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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Website: <http://www.alco.com.hk>

(Stock Code: 328)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

PERFORMANCE HIGHLIGHTS

	2024	2023
– Revenue (<i>HK\$</i>)	50 million	86 million
– (Loss) profit for the period – from continuing operations (<i>HK\$</i>)	(24) million	572 million

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 30 September 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

		Unaudited	
		Six months ended	
		30 September	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Continuing operations			
Revenue	4	49,690	85,686
Cost of goods sold	6	(45,078)	(81,160)
		<hr/>	<hr/>
Gross profit		4,612	4,526
Other income and gain	5	2,477	613,382
Selling expenses	6	(5,968)	(7,941)
Administrative expenses	6	(23,244)	(37,404)
Research and development expenses		–	(40)
Other operating expenses	6	(49)	(122)
		<hr/>	<hr/>
Operating (loss) profit		(22,172)	572,401
Finance income		–	1
Finance costs		(2,137)	(48)
		<hr/>	<hr/>
(Loss) profit before income tax		(24,309)	572,354
Income tax expense	7	–	–
		<hr/>	<hr/>
(Loss) profit for the period from continuing operations		(24,309)	572,354
		<hr/>	<hr/>
Discontinued operation			
(Loss) profit for the period		–	–
		<hr/> <hr/>	<hr/> <hr/>

		Unaudited	
		Six months ended	
		30 September	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
(Loss) profit for the period attributable to:			
From continuing operations			
– Owners of the Company		(24,309)	575,354
– Non-controlling interests		<u>–</u>	<u>(3,000)</u>
		<u>(24,309)</u>	<u>572,354</u>
Loss for the period attributable to:			
From discontinued operation			
– Owners of the Company		–	–
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>–</u>	<u>–</u>
		HK\$	HK\$
(Loss) profit per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic	8	(0.25)	14.26
– Diluted	8	<u>(0.25)</u>	<u>14.26</u>
From continuing operations			
– Basic	8	(0.25)	14.26
– Diluted	8	<u>(0.25)</u>	<u>14.26</u>
Dividends	9	<u>–</u>	<u>–</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 September 2024

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
(Loss) profit for the period	(24,309)	572,354
Other comprehensive expense, net of tax:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>514</u>	<u>(14,369)</u>
Total comprehensive (expense) income for the period	<u>(23,795)</u>	<u>557,985</u>
Total comprehensive (expense) income for the period		
attributable to:		
– Owners of the Company	(23,795)	560,985
– Non-controlling interests	<u>–</u>	<u>(3,000)</u>
	<u>(23,795)</u>	<u>557,985</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		Unaudited 30 September 2024 <i>HK\$'000</i>	Audited 31 March 2024 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		39,244	39,356
Right-of-use assets		54,556	55,755
Prepayments, deposits and other receivables	11	226	226
		94,026	95,337
Current assets			
Inventories		7,149	3,340
Trade and other receivables	11	68,113	59,869
Income tax recoverable		9	9
Bank balances and cash		9,083	23,855
		84,354	87,073
Current liabilities			
Trade and other payables	12	50,088	47,332
Provision of financial guarantee		113,532	123,532
Bank borrowings	13	47,528	47,528
Loans from shareholders	14	38,052	38,052
		249,200	256,444
Net current liabilities		(164,846)	(169,371)
Total assets less current liabilities		(70,820)	(74,034)

		Unaudited	Audited
		30 September	31 March
		2024	2024
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Capital and reserves attributable to owners of the Company			
Share capital	15	95,467	95,467
Reserves		<u>(174,249)</u>	<u>(168,052)</u>
Equity attributable to owners of the Company		(78,782)	(72,585)
Non-controlling interests		<u>(650)</u>	<u>(14,942)</u>
Total deficit		<u>(79,432)</u>	<u>(87,527)</u>
Non-current liabilities			
Other payables	12	<u>8,612</u>	<u>13,493</u>
		<u>8,612</u>	<u>13,493</u>
Total deficit and non-current liabilities		<u>(70,820)</u>	<u>(74,034)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Alco Holdings Limited and its subsidiaries (collectively, the Group) for the six months ended 30 September 2024 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 applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2024:

Amendments to HKFRS 16	Property, Plant and Equipment: Proceeds before intended Use
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement to HKFRSs 2018-2020	Amendments to HKFRS 9, HKFRS 16 and HKAS 41
Amendments to HKFRS 3	Reference to Conceptual Framework

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

3. OTHER INFORMATION

The directors of the Company consider that it is appropriate to prepare the condensed consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

i) Shareholders loan status

The management of the Group has several discussions with the shareholder’s loan providers. Mrs. Leung, the wife of Mr. Leung Wai Sing (“Wilson”), is in the process of applying for the estate administrator of Wilson’s estate. She believes that she will be officially appointed as the estate administrator of Wilson and she is willing to discuss the extension of the shareholder’s loan on behalf of Wilson. The other shareholders also indicate to extend their shareholders’ loan accordingly.

ii) Bank borrowings status

The management of the Group continues to negotiate with banks and financial institutions, with reference to valuation performed by independent qualified professional valuers and market data information, whereby the majority of bank borrowing balances are being covered by the value of their corresponding pledged properties. During the period and up to the date of this announcement, the Group has repaid approximately HK\$10 million to bank. The Board will continue its efforts to discuss and work out the repayment schedules with the lenders to reduce the bank borrowing balances and consider further sales of the remaining pledged properties to repay the loans.

iii) Operation

The Group had adopted multiple cost mitigation measures to streamline its core business activities and significantly cut down those redundant operations. During the period, the continuous groupwide migration to OEM/ODM production model has positive effect, the management is of the view that the date-to-date maintenance cost of the Group would be reduced significantly. The management has reassessed the geographical exposure and believes that the Group should focus on those overseas strategic markets and close down those unprofitable overseas operations, for which the related applications were in progress. The Group continued to restructure its operation across the Group, and cutting down redundant functions to free up the resources and redirect to other business segments which may have higher growth potential.

iv) Liability analysis

The Group recorded total liabilities of approximately HK\$258 million and net liabilities of approximately HK\$79 million as at 30 September 2024. Among which the Bank borrowings of approximately HK\$48 million is covered by the value of pledged properties which reference to valuation performed by independent qualified professional valuers and market data information. Shareholders' loan of approximately HK\$38 million is related to the extension granted by shareholders whom indicated their intentions to continue supporting the Group.

The directors of the Company believe that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the period ending 30 September 2024. However, should the Group fail to achieve the above mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

4. SEGMENT INFORMATION

(a) Segment analysed by products

The Group mainly operates in the Asia Pacific and is principally engaged in designing, manufacturing and selling of consumer electronic products including AV products and notebook products.

AV and other products	–	Design and sale of consumer electronic products, including audio, video and other products
Notebook products	–	Design and sale of commercial notebook and personal computers products

The Group's inter-segment transactions mainly consist of sale of assembly parts 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 30 September							
	2024				2023			
	Continuing operations				Continuing operations			
	AV and other products <i>HK\$'000</i>	Notebook products <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>	AV and other products <i>HK\$'000</i>	Notebook products <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue								
External sales	-	49,690	-	49,690	-	85,686	-	85,686
Inter-segment sales	-	-	-	-	-	-	-	-
	<u>-</u>	<u>49,690</u>	<u>-</u>	<u>49,690</u>	<u>-</u>	<u>85,686</u>	<u>-</u>	<u>85,686</u>
Segment results	-	(22,172)		(22,172)	-	572,441		572,441
Research and development expenses				-				(40)
Finance income				-				1
Finance costs				(2,137)				(48)
(Loss) profit before income tax				(24,309)				572,354
Income tax expense				-				-
(Loss) profit for the period				<u>(24,309)</u>				<u>572,354</u>
(Loss) profit for the period attributable to								
- Owners of the Company				(24,309)				575,354
- Non-controlling interest				-				(3,000)
				<u>(24,309)</u>				<u>572,354</u>

(b) **Segment analysed by geographical areas**

The segment revenue for the six months ended 30 September 2024 and 2023 are as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Asia	49,690	79,768
Europe	–	5,918
Others	–	–
	<u>49,690</u>	<u>85,686</u>

The analysis of revenue by geographical area is based on the destination to which the goods are delivered. Information about the Group's non-current assets is presented based on the geographical location of the assets.

5. **OTHER INCOME AND GAIN**

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Rental income from investment properties	–	463
Gain on deconsolidation of subsidiaries (<i>Note 10</i>)	2,473	612,574
Others	4	345
	<u>2,477</u>	<u>613,382</u>

6. **EXPENSES BY NATURE**

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	3,000	1,673
Depreciation of right-of-use assets	1,199	489
Employee benefit expenses	8,578	11,269

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period. Corporate income tax on profits generated from subsidiaries operating in the PRC has been calculated at 25% in accordance with the relevant PRC tax law and regulations. 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.

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– PRC corporate income tax	—	—
Income tax expense	<u>—</u>	<u>—</u>

8. (LOSS) EARNINGS PER SHARE

Basic

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

	Six months ended	
	30 September	
	2024	2023
Continuing and discontinued operations		
(Loss) profit for the period attributable to owners of the Company (HK\$'000)	<u>(24,309)</u>	<u>575,354</u>
Weighted average number of ordinary shares in issue	<u>95,466,865</u>	<u>40,333,416</u>
Basic (loss) earnings per share (HK\$)	<u>(0.25)</u>	<u>14.26</u>
Continuing operations		
(Loss) profit for the period attributable to owners of the Company (HK\$'000)	<u>(24,309)</u>	<u>560,985</u>
Basic (loss) earnings per share (HK\$)	<u>(0.25)</u>	<u>14.26</u>

Diluted

There were no dilutive potential ordinary shares during the six months ended 30 September 2024 and 2023. Therefore, the diluted earnings (loss) per share is the same as the basic loss per share.

9. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2024 (2023: Nil).

10. DECONSOLIDATION OF SUBSIDIARIES

Deconsolidation of AVITA TECHNOLOGIES INTERNATIONAL CO LTD (“AVITA TECH”)

A winding up petition (the “Petition”) was filed with The High Court of the Hong Kong (the “Court”) on 29 May 2024 by Avita-Giken Technology Pte Ltd, being the petitioner, against AVITA TECH, an direct partial-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of AVITA TECH.

The Petition was filed against AVITA TECH on the principal ground that AVITA TECH has failed to pay its outstanding debt.

The Petition was heard before the Court on 29 May 2024. On 29 May 2024, AVITA TECH was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of AVITA TECH.

Accordingly, the Group had deconsolidated AVITA TECH Group as the Directors considered that the Group’s control over AVITA TECH had been lost on 29 May 2024.

	<i>HK\$'000</i>
Inventories	72
Trade and other receivables	1,970
Bank balances and cash	120
Trade and other payables	<u>(18,928)</u>
Net assets at date of de-consolidation	(16,766)
Non-controlling interests	<u>14,293</u>
Net loss on de-consolidation of AVITA TECH	<u>2,473</u>
Net cash outflow arising from de-consolidation of AVITA TECH	<u><u>(120)</u></u>

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Non-current		
Prepayments, deposits and other receivables	226	226
Less: loss allowance	<u>–</u>	<u>–</u>
	<u>226</u>	<u>226</u>
Current		
Trade receivables	41,021	44,850
Less: loss allowance	<u>(5,104)</u>	<u>(6,471)</u>
Trade receivables, net	<u>35,917</u>	<u>38,379</u>
Prepayments, deposits and other receivables	32,196	23,974
Less: loss allowance	<u>–</u>	<u>(2,484)</u>
Prepayments, deposits and other receivables, net	<u>32,196</u>	<u>21,490</u>
	<u>68,339</u>	<u>60,095</u>

The credit terms given to customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

The fair value of the trade and other receivables approximate to their carrying amounts.

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

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0 – 30 days	19,140	22,643
31 – 60 days	8,954	4,811
61 – 90 days	2,486	5,210
Over 90 days	<u>5,337</u>	<u>5,715</u>
	<u>35,917</u>	<u>38,379</u>

12. TRADE AND OTHER PAYABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Non-current		
Other payables	8,612	13,493
Current		
Trade payables	20,788	29,207
Other payables and accruals	29,300	18,125
	<u>50,088</u>	<u>47,332</u>
Total	<u><u>58,700</u></u>	<u><u>60,825</u></u>

The fair value of the trade and other payables approximate to their carrying amounts. The ageing analysis of trade payables based on invoice date is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0 – 30 days	7,294	1,056
31 – 60 days	4,331	441
61 – 90 days	3,569	157
Over 90 days	5,594	27,553
	<u>20,788</u>	<u>29,207</u>

13. BANK BORROWINGS

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Bank borrowing, secured (<i>Note i</i>)	47,528	47,528
	<u>47,528</u>	<u>47,528</u>
	<u><u>47,528</u></u>	<u><u>47,528</u></u>

Note:

- (i) As at 30 September 2024, the bank borrowing is secured by the Group's buildings, investment properties and leasehold land with aggregate carrying amounts of approximately HK\$93,438,000 (31 March 2024: HK\$94,634,000).

14. LOANS FROM SHAREHOLDERS

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Mr. Leung Wai Sing, Wilson (deceased)	38,052	38,052
Mr. Leung Wai Lap, David	—	—
	<u>38,052</u>	<u>38,052</u>

The carrying amounts of the loans from shareholders approximate their fair values.

As at 30 September 2024, the loans from shareholders were interest-bearing at a fixed rate of 4% per annum or 1.3% over 1-month HIBOR or LIBOR per annum. Balances of HK\$38,052,000 would be repayable within one year or on demand.

15. SHARE CAPITAL

	Company Ordinary Shares	
	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2023	30,000,000,000	300,000
Increase in authorised share capital	—	—
As at 31 March 2024 and 30 September 2024	<u>30,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2023	795,568,650	79,557
Effect of capital reorganisation (<i>Note i</i>)	(779,657,277)	(77,965)
Effect of capital reduction (<i>Note i</i>)	—	(1,432)
Issue of shares upon rights issue (<i>Note ii</i>)	63,645,492	636
Placing of new share (<i>Note iii</i>)	15,910,000	159
As at 31 March 2024 and 30 September 2024	<u>95,466,865</u>	<u>955</u>

Note:

- (i) On 10 May 2023, every fifty (50) issued and unissued existing shares of par value of HK\$0.10 each in the authorised share capital of the Company be consolidated into one (1) ordinary share of par value of HK\$5.00 each. Canceled the paid-up share capital to the extent of HK\$4.99 on each issued consolidated share such that the par value of each issued consolidated share will be reduced from HK\$5.00 to HK\$0.01. Further details were mainly set out in the circular dated 17 March 2023.
- (ii) Allotment and issuance of Rights Shares on 24 July 2023 pursuant to the Rights Issue, details of which are set out in the prospectus of the Company dated 13 June 2023.
- (iii) In March 2024, the Company issued a total of 15,910,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$1.96 each. Further details were mainly set out in the announcement dated 8 March 2024.

16. CONTINGENT LIABILITIES

The Company provided corporate guarantees in favour of the banks to secure general banking facilities granted to certain of its subsidiaries (Note 14).

17. COMMITMENTS

(a) Capital commitments

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Capital expenditure in respect of the acquisition of moulds, plant and machinery contracted but not provided for in the condensed consolidated financial statements	<u> -</u>	<u> -</u>

(b) 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:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within one year	-	-
After one year but within two years	-	-
After two years but within three years	<u> -</u>	<u> -</u>
	<u> -</u>	<u> -</u>

The lease terms are from one to two years.

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

For the six months ended 30 September 2024, the Group recorded turnover of HK\$50 million (2023: HK\$86 million) and loss attributable to owners of HK\$24 million (2023: profit of HK\$575 million) for our continuing operation.

For the period under review, in terms of product segment, revenue of self-branded notebook computers decreased 42% to HK\$50 million. The main reasons for the decrease were the slowdown in the domestic economy and been competition of the electronic products market.

During the period under review, the gross margin increase from 5% to 9% compared to same period last year. The improving gross margin was mainly attributed to the reduction in cost of goods sold effected from the strategic transformation from previous self-owned contract processing production method to a more cost-effective OEM/ODM production model.

The drop in net result is from HK\$572 million to HK\$(24) million when, compared to the corresponding period last year. The decrease of net result is mainly due to the one-off gain on deconsolidation of subsidiaries winded up during the period as announced on 28 June 2023. Set aside the gain on deconsolidation of subsidiaries of around HK\$613 million, there is a net loss of HK\$40 million for the period.

The directors do not recommend the payment of an interim dividend (2023: Nil) for the 6 months period ended 30 September 2024.

Review of Operations

While there has been a modest improvement in transitioning from in-house manufacturing to outsourcing Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM) functions, yielding a gross profit, the Company remains in challenging business environment. Exploring new products and markets has become one of the most important mission for the Company to complete.

The Company still require additional resources to refine operations, including but not limited to strategically leveraging its network from business partners and investors. These collaborations aim to enhance operational efficiency and optimize processes, aligning with the Company's commitment to adaptability and growth.

It is crucial to note that the overall financial picture remains challenging. Disregarding the one-off gain from deconsolidation of subsidiaries, the company still faces a net loss for the period. Caution is advised in both operational and cash flow aspects, given the persistently grim business environment.

To address financial challenges, the company will continue relying on raising funds from the capital market. Although there's a slight improvement in ongoing operations, finding a stable and profitable mode of operation remains a focal point. Efforts will be devoted to navigating these challenges and securing a sustainable and resilient business model for the future.

Prospects

To cope with the unpredictable business environment, the Group will continue to preserve and strive for more financial assets to survive through the hard time. Despite the challenges, the Group is pursuing the following:

- To minimize its operational fixed cost in all functions;
- To seek cooperation opportunities with business partners through the supply chain to share the financial obligation for operating our business;
- To dispose its investment properties, production equipment, lands and offices to generate positive cash flows for operation and to reduce the gearing of the Group;
- To leverage on its track record and explore different commercially viable and profit-making business opportunities;
- To raise funds through capital markets through issue of new shares and bonds.

Liquidity and financial resources

The Group's total deficit and total deficit per share as at 30 September 2024 were HK\$79 million (31 March 2024: HK\$88 million) and HK\$0.83 (31 March 2023: HK\$0.92) respectively.

As at 30 September 2024, we had cash and deposits of HK\$9 million. After deducting bank borrowings of HK\$48 million (31 March 2024: HK\$48 million), provision of financial guarantee of HK\$114 million (31 March 2024: HK\$124 million), loans from shareholders of HK\$38 million (31 March 2024: HK\$38 million) we had net borrowings of HK\$191 million (31 March 2024: net borrowings of HK\$186 million).

As at 30 September 2024, our inventory was HK\$7 million (31 March 2024: HK\$3 million). We take a cautious approach to monitor the inventory level especially during this environment with uncertainty.

Trade receivables as at 30 September 2024 were HK\$36 million (31 March 2024: HK\$38 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 as at 30 September 2024 were HK\$21 million (31 March 2024: HK\$29 million).

Capital expenditure on fixed assets during the six months ended 30 September 2024 was nil (2023: HK\$Nil). As at 30 September 2024 and 31 March 2024, we had capital commitments contracted but not provided for in respect of property, moulds, plant and machinery and renovation amounting to HK\$Nil.

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 were no speculative activities during the reporting period.

Employees

As at 30 September 2024, the Group had approximately 46 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiary companies has purchased, sold or redeemed any of the Company's shares for the six months ended 30 September 2024.

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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 September 2024.

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 C3 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 six months ended 30 September 2024.

AUDIT COMMITTEE

The interim results of the Group have not been reviewed by external auditors. 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 six months ended 30 September 2024.

The Audit Committee currently comprises four independent non-executive directors of the Company, namely Mr. CHU Hoi Kan, Mr. LAM Chi Wing, Mr. TANG Sher Kin and Mr. Deng Chaowen.

PUBLICATION OF INTERIM REPORT

This interim report is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of Alco Holdings Limited at www.alco.com.hk.

LIST OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Ms. Liao Liping (Co-Chairman) and Mr. Ho Chak Yu. Non-executive directors of the Company are Mr. Tian Yi (Co-Chairman) and Mr. Yang Min. Independent non-executive directors of the Company are Mr. Chu Hoi Kan, Mr. Lam Chi Wing, Mr. Tang Sher Kin and Mr. Deng Chaowen.

By order of the Board
Alco Holdings Limited
Liao Liping
Co-Chairman and executive director

Hong Kong, 29 November 2024