
Other comprehensive income										
Currency translation differences	-	-	-	(16,521)	-	-	-	(16,521)	-	(16,521)
Fair value gain on transfer of owner-occupied property to investment property	-	-	-	-	-	65,423	-	65,423	-	65,423
Total comprehensive income/(loss)	-	-	-	(16,521)	-	65,423	(180,598)	(131,696)	(178)	(131,874)
Transaction with owners										
2018 final dividend	-	-	-	-	-	-	(11,572)	(11,572)	-	(11,572)
Total transaction with owners	-	-	-	-	-	-	(11,572)	(11,572)	-	(11,572)
At 30th September 2018	57,860	308,278	1,089	(18,903)	11,783	65,423	1,161,000	1,586,530	(747)	1,585,783

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2018

	Unaudited	
	Six months ended	
	30th September	
	2018	2017
	HK\$'000	HK\$'000
Net cash used in operating activities	(571,134)	(241,214)
Net cash used in investing activities	(34,509)	(70,808)
Net cash generated from financing activities	523,419	162,446
Net decrease in cash and cash equivalents	(82,224)	(149,576)
Cash and cash equivalents at the beginning of the period	279,520	787,201
Cash and cash equivalents at the end of the period	197,296	637,625
Analysis of balances of cash and cash equivalents		
Bank balances and cash	197,296	637,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2018

1. Basis of preparation and accounting policies

These unaudited 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 (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018.

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 2018, except the Group has adopted certain HKASs and Hong Kong Financial Reporting Standards (“HKFRS”) which are mandatory for the financial year beginning 1st April 2018.

2. Changes in accounting policies

The following new and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

2. **Changes in accounting policies** *(continued)*

The new and amendments to standards have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures. The adoption of these new and amendments to standards has no material impact on the Group.

Details of the changes in accounting policies for HKFRS 9 and HKFRS 15 are outlined below.

Adoption of HKFRS 9

HKFRS 9 replaces HKAS 39. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the expected credit losses (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than the “incurred loss” under the accounting model in HKAS 39. The Group applies the ECL model to the financial assets measured at amortised cost (i.e. trade and other receivables and cash).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. Cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Where the effect of discounting is material, the expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for trade and other receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. **Changes in accounting policies** *(continued)*

Adoption of HKFRS 9 (continued)

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowance for trade and other receivables is always measured at an amount equal to lifetime ECL. ECLs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

The Group has not restated comparative information for financial instruments in the scope of HKFRS 9. Therefore, the comparative information is reported under HKAS 39 and is not comparable to the information presented as at and for the period ended 30th September 2018.

The adoption of the ECL model under HKFRS 9 has no material impact on the Group.

2. **Changes in accounting policies** *(continued)*

Adoption of HKFRS 15

HKFRS 15 replaces HKAS 18, HKAS 11 and the related interpretation. HKFRS 15 establishes a comprehensive framework for recognising revenue arising from contracts with customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the distinct good or service. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the distinct good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- When the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- When the Group's performance does not create an asset with an alternative use to the entity and the Group has an enforceable right to payment for performance completed to date.

If the contract terms and the Group's activities do not fall into any of these three situations, then under HKFRS 15 the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed to the customer. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

In accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard only to contracts that were not completed before 1st April 2018. Comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18.

The adoption of HKFRS 15 has no 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.

AV products – Design, manufacture and sale of audio, video and tablet 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.

	For the six months ended 30th September							
	2018				2017 (Restated)			
	AV products HK\$'000	Notebook products HK\$'000	Elimination HK\$'000	Group HK\$'000	AV products HK\$'000	Notebook products HK\$'000	Elimination HK\$'000	Group HK\$'000
Segment revenue								
External sales	742,761	93,335	-	836,096	910,912	523	-	911,435
Inter-segment sales	4,375	10,158	(14,533)	-	143	1,434	(1,577)	-
	<u>747,136</u>	<u>103,493</u>	<u>(14,533)</u>	<u>836,096</u>	<u>911,055</u>	<u>1,957</u>	<u>(1,577)</u>	<u>911,435</u>
Segment results	(84,931)	(96,756)		(181,687)	(28,105)	(16,822)		(44,927)
Finance income				2,941				5,458
Finance costs				(5,084)				(3,157)
Loss before income tax				(183,830)				(42,626)
Income tax credit				3,054				5,884
Loss for the period				<u>(180,776)</u>				<u>(36,742)</u>
Loss for the period attributable to								
- Equity holders of the Company				(180,598)				(36,581)
- Non-controlling interest				(178)				(161)
				<u>(180,776)</u>				<u>(36,742)</u>

3. Segment information *(continued)*

(b) Segment analysed by geographical areas

The segment revenue for the six months ended 30th September 2018 and 2017 are as follows:

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
North America	749,386	895,211
Asia	69,641	5,259
Europe	14,953	10,176
Others	2,116	789
	836,096	911,435

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 2018 and 2017 were located or utilised in the PRC, Taiwan or Hong Kong.

4. Other income

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
Fair value gain on investment properties	3,180	–
Rental income from investment properties	2,569	1,958
Amortisation of deferred gain (Note 7)	–	8,724
Others	18	410
	5,767	11,092

5. 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	
	2018	2017
	HK\$'000	HK\$'000
Amortisation of intangible assets	6,770	3,900
Depreciation	23,648	18,020
Employee benefit expenses	114,184	110,539
Severance pay	2,017	5,098

6. Income tax credit

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

The amount of taxation credited to the consolidated income statement represents:

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	(20)	(3)
– PRC corporate income tax	(1,554)	(79)
– Overseas corporate income tax	(48)	(149)
– Under provision in prior years	(35)	(2)
Deferred income tax credit	4,711	6,117
Income tax credit	3,054	5,884

7. 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.

Since the lease was early terminated in February 2018, the remaining deferred gain was fully recognised in the financial year ended 31st March 2018 and, as a result, there was no amortisation of deferred gain in this period.

8. Loss per share

Basic

Basic loss per share is calculated by dividing the 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 2018		2017
Loss for the period attributable to equity holders of the Company (HK\$'000)	(180,598)		(36,581)
Weighted average number of ordinary shares in issue	578,595,720		579,367,720
Basic loss per share (HK cents)	(31.2)		(6.3)

Diluted

Diluted 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 2018 and 2017. Therefore, the diluted loss per share are the same as the basic loss per share.

9. Dividends

Six months ended 30th September 2018	
2017	2018
HK\$'000	HK\$'000

Interim dividend: nil		
(2017: HK3 cents per ordinary share)	-	17,358

At a meeting held on 26th November 2018, the directors did not recommend the payment of an interim dividend (2017: HK3 cents per share) for the six months ended 30th September 2018.

10. Fair value gain

During the period, on 1st June 2018, the Group transferred an owner-occupied property located in the PRC to an investment property and rented it out. The carrying amount and the fair value of the property were HK\$10,345,000 and HK\$75,768,000 on the date of transfer, respectively. The excess of the fair value over the carrying amount was HK\$65,423,000 and was recorded in other comprehensive income (or revaluation reserve in the consolidated balance sheet) as fair value gain.

11. Trade and other receivables

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current		
Prepayments, deposits and other receivables (<i>Note</i>)	21,598	17,677
Current		
Trade receivables	990,599	826,632
Less: Provision for doubtful debt	(2,908)	(2,908)
Trade receivables, net	987,691	823,724
Prepayments, deposits and other receivables (<i>Note</i>)	23,843	40,433
	1,011,534	864,157
Total	1,033,132	881,834

11. Trade and other receivables (continued)

Note:

As at 30th September 2018, other receivables did not include any consideration (31st March 2018: HK\$14,300,000) 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. The amount was fully repaid during the six months ended 30th September 2018.

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

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
0 – 30 days	349,917	103,685
31 – 60 days	137,258	153,351
61 – 90 days	70,594	111,182
Over 90 days	429,922	455,506
	987,691	823,724

As at 30th September 2018, trade receivables of HK\$309,156,000 (31st March 2018: HK\$351,444,000) were past due with reference to the credit terms offered.

The overdue sum was not considered as impaired since the overdue sum had been fully settled by the end of November 2018.

12. Trade and other payables

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Trade payables	269,295	149,876
Other payables and accruals	68,244	65,214
	337,539	215,090

12. Trade and other payables (continued)

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

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
0 – 30 days	205,281	118,621
31 – 60 days	47,315	18,497
61 – 90 days	12,515	5,809
Over 90 days	4,184	6,949
	<u>269,295</u>	<u>149,876</u>

13. Borrowings

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current		
Bank borrowings, secured (Note i)	<u>41,367</u>	<u>42,103</u>
Current		
Bank borrowings, secured (Note i)	1,698	1,810
Bank borrowings, unsecured (Note ii)	<u>31,080</u>	<u>89,805</u>
	<u>32,778</u>	<u>91,615</u>
Total borrowings	<u>74,145</u>	<u>133,718</u>

Notes:

- i) The borrowing is secured by the Group's land and buildings.
- ii) The bank borrowings are unsecured and are supported by corporate guarantees given by the Company (Note 15).

As at 30th September 2018, the borrowings were denominated in HKD (31st March 2018: USD or HKD) and interest bearing at a margin over HIBOR (31st March 2018: LIBOR or HIBOR).

13. Borrowings (continued)

The maturity of bank borrowings is as follows:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Within one year	32,778	91,615
In the second year	1,749	1,850
In the third to fifth year	5,566	5,796
Over five years	34,052	34,457
	74,145	133,718

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

14. Share capital

	Company Ordinary Shares	
	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each		
At 1st April 2017, 31st March 2018 and 30th September 2018	800,000,000	80,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1st April 2017	579,367,720	57,937
Cancellation of shares repurchased	(772,000)	(77)
At 31st March 2018 and 30th September 2018	578,595,720	57,860

15. Contingent liabilities

The Company provided corporate guarantees in favour of the banks to secure general banking facilities granted to certain of its subsidiaries (Note 13).

16. Commitments

(a) Capital commitments

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Property, moulds, plant and machinery and renovation contracted but not provided for	8,179	13,030

(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 2018 HK\$'000	31st March 2018 HK\$'000
Not later than one year	38,375	36,062
Later than one year and not later than five years	140,848	143,075
Later than five years	202,494	233,274
	381,717	412,411

(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 2018 HK\$'000	31st March 2018 HK\$'000
Not later than one year	2,405	396
Later than one year and not later than five years	8,175	1,217
	10,580	1,613

The lease terms are from one to five years.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results

For the six months ended 30th September 2018, the Group recorded turnover of HK\$836 million (2017: HK\$911 million), with loss attributable to shareholders amounting to HK\$181 million (2017: HK\$37 million). One of the main reasons contributing to the loss was the high costs of critical components, resulting in a continuous erosion of gross margin. In addition, several of the Group's customers adopted a more cautious approach due to the ongoing trade war between the United States and China, further dampening the sentiment of buyers in placing large-quantity orders. Other factors that impacted on the Group's profitability include the advertising and promotion expenses of notebook products as well as the set up costs and operating expenses for offices located in Hong Kong, Taiwan, Singapore and Malaysia for notebook business.

The directors do not recommend the payment of an interim dividend (2017: HK3 cents per share) for the six months ended 30th September 2018.

Business review

During the review period, prices for certain critical components remained at high levels. However, severe price competition prevented the Group in transferring such high costs to its customers, resulting in continuous erosion of the Group's gross margin. In addition to the aforementioned price competition, business sentiment has gradually shifted from cautious optimism to increasing concern in the wake of the continuously escalating trade tensions between China and the United States. Even though tariffs imposed by the USA on China made goods have so far not affected directly any products manufactured by the Group, customers have become increasingly apprehensive about placing large-quantity orders in fear of being caught out by sudden changes in government policies. Instead, customers have been placing orders in more piece-meal fashion, thus affecting the Group both in terms of costs of components (in response to buyers' orders coming in at lower quantity each time, the Group have had to buy components in smaller quantity batches, reducing the Group's bargaining power when placing orders to vendors) and in terms of production efficiency (customers' orders coming in more piece-meal resulted in more starts and stops in the Group's production lines), eroding the overall economy of scale. During the period under review, employing sufficient high-caliber workers for peak production months had also been extremely challenging (even though the Group has already implemented a high level of automation and many robots in its production processes), thus resulting in extra costs needed to attract high-skilled workers from other provinces. Compounding the situation was the recent interest rate hikes by the Federal Reserve of the United States in March, June and September, resulting in higher borrowing costs.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business review *(continued)*

While the aforementioned developments are outside the control of the Group, the management has nonetheless continued to pursue and invest heavily in activities to stimulate the Group's long-term growth. In particular, the promotion of the AVITA Consumer Notebook PCs and Nexstgo B2B/Commercial Notebook PCs to key markets in South East Asia has been ongoing. Also, efforts to further diversify the notebook portfolio have continued. It is worth noting that progress has been made by Nexstgo Company Limited (the wholly owned subsidiary of the Group responsible for Notebook PC business) in assisting its cooperative partner VAIO Corporation of Japan in distributing VAIO S11 and S13 B2B/Commercial Notebook PCs to markets including Hong Kong, Macau, Taiwan and Singapore. Furthermore, according to market intelligence, AVITA's 13-Inch Consumer Notebook PCs have gained a market share of a few percentage points in Taiwan even though it was debuted there only in December 2017. The Group has also continued to develop RCA and Venturer branded Android/Windows tablets, particularly those targeted at the pre-secondary education segment.

With regard to the Group's AV products, they continue to generate stable revenue in proportion to total sales. During the review period, the Group's sound bar systems and home theatre products performed consistently, while demand for traditional DVD products declined significantly.

Even though the Group's production lines are already highly automated (with almost 100 robots), especially those for the assembly of tablets, but there was still a shortage of high-skilled workers during the peak production months, resulting in the Group having to incur extra expenses to recruit technically trained employees from other provinces. Consequently, the Group has continued to make investments in automation at the Houjie Town production facility. Apart from enabling the Group to lower its expenditure on direct labour, which as mentioned earlier has been spiralling upwards continuously, automation also allows the Group to benefit from greater flexibility in terms of meeting changes in capacity or new product specifications. It is therefore to be expected that in the foreseeable future, the Group will continue to further automate and streamline its many processes (in addition to its highly automated final assembly lines) in order to maintain its competitive edge.

As a result of weighing various options for increasing capital reserves, the Group has entered into an agreement subsequent to the review period, i.e. on 12th October 2018, to dispose of its property located at 7th Floor, Block 1 and car parks on ground floor of Kwai Tak Industrial Centre, 15-33 Kwai Tak Street, Kwai Chung, New Territories. The disposal will enable the Group to earn a reasonable return on investment and the proceeds will be used for general working capital.

Prospects

The escalation of the trade war between China and the United States and further interest rate hikes by the Federal Reserve are becoming increasingly likely in the second half of the financial year. The Group will closely monitor how such developments will affect the consumer electronics industry.

Undaunted by possible headwinds on the horizon, the management will persist in efforts aimed at moving the Group away from serving mainly discount retail channels and more towards higher value-added and upscale segments of the market, particularly through the development of products geared toward this plan. The Group's current line-up of Consumer Notebook PCs and B2B/Commercial Notebook PCs are a reflection of this strategy, and it is the Group's aim to bolster their respective range of products going forward.

In the second half of the financial year, there will be a total of almost 10 Consumer Notebook PCs and B2B/Commercial Notebook PCs from the Group to be introduced to markets in Asia. Furthermore, in the second half of the year, the Group's AVITA and Nexstgo Notebook PCs are going to be launched to more countries in Asia, including China, Thailand, India, Vietnam, Indonesia, and the Philippines. It is important to note that the contribution to the Group's revenue by Consumer Notebook PCs and B2B/Commercial Notebook PCs has already increased from around HK\$13 million in the whole last financial year to around HK\$93 million in the six months ended 30th September 2018.

The period under review has for sure been one of the most challenging the Group has ever faced in its almost 50 years history, but the many efforts underway to further upgrade various facets of its operation, such as the development of more high value-added products, the promotion of its own brands, the continuous introduction of advanced technologies and automation to the production plant, the recruitment of more skilled men and women to join its high-caliber workforce, and most important of all, the evolution and expansion of its business model to include providing products to upscale segments of the market, will stand the Group in good stead for stable and long-term growth.

Liquidity and financial resources

The Group's total equity and total equity per share as at 30th September 2018 were HK\$1,586 million (31st March 2018: HK\$1,729 million) and HK\$2.74 (31st March 2018: HK\$2.99) respectively.

As at 30th September 2018, we had cash and deposits of HK\$197 million. After deducting bank loans of HK\$669 million, we had net borrowings of HK\$472 million (31st March 2018: net cash of HK\$146 million). Following the settlement of Christmas orders in December, our cash position is expected to improve. However, to cope with our future growth of notebook business, we are considering various possibilities in strengthening our financial capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and financial resources (continued)

As at 30th September 2018, our inventory was HK\$789 million (31st March 2018: HK\$404 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables balance as at 30th September 2018 was HK\$988 million (31st March 2018: HK\$824 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 30th September 2018 was HK\$269 million (31st March 2018: HK\$150 million).

Capital expenditure on fixed assets during the six months ended 30th September 2018 was HK\$17 million (2017: HK\$58 million). As at 30th September 2018, we had capital commitments contracted but not provided for in respect of property, moulds, plant and machinery and renovation amounting to HK\$8,179,000 (31st March 2018: HK\$13,030,000).

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 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 2018, the amount totalled RMB74 million.

Employees

As at 30th September 2018, the Group had approximately 1,400 employees in Hong Kong, the PRC and Taiwan. 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 2018, the interests and short positions of each director and chief executives of the Company 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 Wai Sing, Wilson	47,072,000	–	47,072,000	8.14%
Mr LEUNG, Jimmy	1,144,000	–	1,144,000	0.20%
Mr LI Wah Ming	260,000	–	260,000	0.04%

(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.

Save as disclosed above, as at 30th September 2018, 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 2018, 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
Mr LEUNG Kai Ching, Kimen	Beneficial owner	246,061,400 (note i)	42.53%
Shundean Investments Limited	Beneficial owner	225,911,400 (note i)	39.04%
Mr Webb David Michael	Beneficial owner	58,085,400 (note ii)	10.04%
Preferable Situation Assets Limited	Beneficial owner	38,435,000 (note ii)	6.64%
Mr LEUNG Wai Lap, David	Beneficial owner	34,828,190	6.02%

Notes:

- (i) Mr LEUNG Kai Ching, Kimen beneficially owned 20,150,000 shares, and in addition he held 225,911,400 shares through Shundean Investments Limited, which was 100% directly owned by him.
- (ii) Mr Webb David Michael beneficially owned 19,650,400 shares, and in addition he held 38,435,000 shares through Preferable Situation Assets Limited, which was 100% directly owned by him.

Save as disclosed above, as at 30th September 2018, 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 its subsidiary companies has purchased or sold any of the Company's shares for the six months ended 30th September 2018 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 for the six months ended 30th September 2018, except with deviation from code provision A.2.1.

Under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 15th June 2018, Mr LEUNG Wai Sing, Wilson succeeded the chairman of the Board and since then he has the combined role of Chairman of the Board and Chief Executive Officer of the Company. The Board believes that this arrangement is beneficial to the Company as Mr LEUNG has considerable industry experience.

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 2018.

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 2018.

The audit committee comprises three independent non-executive directors of the Company, namely Mr CHEUNG, Johnson, Mr LI Wah Ming and Mr LEE Tak Chi.

LIST OF DIRECTORS

As at the date of this report, 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, 26th November 2018

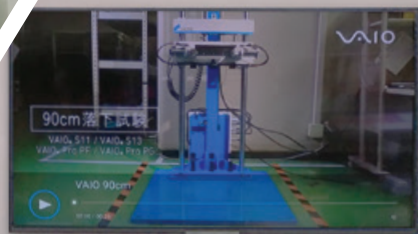


Hong
Kong
Malaysia









Hong
Kong
Singapore



企業管治

本公司致力保持高水平之企業管治以提高業務活動之清晰度及透明度。截至二零一八年九月三十日止六個月，除偏離守則條文A.2.1條外，本公司已遵守於上市規則附錄十四所載之企業管治守則及企業管治報告中載列之所有適用守則條文。

根據守則條文A.2.1條，主席及行政總裁之角色應予分離及不應由同一名個人履行。於二零一八年六月十五日，梁偉成先生接替董事會主席之職，自此彼同時擔任本公司董事會主席及行政總裁角色。由於梁先生擁有豐富之行業經驗，故董事會認為該項安排對本公司有利。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」），作為本公司本身董事進行證券交易時之行為守則。經向董事作出具體查詢後，所有董事確認，彼等於截至二零一八年九月三十日止六個月內已遵守載列於標準守則之規定標準及有關董事與本公司進行證券交易之行為守則。

審核委員會

審核委員會已與管理層一同審閱本集團所採納之會計原則及慣例，並討論有關內部控制及財務申報之事項，包括審閱本集團截至二零一八年九月三十日止六個月之財務報表。

審核委員會由本公司三位獨立非執行董事組成，分別為張富紳先生、李華明先生及李德志先生。

董事名單

於本報告日期，董事會包括四位執行董事梁偉成先生、郭冠文先生、梁偉明先生及廖立民先生，以及三位獨立非執行董事李華明先生、李德志先生及張富紳先生。

承董事會命
Alco Holdings Limited
主席兼行政總裁
梁偉成

香港，二零一八年十一月二十六日

主要股東於本公司股份及相關股份之權益及淡倉

根據證券及期貨條例第XV部第336條存置之主要股東名冊顯示，於二零一八年九月三十日，本公司已獲知會以下擁有本公司已發行股本5%或以上的主要股東之權益及淡倉。該等權益乃補充上文就董事及最高行政人員披露之權益。

姓名／名稱	持股身份	股份數目－好倉	佔本公司 已發行股本 之百分比
梁劍文先生	實益擁有人	246,061,400 (附註i)	42.53%
Shundean Investments Limited	實益擁有人	225,911,400 (附註i)	39.04%
Webb David Michael先生	實益擁有人	58,085,400 (附註ii)	10.04%
Preferable Situation Assets Limited	實益擁有人	38,435,000 (附註ii)	6.64%
梁偉立先生	實益擁有人	34,828,190	6.02%

附註：

- (i) 梁劍文先生實益擁有20,150,000股股份，此外，彼透過由其直接全資擁有之Shundean Investments Limited持有225,911,400股股份。
- (ii) Webb David Michael先生實益擁有19,650,400股股份，此外，彼透過由其直接全資擁有之Preferable Situation Assets Limited持有38,435,000股股份。

除上文所披露者外，按照本公司根據證券及期貨條例第XV部第336條存置之權益登記冊，於二零一八年九月三十日，並無任何人士（本公司董事除外，彼等之權益於上文「董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益及淡倉」一節載列）於本公司之股份或相關股份中擁有任何權益或淡倉。

購買、出售或贖回股份

本公司及其附屬公司於截至二零一八年九月三十日止六個月概無購買或出售本公司任何股份，而本公司亦無於同一期間內贖回其任何股份。

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益及淡倉

(a) 於本公司每股面值0.10港元普通股之好倉

於二零一八年九月三十日，本公司各董事及最高行政人員於本公司及其相聯法團（按證券及期貨條例所定義者）之股份、相關股份及債券中擁有須記入本公司根據證券及期貨條例第XV部第352條存置之登記冊內之權益及淡倉，或根據上市發行人董事進行證券交易的標準守則（「標準守則」）須另行知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

	持有股份數目			佔本公司 已發行股本 之百分比
	個人權益	法團權益	總計	
梁偉成先生	47,072,000	—	47,072,000	8.14%
梁偉明先生	1,144,000	—	1,144,000	0.20%
李華明先生	260,000	—	260,000	0.04%

(b) 於本公司相關股份之好倉

在本期間內任何時間，本公司或其任何附屬公司概無參與任何安排，致使董事或最高行政人員或其配偶或十八歲以下子女可藉購入本公司或任何其他法人團體之股份或債券而獲益。

除上文所披露者外，於二零一八年九月三十日，本公司董事及最高行政人員概無於本公司及其相聯法團之股份、相關股份或債券中，擁有根據證券及期貨條例須予披露之任何權益或淡倉，或根據標準守則須另行知會本公司及聯交所之任何權益或淡倉。

管理層討論及分析 (續)

流動資金及財務資源 (續)

於二零一八年九月三十日，本集團之存貨為7億8千9百萬港元（二零一八年三月三十一日：4億4百萬港元）。本集團審慎監察存貨水平，於當前充斥不明朗因素之環境下尤甚。

於二零一八年九月三十日，應收貿易賬款結餘為9億8千8百萬港元（二零一八年三月三十一日：8億2千4百萬港元）。我們的政策為與信譽良好之客戶交易及採取審慎之信貸政策，而我們一直密切監察信貸風險。

於二零一八年九月三十日，應付貿易賬款結餘為2億6千9百萬港元（二零一八年三月三十一日：1億5千萬港元）。

截至二零一八年九月三十日止六個月，固定資產之資本開支為1千7百萬港元（二零一七年：5千8百萬港元）。於二零一八年九月三十日，本集團就物業、模具、廠房及機器以及翻新已訂約但未撥備之資本承擔為8,179,000港元（二零一八年三月三十一日：13,030,000港元）。

在聯繫匯率制度下，本集團就貿易所承擔之外匯風險有限，原因為本集團絕大部份銷售、採購及借貸均以美元及港元為貨幣單位。本集團遵守不進行貨幣投機活動之政策，於報告期間並未就投機活動錄得任何損益。

為對人民幣帶來之潛在成本影響提供自然對沖，本集團已透過投資於以人民幣為貨幣單位之存款分散其現金組合。於二零一八年九月三十日，有關款項總額為人民幣7千4百萬元。

僱員

於二零一八年九月三十日，本集團於香港、中國及台灣聘用約1,400名僱員。薪酬方案一般於參考市場條款及個人資歷後釐定。薪金及工資通常每年根據表現評估及其他相關因素檢討。本集團亦向所有合資格員工提供醫療保險、公積金及教育津貼等其他福利。

管理層討論及分析 (續)

展望

本財政年度的下半年，中美貿易戰加劇及聯儲局再度加息的機會甚高。本集團將密切注視有關發展對消費電子行業的影響。

面對即將來臨的逆風，管理層將努力不懈，從主要針對折扣零售渠道轉為高增值及高端市場範疇，尤其是朝著這個計劃進行產品開發。本集團現有的消費筆記型電腦及商用／商業筆記型電腦正好反映這個策略，未來將以增強各個產品系列為目標。

於本財政年度下半年，本集團將於亞洲市場推出近10款消費筆記型電腦及商用／商業筆記型電腦，並將於下半年在中國、泰國、印度、越南、印尼及菲律賓等更多亞洲國家推出AVITA及Nexstgo筆記型電腦。重要的是消費筆記型電腦及商用／商業筆記型電腦對本集團的收入貢獻由上整個財政年度約1千3百萬港元飆升至二零一八年九月三十日止六個月的約9千3百萬港元，預期增長趨勢將持續。

本集團於回顧期內面對近50年來其中一個最嚴峻的營商環境，然而，憑藉其在提升各方面營運所作出的努力，包括開發更多高增值產品、推廣自有品牌、持續在生產廠房採用先進技術及自動化程序、聘用更多高技術人才加盟強大的團隊，以及最重要的是，改良及擴展其業務模式以涵蓋高端市場產品，本集團將處於更有利位置達致穩定長期的增長。

流動資金及財務資源

於二零一八年九月三十日，本集團之總權益及每股總權益分別為15億8千6百萬港元（二零一八年三月三十一日：17億2千9百萬港元）及2.74港元（二零一八年三月三十一日：2.99港元）。

於二零一八年九月三十日，本集團擁有之現金及存款為1億9千7百萬港元。於扣除銀行貸款6億6千9百萬港元後，本集團之借貸淨額為4億7千2百萬港元（二零一八年三月三十一日：淨現金1億4千6百萬港元）。於十二月結付聖誕節訂單後，預期我們的現金狀況將得以改善。然而，為應對我們筆記型電腦業務之未來增長，我們正考慮各種增強財務實力之可能性。

管理層討論及分析 (續)

業務回顧 (續)

儘管上述發展超出本集團所能控制，管理層仍繼續追尋及投放大量資源於業務，以促進長期增長。尤其是把AVITA品牌消費筆記型電腦及Nexstgo品牌商用／商業筆記型電腦推廣至東南亞的主要市場。此外，本集團亦繼續豐富筆記型電腦的組合。值得注意的是，力高創科有限公司（本集團的全資附屬公司，負責筆記本電腦業務）協助合作夥伴日本VAIO株式會社，在香港、澳門、台灣及新加坡分銷VAIO旗下S11及S13商用／商業筆記型電腦方面取得進展。而且，根據市場調查，AVITA的13吋消費筆記型電腦雖然在二零一七年十二月底才推出，但已佔據台灣市場的幾個百分點。本集團亦繼續開發RCA品牌及Venturer品牌的Android/Windows平板電腦，特別是針對中學入學前教育市場。

至於本集團的影音產品，它們繼續錄得相若的營業額比重。於回顧期內，本集團的條型音箱及家庭影院產品表現平穩，而市場對傳統DVD產品的需求則明顯下跌。

儘管本集團的生產線已高度自動化（擁有約100部機械人），特別是組裝平板電腦，但生產高峰期的月份依然缺乏高技術勞工，因此從其他省份招聘技術勞工時產生額外開支，所以本集團已繼續於厚街鎮投資，配合自動化生產設施。除了可降低以上所述的不斷上漲的直接勞工開支，持續自動化亦使本集團在應付產能或新產品規格改變時享有更大彈性。由於預計未來將出現這種趨勢，所以本集團將繼續進一步自動化及精簡更多工序（除了高度自動化的最終組裝線），從而保持競爭優勢。

經衡量增加資本儲備的不同方案後，本集團於回顧期後，即二零一八年十月十二日訂立協議，出售新界葵涌葵德街15-33號葵德工業中心1座7樓及地面停車場之物業。是次出售使本集團能取得合理的投資回報，收益亦可撥作一般營運資金。

管理層討論及分析

集團業績

於截至二零一八年九月三十日止六個月，本集團營業額為8億3千6百萬港元（二零一七年：9億1千1百萬港元），股東應佔虧損達到1億8千1百萬港元（二零一七年：3千7百萬港元）。業績錄得虧損的主要原因之一是若干主要元件的成本高企，不斷侵蝕毛利率所致。另外，本集團若干客戶由於中美貿易戰持續而轉趨謹慎，進一步損害買家下大訂單的意欲。至於影響本集團盈利能力的其他因素還包括筆記型電腦產品的廣告及宣傳開支，以及為此於香港、台灣、新加坡和馬來西亞開設辦公室而產生的成本及營運開支。

董事不建議派發截至二零一八年九月三十日止六個月之中期股息（二零一七年：每股3港仙）。

業務回顧

於回顧期內，若干主要元件的價格依然偏高。然而，激烈的價格競爭令本集團難以把高出的成本轉嫁給客戶，導致毛利率不斷受到侵蝕。除了上述的價格競爭以外，中美貿易摩擦不斷升級，亦使營商氣氛從審慎樂觀轉為憂慮。雖然美國對中國徵收的關稅仍未直接影響到本集團製造的產品，但客戶恐怕政府政策突然改變，因此不敢下大訂單，而轉為更小的訂單，最終影響到本集團的元件成本（因為買家每次訂購數量較少，導致本集團只能購買少量元件，削弱向賣家落單時的議價力）以及生產效率（客戶的小訂單令本集團的生產線需要多次啟動和停止），侵蝕了整體經濟規模。於回顧期內，本集團聘用足夠優秀勞工應付生產高峰期月份方面亦遇到極大挑戰（即使本集團已實行高度自動化，並在生產過程中使用大量機械人），但需要從其他省份吸引高技術人才以致產生額外成本。雪上加霜的是美國聯儲局分別在三月、六月及九月加息，迫使借貸成本上升。

16. 承擔

(a) 資本承擔

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
已訂約但未撥備之物業、模具、廠房 及機器以及裝修	8,179	13,030

(b) 經營租賃承擔 (作為承租人)

就土地及樓宇之不可撤銷經營租賃之未來須繳付最低租賃款項總額如下：

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
一年內	38,375	36,062
一年後但於五年內	140,848	143,075
五年後	202,494	233,274
	381,717	412,411

(c) 經營租賃承擔 (作為出租人)

本集團根據不可撤銷經營租賃協議租賃數項不同物業。租約具有不同條款、價格調整條款及續期權利。

就土地及樓宇之不可撤銷經營租賃之未來可收取最低租賃款項總額如下：

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
一年內	2,405	396
一年後但於五年內	8,175	1,217
	10,580	1,613

租約期限為期一年至五年。

13. 借貸 (續)

銀行借貸之到期日如下：

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
一年以內	32,778	91,615
第二年	1,749	1,850
於第三至第五年	5,566	5,796
超過五年	34,052	34,457
	<u>74,145</u>	<u>133,718</u>

銀行借貸之賬面值與其公平值相若。

14. 股本

	本公司 普通股 股份數目	千港元
法定股本：		
每股面值0.10港元之普通股		
於二零一七年四月一日、二零一八年 三月三十一日及二零一八年九月三十日	<u>800,000,000</u>	<u>80,000</u>
已發行及繳足股本：		
每股面值0.10港元之普通股		
於二零一七年四月一日	579,367,720	57,937
註銷所購回股份	<u>(772,000)</u>	<u>(77)</u>
於二零一八年三月三十一日及 二零一八年九月三十日	<u>578,595,720</u>	<u>57,860</u>

15. 或然負債

本公司已向銀行提供公司擔保以為其若干附屬公司取得一般銀行信貸 (附註13)。

12. 應付貿易及其他賬款 (續)

按照發票日期計算之應付貿易賬款賬齡分析如下：

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
0-30日	205,281	118,621
31-60日	47,315	18,497
61-90日	12,515	5,809
超過90日	4,184	6,949
	269,295	149,876

13. 借貸

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
非流動		
銀行借貸，有抵押 (附註i)	41,367	42,103
流動		
銀行借貸，有抵押 (附註i)	1,698	1,810
銀行借貸，無抵押 (附註ii)	31,080	89,805
	32,778	91,615
借貸總額	74,145	133,718

附註：

- i) 借貸以本集團的土地及樓宇作擔保。
- ii) 該等銀行借貸為無抵押並以本公司提供之公司擔保作支持 (附註15)。

於二零一八年九月三十日，借貸以港元 (二零一八年三月三十一日：美元或港元) 為單位，而利息則以高於香港銀行同業拆息 (二零一八年三月三十一日：倫敦銀行同業拆息或香港銀行同業拆息) 之利率計算。

11. 應收貿易及其他賬款 (續)

附註：

於二零一八年九月三十日，其他應收賬款並不包括任何應收PVI Global Corporation (E Ink Holdings Inc. (「E Ink」)之附屬公司)之代價(二零一八年三月三十一日：14,300,000港元)，此應收賬款為出售Hydis Technologies Company Limited發行之公司債券之代價。款項已於截至二零一八年九月三十日止六個月悉數償還。

按照付運條款計算之應收貿易賬款賬齡分析如下：

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
0-30日	349,917	103,685
31-60日	137,258	153,351
61-90日	70,594	111,182
超過90日	429,922	455,506
	987,691	823,724

於二零一八年九月三十日，參照所提供之信貸條款計算，逾期應收貿易賬款為309,156,000港元(二零一八年三月三十一日：351,444,000港元)。

由於逾期款項已於二零一八年十一月末悉數結付，故本公司認為並無逾期款項需作減值。

12. 應付貿易及其他賬款

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
應付貿易賬款	269,295	149,876
其他應付賬款及應計費用	68,244	65,214
	337,539	215,090

9. 股息

	截至九月三十日止六個月	
	二零一八年 千港元	二零一七年 千港元
中期股息：無（二零一七年：每股普通股3港仙）	-	17,358

於二零一八年十一月二十六日舉行之會議上，董事不建議派發截至二零一八年九月三十日止六個月之中期股息（二零一七年：每股3港仙）。

10. 公平值收益

期內，於二零一八年六月一日，本集團將一處位於中國的擁有人佔用物業轉撥為投資物業並將其出租。於轉撥之日，該物業之賬面值及公平值分別為10,345,000港元及75,768,000港元。公平值超出賬面值的部分為65,423,000港元，已作為公平值收益於其他全面收入中入賬（或於綜合資產負債表中計入重估儲備）。

11. 應收貿易及其他賬款

	二零一八年 九月三十日 千港元	二零一八年 三月三十一日 千港元
非流動		
預付款項、按金及其他應收款項（附註）	21,598	17,677
流動		
應收貿易賬款	990,599	826,632
減：呆賬撥備	(2,908)	(2,908)
應收貿易賬款淨額	987,691	823,724
預付款項、按金及其他應收款項（附註）	23,843	40,433
	1,011,534	864,157
總計	1,033,132	881,834

7. 遞延收益

於二零一六年一月，本集團向獨立第三方出售位於香港而賬面值分別為23,791,000港元及236,310,000港元之自用物業及若干投資物業，總代價淨額為533,769,000港元。本集團其後租回該自用物業供其自用，自上述交易完成日期起計為期三年。代價超出該租賃物業公平值之差額已遞延並於租期內攤銷。

由於租約已於二零一八年二月提早終止，而餘下遞延收益已於截至二零一八年三月三十一日止財政年度悉數確認，故本期間並無攤銷遞延收益。

8. 每股虧損

基本

每股基本虧損乃按照本公司股東應佔期內虧損除以期內已發行普通股之加權平均數計算。

	截至九月三十日止六個月	
	二零一八年	二零一七年
本公司股東應佔期內虧損 (千港元)	(180,598)	(36,581)
已發行普通股之加權平均數	578,595,720	579,367,720
每股基本虧損 (港仙)	(31.2)	(6.3)

攤薄

每股攤薄虧損乃透過調整發行在外普通股之加權平均數至假設轉換所有潛在攤薄普通股計算。截至二零一八年及二零一七年九月三十日止六個月並無潛在攤薄普通股。因此，每股攤薄虧損與每股基本虧損相同。

5. 按性質分類之開支

銷貨成本、銷售開支、行政開支及其他經營開支中所包括之開支分析如下：

	截至九月三十日止六個月	
	二零一八年 千港元	二零一七年 千港元
無形資產攤銷	6,770	3,900
折舊	23,648	18,020
僱員福利開支	114,184	110,539
遣散費用	<u>2,017</u>	<u>5,098</u>

6. 所得稅抵免

香港利得稅乃按照期內之估計應課稅溢利以16.5%（二零一七年：16.5%）之稅率撥備。海外溢利之稅款則按照期內之估計應課稅溢利以本集團經營業務所在國家之現行稅率計算。

於綜合損益表抵免之稅項金額如下：

	截至九月三十日止六個月	
	二零一八年 千港元	二零一七年 千港元
即期所得稅		
－香港利得稅	(20)	(3)
－中國企業所得稅	(1,554)	(79)
－海外企業所得稅	(48)	(149)
－以往年度撥備不足	(35)	(2)
遞延所得稅抵免	<u>4,711</u>	<u>6,117</u>
所得稅抵免	<u>3,054</u>	<u>5,884</u>

3. 分類資料 (續)

(b) 按地區分析之分類

截至二零一八年及二零一七年九月三十日止六個月之分類營業額如下：

	截至九月三十日止六個月	
	二零一八年 千港元	二零一七年 千港元
北美洲	749,386	895,211
亞洲	69,641	5,259
歐洲	14,953	10,176
其他	2,116	789
	836,096	911,435

按地區分類作出之營業額分析乃根據付運目的地釐定。截至二零一八年及二零一七年九月三十日止六個月，本集團之資產及資本開支絕大部份均位於或用於中國、台灣或香港。

4. 其他收入

	截至九月三十日止六個月	
	二零一八年 千港元	二零一七年 千港元
投資物業之公平值收益	3,180	—
投資物業之租金收入	2,569	1,958
遞延收益攤銷 (附註7)	—	8,724
其他	18	410
	5,767	11,092

3. 分類資料

(a) 按產品分析之分類

本集團主要於中華人民共和國（「中國」）、台灣及香港營運，並主要從事設計、製造及銷售消費電子產品。

影音產品 — 設計、製造及銷售音響、影像及平板電腦產品

筆記型電腦產品 — 設計、製造及銷售筆記型電腦產品

本集團的分類間交易主要包括附屬公司間的配件及筆記型電腦產品銷售。該等交易乃按一般商業條款及條件訂立，有關條款亦適用於概無關聯的第三方。

	二零一八年				二零一七年（經重列）			
	截至九月三十日止六個月			總額 千港元	截至九月三十日止六個月			總額 千港元
	影音產品 千港元	筆記型 電腦產品 千港元	抵銷 千港元		影音產品 千港元	筆記型 電腦產品 千港元	抵銷 千港元	
分類業績								
外部銷售	742,761	93,335	-	836,096	910,912	523	-	911,435
內部分類銷售	4,375	10,158	(14,533)	-	143	1,434	(1,577)	-
	<u>747,136</u>	<u>103,493</u>	<u>(14,533)</u>	<u>836,096</u>	<u>911,055</u>	<u>1,957</u>	<u>(1,577)</u>	<u>911,435</u>
分類業績	(84,931)	(96,756)		(181,687)	(28,105)	(16,822)		(44,927)
財務收入				2,941				5,458
財務成本				(5,084)				(3,157)
除所得稅前虧損				(183,830)				(42,626)
所得稅抵免				3,054				5,884
期內虧損				<u>(180,776)</u>				<u>(36,742)</u>
以下人士應佔期內虧損								
— 本公司股東				(180,598)				(36,581)
— 非控股權益				(178)				(161)
				<u>(180,776)</u>				<u>(36,742)</u>

2. 會計政策變動 (續)

採納香港財務報告準則第15號

香港財務報告準則第15號取代香港會計準則第18號、香港會計準則第11號及相關詮釋。香港財務報告準則第15號建立了確認來自與客戶合約之收入的全面框架。

根據香港財務報告準則第15號，收益於客戶獲得明確貨品或服務之控制權時確認。此可為單個時間點或一段時間。香港財務報告準則第15號確定了以下對明確貨品或服務之控制權被視為隨時間轉移之三種情況：

- 當客戶於本集團履約時同時接受及使用本集團履約所提供之利益時；
- 當本集團履約創建或增強一項於資產被創建或增強時由客戶控制之資產時；
- 當本集團之履約並無創造對本集團而言具替代用途之資產，且本集團對迄今完成之履約付款具有可執行權利時。

倘合約條款及本集團活動並不屬於任何該等三種情況，則根據香港財務報告準則第15號，本集團於某一指定時間點（即於控制權轉移至客戶時）就銷售貨品或服務確認收益。所有權風險及回報之轉移僅為釐定控制權轉移發生時將考慮的其中一項指標。

根據香港財務報告準則第15號的過渡條文，本集團已選擇僅將該項準則應用於二零一八年四月一日之前尚未完成的合約。可比較資料並無重列，而是繼續根據香港會計準則第11號及香港會計準則第18號予以呈報。

採納香港財務報告準則第15號並無對本集團產生重大影響。

2. 會計政策變動 (續)

採納香港財務報告準則第9號 (續)

於計量預期信貸虧損時，本集團會考慮在無需付出過多成本及努力下即可獲得的合理可靠資料。此項包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

預期信貸虧損將採用以下基準計量：

- 12個月預期信貸虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個有效期的預期信貸虧損：指預期信貸虧損模式適用項目之預期年內所有可能違約事件而導致的預期虧損。

應收貿易及其他賬款的虧損撥備總是按等同於整個有效期的預期信貸虧損的金額計量。於報告日期，預期信貸虧損乃根據本集團的歷史信貸虧損經驗使用提列矩陣進行評估，並根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

本集團並未重列香港財務報告準則第9號範圍內的金融工具的可比較資料。因此，可比較資料乃根據香港會計準則第39號報告，與於二零一八年九月三十日及截至該日止期間所呈列的資料不具可比性。

根據香港財務報告準則第9號採納預期信貸虧損模式並無對本集團產生任何重大影響。

2. 會計政策變動 (續)

該等新訂準則及準則修訂本已根據各自準則及修訂本中的相關過渡條款應用，其導致會計政策、呈報金額及／或披露發生變動。採用該等新訂準則及準則修訂本並無對本集團產生任何重大影響。

有關香港財務報告準則第9號及香港財務報告準則第15號的會計政策變動詳情概述如下。

採納香港財務報告準則第9號

香港財務報告準則第9號取代香港會計準則第39號。香港財務報告準則第9號就有關確認及計量金融資產、金融負債及買賣非金融項目的部分合約作出規定。

香港財務報告準則第9號以預期信貸虧損（「預期信貸虧損」）模式取代香港會計準則第39號的「已產生虧損」模式。預期信貸虧損模式要求持續計量金融資產相關的信貸風險，因此確認預期信貸虧損的時間較根據香港會計準則第39號之「已產生虧損」會計模式確認之時間為早。本集團將預期信貸虧損模式應用於按攤銷成本計量的金融資產（即應收貿易及其他賬款以及現金）。

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損乃按所有預期現金差額的現值計量。現金差額為根據合約應付本集團的現金流量與本集團預期將收到的現金流量之間的差額。

倘貼現的影響重大，則會使用於初步確認時確定的實際利率或應收貿易及其他賬款的近似值貼現預期現金差額。

估計預期信貸虧損時所考慮的最長期間為本集團承受信貸風險的最長合約期間。

1. 編製基準及會計政策

本未經審核綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十六之披露規定編製。

本綜合財務報表應與截至二零一八年三月三十一日止年度之年度財務報表一併參閱。

除本集團已採用若干於二零一八年四月一日開始之財政年度強制生效之香港會計準則及（「香港財務報告準則」）外，編製本簡明綜合財務報表所採用之會計政策及計算方法與截至二零一八年三月三十一日止年度之年度財務報表所採用者一致。

2. 會計政策變動

於二零一八年四月一日開始之財政年度首次強制生效之準則修訂本如下：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自與客戶合約之收入及相關修訂
香港（國際財務報告詮釋委員會） — 詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號（修訂本）	以股份為基礎的付款交易的分類和計量
香港財務報告準則第4號（修訂本）	與香港財務報告準則第4號「保險合約」一併 應用香港財務報告準則第9號「金融工具」
香港會計準則第28號（修訂本）	二零一四年至二零一六年週期之香港財務報告 準則年度改進的一部分
香港會計準則第40號（修訂本）	投資物業的轉撥

綜合現金流量表

截至二零一八年九月三十日止六個月

	未經審核	
	截至九月三十日止六個月 二零一八年 千港元	二零一七年 千港元
經營業務所用之現金淨額	(571,134)	(241,214)
投資業務所用之現金淨額	(34,509)	(70,808)
融資業務產生之現金淨額	<u>523,419</u>	<u>162,446</u>
現金及現金等值減少淨額	(82,224)	(149,576)
於期初之現金及現金等值	<u>279,520</u>	<u>787,201</u>
於期末之現金及現金等值	<u>197,296</u>	<u>637,625</u>
現金及現金等值之結餘分析		
銀行結餘及現金	<u>197,296</u>	<u>637,625</u>

綜合權益變動表

截至二零一八年九月三十日止六個月

未經審核

	本公司股東應佔								非控股 權益	總權益
	股本	股份溢價	資本贖回 儲備	匯兌儲備	員工補償 儲備	重估儲備	保留溢利	總計		
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
於二零一七年四月一日	57,937	309,674	1,012	(18,855)	11,783	-	1,485,381	1,846,932	(441)	1,846,491
全面收入／（虧損）										
期內虧損	-	-	-	-	-	-	(36,581)	(36,581)	(161)	(36,742)
其他全面收入										
貨幣匯兌差額	-	-	-	9,321	-	-	-	9,321	-	9,321
全面收入／（虧損）總額	-	-	-	9,321	-	-	(36,581)	(27,260)	(161)	(27,421)
與擁有人進行之交易										
二零一七年末期股息	-	-	-	-	-	-	(28,968)	(28,968)	-	(28,968)
與擁有人進行之交易總值	-	-	-	-	-	-	(28,968)	(28,968)	-	(28,968)
於二零一七年九月三十日	57,937	309,674	1,012	(9,534)	11,783	-	1,419,832	1,790,704	(602)	1,790,102
於二零一八年四月一日	57,860	308,278	1,089	(2,382)	11,783	-	1,353,170	1,729,798	(569)	1,729,229
全面收入／（虧損）										
期內虧損	-	-	-	-	-	-	(180,598)	(180,598)	(178)	(180,776)
其他全面收入										
貨幣匯兌差額	-	-	-	(16,521)	-	-	-	(16,521)	-	(16,521)
將自用物業轉撥至投資物業 之公平值收益	-	-	-	-	-	65,423	-	65,423	-	65,423
全面收入／（虧損）總額	-	-	-	(16,521)	-	65,423	(180,598)	(131,696)	(178)	(131,874)
與擁有人進行之交易										
二零一八年末期股息	-	-	-	-	-	-	(11,572)	(11,572)	-	(11,572)
與擁有人進行之交易總值	-	-	-	-	-	-	(11,572)	(11,572)	-	(11,572)
於二零一八年九月三十日	57,860	308,278	1,089	(18,903)	11,783	65,423	1,161,000	1,586,530	(747)	1,585,783

		未經審核 二零一八年 九月三十日 千港元	經審核 二零一八年 三月三十一日 千港元
本公司股東應佔資本及儲備			
股本	14	57,860	57,860
儲備		<u>1,528,670</u>	<u>1,671,938</u>
		1,586,530	1,729,798
非控股權益		<u>(747)</u>	<u>(569)</u>
總權益		<u>1,585,783</u>	<u>1,729,229</u>
非流動負債			
合約負債		2,400	—
借貸	13	<u>41,367</u>	<u>42,103</u>
		<u>43,767</u>	<u>42,103</u>
總權益及非流動負債		<u>1,629,550</u>	<u>1,771,332</u>

綜合資產負債表

於二零一八年九月三十日

		未經審核 二零一八年 九月三十日 千港元	經審核 二零一八年 三月三十一日 千港元
附註			
非流動資產			
物業、廠房及設備		330,977	350,007
投資物業		168,008	93,988
租賃土地及土地使用權		—	5,926
無形資產		48,569	36,652
遞延所得稅資產		20,929	16,790
預付款項、按金及其他應收款項	11	21,598	17,677
		590,081	521,040
流動資產			
存貨		789,195	403,591
應收貿易及其他賬款	11	1,011,534	864,157
可收回即期所得稅		13,068	13,090
現金及現金等值		197,296	279,520
		2,011,093	1,560,358
流動負債			
應付貿易及其他賬款	12	337,539	215,090
合約負債		2,400	—
即期所得稅負債		4,342	3,361
信託收據貸款		594,565	—
借貸	13	32,778	91,615
		971,624	310,066
流動資產淨值		1,039,469	1,250,292
總資產減流動負債		1,629,550	1,771,332

綜合全面損益表

截至二零一八年九月三十日止六個月

	附註	未經審核	
		截至九月三十日止六個月 二零一八年 千港元	二零一七年 千港元
期內虧損		(180,776)	(36,742)
其他全面虧損，扣除稅項：			
其後可能重新分類為損益之項目			
貨幣匯兌差額		(16,521)	9,321
其後將不會重新分類為損益之項目			
將擁有人佔用物業轉撥至投資物業 之公平值收益	10	<u>65,423</u>	<u>-</u>
期內全面虧損總額		<u>(131,874)</u>	<u>(27,421)</u>
以下應佔期內全面虧損總額：			
— 本公司股東		(131,696)	(27,260)
— 非控股權益		<u>(178)</u>	<u>(161)</u>
		<u>(131,874)</u>	<u>(27,421)</u>

Alco Holdings Limited (「本公司」) 董事宣佈本公司及其附屬公司 (「本集團」) 截至二零一八年九月三十日止六個月之未經審核綜合中期業績如下：

綜合損益表

截至二零一八年九月三十日止六個月

	附註	未經審核 截至九月三十日止六個月	
		二零一八年 千港元	二零一七年 千港元
營業額	3	836,096	911,435
銷貨成本	5	(867,806)	(866,936)
(毛損)／毛利		(31,710)	44,499
其他收入	4	5,767	11,092
銷售開支	5	(86,472)	(41,271)
行政開支	5	(65,199)	(50,698)
其他經營開支	5	(4,073)	(8,549)
經營虧損		(181,687)	(44,927)
財務收入		2,941	5,458
財務成本		(5,084)	(3,157)
除所得稅前虧損		(183,830)	(42,626)
所得稅抵免	6	3,054	5,884
期內虧損		(180,776)	(36,742)
以下應佔期內虧損：			
— 本公司股東		(180,598)	(36,581)
— 非控股權益		(178)	(161)
		(180,776)	(36,742)
本公司股東應佔每股虧損			
— 基本	8	(31.2港仙)	(6.3港仙)
— 攤薄	8	(31.2港仙)	(6.3港仙)
股息	9	—	17,358



ALCO HOLDINGS LIMITED

(於百慕達註冊成立之有限公司)
(股份代號：328)

二零一八年中中期報告