KFM KINGDOM HOLDINGS LIMITED
KFM金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3816)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of KFM Kingdom Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 March 2013 prepared in accordance with relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, together with the comparative figures for the corresponding period of 2012.

For and on behalf of
KFM KINGDOM HOLDINGS LIMITED
SUN KWOK WAH PETER
Chairman and Executive Director

Hong Kong, 19 June 2013

As at the date of this announcement, the executive directors are Mr. Sun Kwok Wah Peter, Mr. Wong Chi Kwok, Mr. Lam Kin Shun and Mrs. Chow Suen Christina and the independent non-executive directors are Mr. Wan Kam To, Mr. Lam Hon Keung Keith and Dr. Chung Chi Ping Roy.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	*4*	**846,507**	951,418
Cost of sales	*5*	**(641,208)**	(716,918)
Gross profit		**205,299**	234,500
Other gains, net	*6*	**7,800**	29,052
Distribution and selling expenses	*5*	**(17,631)**	(19,391)
General and administrative expenses	*5*	**(140,149)**	(124,291)
Operating profit		**55,319**	119,870
Finance income		**297**	470
Finance costs		**(6,315)**	(2,883)
Profit before income tax		**49,301**	117,457
Income tax expenses	*7*	**(9,146)**	(23,064)
Profit for the year		**40,155**	94,393
Other comprehensive income for the year, net of tax			
Currency translation differences		**4,390**	10,797
Total comprehensive income for the year		**44,545**	105,190
Profit for the year attributable to:			
Equity holders of the Company		**40,155**	94,393
Total comprehensive income attributable to:			
Equity holders of the Company		**44,545**	105,190
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (HK cents)	*8*	**6.69**	15.73
Dividends	*9*	**85,228**	85,579

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**224,086**	181,873
Intangible asset		**11,305**	15,074
Goodwill		**24,540**	24,540
Deferred income tax assets		**5,565**	–
Total non-current assets		**265,496**	221,487
Current assets			
Inventories	*11*	**110,527**	102,958
Trade and other receivables	*12*	**229,215**	227,720
Derivative financial asset		**319**	258
Tax recoverable		**–**	210
Restricted bank deposit		**46,800**	46,800
Cash and cash equivalents		**218,678**	133,423
Total current assets		**605,539**	511,369
Total assets		**871,035**	732,856
EQUITY			
Capital and reserves			
Share capital	*13*	**60,000**	–
Share premium	*13*	**26,135**	–
Reserves			
– Proposed dividends		**12,000**	–
– Others		**395,388**	448,171
Total equity		**493,523**	448,171

	Note	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**14,716**	12,751
Current liabilities			
Trade and other payables	*14*	**144,302**	152,753
Bank borrowings	*15*	**211,024**	113,107
Current income tax liabilities		**7,470**	6,074
Total current liabilities		**362,796**	271,934
Total liabilities		**377,512**	284,685
Total equity and liabilities		**871,035**	732,856
Net current assets		**242,743**	239,435
Total assets less current liabilities		**508,239**	460,922

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

		Attributable to equity holders of the Company						
	Note	**Share capital** *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 April 2012		**–**	**–**	**3,545**	**17,735**	**36,459**	**390,432**	**448,171**
Comprehensive income								
Profit for the year		**–**	**–**	**–**	**–**	**–**	**40,155**	**40,155**
Other comprehensive income								
Currency translation differences		**–**	**–**	**–**	**–**	**4,390**	**–**	**4,390**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**4,390**	**40,155**	**44,545**
Transactions with equity holders								
Issue of share capital	*13*	**15,100**	**87,000**	**(100)**	**–**	**–**	**–**	**102,000**
Capitalisation of shares	*13*	**44,900**	**(44,900)**	**–**	**–**	**–**	**–**	**–**
Share issue expenses	*13*	**–**	**(15,965)**	**–**	**–**	**–**	**–**	**(15,965)**
Transfer of retained profits to statutory reserve		**–**	**–**	**–**	**3,339**	**–**	**(3,339)**	**–**
Dividends	*9*	**–**	**–**	**–**	**–**	**–**	**(85,228)**	**(85,228)**
Balance at 31 March 2013		**60,000**	**26,135**	**3,445**	**21,074**	**40,849**	**342,020**	**493,523**

		Attributable to equity holders of the Company						
	Note	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Statutory reserve *HK$'000*	Exchange reserve *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2011		–	–	3,545	14,271	25,662	385,082	428,560
Comprehensive income								
Profit for the year		–	–	–	–	–	94,393	94,393
Other comprehensive income								
Currency translation differences		–	–	–	–	10,797	–	10,797
Total comprehensive income for the year		–	–	–	–	10,797	94,393	105,190
Transactions with equity holders								
Transfer of retained profits to statutory reserve		–	–	–	3,464	–	(3,464)	–
Dividends	*9*	–	–	–	–	–	(85,579)	(85,579)
Balance at 31 March 2012		–	–	3,545	17,735	36,459	390,432	448,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

(a) General information

KFM Kingdom Holdings Limited (the "Company") was incorporated in the Cayman Islands on 13 July 2011, as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of precision metal stamping services, and manufacturing and sales of fine metal products (the "Group's Businesses").

(b) Reorganisation

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 13 September 2012. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 October 2012 (the "Listing").

The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of having a business. The Reorganisation is merely a reorganisation of the Group's Businesses with no change in management of such businesses. The companies now comprising the Group were under the common control of the underlying controlling shareholders before and after the Reorganisation.

Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2013 and 2012 have been prepared using the financial statements of the companies engaged in the Group's Businesses under the common control of the underlying controlling shareholders now comprising the Group as if the current group structure had been in existence throughout each of the years ended 31 March 2013 and 2012, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the control of the underlying controlling shareholders. The consolidated balance sheet of the Group as at 31 March 2012 has been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date. The net assets and results of the Group were consolidated using the carrying value from the underlying controlling shareholders' perspective. All significant intra-group transactions and balances have been eliminated on combination.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved by the Board (the "Board") for issue on 19 June 2013.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those adopted in the preparation of the consolidated financial statements for all the years presented.

(a) Amendments to existing standards effective in 2012 but not relevant to the Group:

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 April 2012.

HKFRS 1 (Amendment)	Disclosures – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

(b) New standards and amendments, revisions and interpretation to existing standards that have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 1 (Amendment)	First Time Adoption – Government Loans	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements Project	Annual Improvements 2009-2011 Cycle	1 January 2013

The Group has already commenced an assessment of the related impact of adopting the above new standards and amendments, revisions and interpretation to existing standards to the Group. The Group does not expect substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors and senior management collectively. Prior to the Listing, the chief operating decision-maker has been identified as the shareholders management of the Group. They review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

The executive directors and senior management, and the shareholders management considered the nature of the Group's business and determined that the Group has five reportable operating segments as follows:

(i) Office automation

(ii) Medical and test equipment

(iii) Finance equipment

(iv) Consumer electronics

(v) Network and data storage

The executive directors and senior management, and the shareholders management collectively assess the performance of the operating segments based on revenue and gross profit percentage of each segment.

(a) The segment information provided to the executive directors and senior management collectively for the reportable segments for the year ended 31 March 2013 is as follows:

	Office automation *HK$'000*	Medical and test equipment *HK$'000*	Finance equipment *HK$'000*	Consumer electronics *HK$'000*	Network and data storage *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue (all from external customers)	301,639	213,328	59,927	161,786	48,402	61,425	846,507
Cost of sales	(279,476)	(149,651)	(40,712)	(88,590)	(31,158)	(51,621)	(641,208)
Gross profit	22,163	63,677	19,215	73,196	17,244	9,804	205,299
Gross profit %	7.3%	29.8%	32.1%	45.2%	35.6%	16.0%	24.3%
Other gains, net							7,800
Distribution and selling expenses							(17,631)
General and administrative expenses							(140,149)
Operating profit							55,319
Finance income							297
Finance costs							(6,315)
Profit before income tax							49,301
Income tax expenses							(9,146)
Profit for the year							40,155

(b) The segment information provided to the shareholders management for the reportable segments for the year ended 31 March 2012 is as follows:

	Office automation *HK$'000*	Medical and test equipment *HK$'000*	Finance equipment *HK$'000*	Consumer electronics *HK$'000*	Network and data storage *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue (all from external customers)	348,702	199,682	55,475	226,553	52,311	68,695	951,418
Cost of sales	(321,729)	(137,911)	(37,307)	(121,218)	(41,215)	(57,538)	(716,918)
Gross profit	26,973	61,771	18,168	105,335	11,096	11,157	234,500
Gross profit %	7.7%	30.9%	32.8%	46.5%	21.2%	16.2%	24.6%
Other gains, net							29,052
Distribution and selling expenses							(19,391)
General and administrative expenses							(124,291)
Operating profit							119,870
Finance income							470
Finance costs							(2,883)
Profit before income tax							117,457
Income tax expenses							(23,064)
Profit for the year							94,393

(c) Revenue from external customers in the People's Republic of China (the "PRC"), North America, Europe, Japan, Singapore, Oceania, South America and other Asian countries is as follows:

	2013 ***HK$'000***	2012 *HK$'000*
The PRC	**576,349**	514,185
North America	**106,834**	100,720
Europe	**68,379**	55,750
Japan	**56,298**	70,389
Singapore	**24,423**	192,330
Oceania	**2,446**	2,607
South America	**465**	494
Other Asian countries excluding the PRC, Singapore and Japan	**11,313**	14,943
	846,507	951,418

(d) The total of non-current assets, other than intangible asset, goodwill and deferred income tax assets of the Group as at 31 March 2013 and 2012 are as follows:

	2013	2012
	HK$'000	*HK$'000*
The PRC	**217,696**	176,832
Hong Kong	**6,390**	5,041
	224,086	181,873

5 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Raw materials and consumables used	**365,347**	419,190
Changes in inventory of finished goods and work in progress	**(8,533)**	1,158
Employee benefit expenses	**204,749**	193,166
Processing fees	**60,544**	77,522
Depreciation of property, plant and equipment *(Note 10)*	**29,792**	25,381
Amortisation of intangible asset	**3,769**	–
Operating lease rental in respect of buildings	**26,793**	25,132
Research and development costs	**19,719**	20,108
Utilities expenses	**16,833**	17,232
Transportation, postage and courier expenses	**13,186**	16,388
Legal and professional fees		
– incurred for initial public offerings	**14,542**	14,986
– others	**5,019**	4,504
Auditor's remuneration	**2,500**	936
Others	**44,728**	44,897
Total cost of sales, distribution and selling expenses and general and administrative expenses	**798,988**	860,600
Represented by:		
Cost of sales	**641,208**	716,918
Distribution and selling expenses	**17,631**	19,391
General and administrative expenses	**140,149**	124,291
	798,988	860,600

6 OTHER GAINS, NET

	2013	2012
	HK$'000	*HK$'000*
Gain on derivative financial instruments		
– realised	**–**	646
– unrealised	**61**	329
Gain on disposal of property, plant and equipment	**10,342**	26,373
Net exchange (loss)/gain	**(3,750)**	432
Others	**1,147**	1,272
	7,800	29,052

7 INCOME TAX EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**4,063**	16,568
– The PRC	**8,683**	3,977
Deferred income tax	**(3,600)**	2,519
	9,146	23,064

8 EARNINGS PER SHARE

	2013	2012
	HK$'000	*HK$'000*
Net profit attributable to the equity holders of the Company (HK$'000)	**40,155**	94,393
Number of ordinary shares outstanding for basic earnings per share ('000)	**600,000**	600,000
Basic and diluted earnings per share (HK cents per share)	**6.69**	15.73

The calculation of the basic earnings per share for the years ended 31 March 2013 and 2012 is based on the profit attributable to the equity holders of the Company of HK$40,155,000 (2012: HK$94,393,000), and on the assumption that 600,000,000 (2012: 600,000,000) ordinary shares, comprising an aggregate of global offering of 150,000,000 ordinary shares and capitalisation issue of 449,000,000 ordinary shares have been in issue throughout the periods.

The Group had no potentially dilutive ordinary share (i.e. share option and warrants) in issue during the years ended 31 March 2013 and 2012.

9 DIVIDENDS

On 2 May 2012 and 26 June 2012, the Group declared dividends of HK$53,646,000 and HK$31,582,000, respectively, to its then shareholders and have been fully paid by the Group.

For the year ended 31 March 2012, dividends totalling to HK$85,579,000 were declared and fully paid.

At a meeting held on 19 June 2013, the directors proposed a final dividend of HK2.0 cents per share. This proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 March 2014.

10 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	HK$'000	*HK$'000*
At 1 April	**181,873**	178,284
Additions	**97,621**	44,184
Acquisition of business	**–**	1,623
Disposals	**(27,552)**	(22,531)
Depreciation	**(29,792)**	(25,381)
Exchange differences	**1,936**	5,694
At 31 March	**224,086**	181,873

11 INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**31,527**	32,491
Work in progress	**29,824**	21,490
Finished goods	**49,176**	48,977
	110,527	102,958

12 TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*		
– third parties	**183,502**	171,472
– related company	**–**	29
	183,502	171,501
Prepayments, deposits and other receivables	**45,713**	36,111
Amounts due from		
– shareholders	**–**	20,028
– ultimate holding company	**–**	58
– related companies	**–**	22
	229,215	227,720

Note:

(a) The Group normally grants credit periods of 30 to 90 days (2012: 30 to 90 days). The ageing analysis of trade receivables based on invoice dates (including trade receivables from related company) is as follows:

	2013	2012
	HK$'000	*HK$'000*
Up to 3 months	**174,529**	161,310
3 to 6 months	**6,854**	9,713
6 months to 1 year	**1,151**	394
1 to 2 years	**968**	84
	183,502	171,501

13 SHARE CAPITAL

Authorised share capital

Pursuant to a shareholders' resolution passed on 22 September 2012, the authorised share capital of the Company was increased from HK$100,000 to HK$450,000,000 by the creation of 4,499,000,000 new shares with a par value of HK$0.1 per share.

Issued share capital

	Number of shares	**Amount**		**Total**
	Issued share capital	**Share capital**	**Share premium**	
		HK$'000	*HK$'000*	*HK$'000*
The Company				
At 1 April 2011	–	–	–	–
Issue of new share *(Note (a))*	1	–	–	–
At 31 March 2012	1	–	–	–
Issue of new shares *(Note (b))*	999,999	100	–	100
Issue of new shares pursuant to the Global Offering *(Note (c))*	150,000,000	15,000	87,000	102,000
Capitalisation of shares *(Note (c))*	449,000,000	44,900	(44,900)	–
Share issue expenses	–	–	(15,965)	(15,965)
At 31 March 2013	600,000,000	60,000	26,135	86,135

Notes:

(a) The Company was incorporated in the Cayman Islands on 13 July 2011 with an authorised share capital of HK$100,000, divided into 1,000,000 shares of HK$0.1 each. After the incorporation, one nil-paid share was issued.

(b) On 13 September 2012, the Company acquired the entire equity interest in KFM Group Limited by (a) issuing and allotting 999,999 new shares to Kingdom International Group Limited ("KIG"), credited as fully paid; and (b) crediting as fully paid at par the one nil-paid share which was then registered in the name of KIG.

(c) The Company's shares were listed on the Stock Exchange on 15 October 2012. The ordinary issued share capital of the Company was increased from 1,000,000 ordinary shares to 600,000,000 ordinary shares. On the same day, 599,000,000 ordinary shares were issued to the underlying controlling shareholders of the Group and the general public. In respect of the 599,000,000 shares newly issued, 150,000,000 ordinary shares were issued pursuant to the global offering and 449,000,000 ordinary shares were issued pursuant to the capitalisation issue. The 150,000,000 ordinary shares issued pursuant to the global offering were issued at HK$0.68 per share. The ordinary shares newly issued ranked pari passu in all respects with the issued shares then existing.

14 TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables *(Note (a))*		
– third parties	**100,279**	87,276
– related companies	**801**	1,127
	101,080	88,403
Accrual, deposits and other payables	**30,434**	25,600
Considerations payable for acquisition of business *(Note (b))*	**12,788**	38,750
	144,302	152,753

Notes:

(a) The ageing analysis of trade payables at the respective balance sheet dates is as follows:

	2013	2012
	HK$'000	*HK$'000*
Up to 3 months	**97,915**	86,395
3 to 6 months	**2,700**	1,943
6 months to 1 year	**358**	13
1 to 2 years	**107**	52
	101,080	88,403

(b) On 29 March 2012, the Group acquired the product assembly business from a third party customer. The amount represents the remaining balance of consideration to be paid.

15 BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank overdrafts	**1,176**	1,411
Short-term bank loans	**70,000**	40,000
Portion of long-term bank loans due for repayment within one year	**66,742**	46,154
Portion of long-term bank loans due for repayment after one year which contain a repayment on demand clause	**73,106**	25,542
	211,024	113,107

The interest-bearing bank borrowings, including the bank loans repayable on demand, are carried at amortised cost. None of the portion of bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

As at 31 March 2013, the Group's bank borrowings of HK$161,024,000 (2012: HK$113,107,000) were secured by bank deposit of HK$46,800,000.

The Group's bank borrowings are repayable based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 year	**137,918**	87,565
Between 1 and 2 years	**47,400**	21,742
Between 2 and 5 years	**25,706**	3,800
	211,024	113,107

16 COMMITMENTS

(a) Capital commitments

	2013	2012
	HK$'000	*HK$'000*
Authorised but not contracted for		
– Plant and machinery	**–**	37,710
Contracted but not provided for		
– Leasehold land and buildings	**63,426**	48,850
– Capital investments	**7,235**	–
	70,661	48,850

(b) Operating lease commitments

The Group acts as lessee under operating leases. The Group had future minimum lease payments under non-cancellable operating leases in respect of land use rights and buildings as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 year	**25,655**	27,341
Later than 1 year and not later than 5 years	**84,676**	88,039
Later than 5 years	**11,773**	28,066
	122,104	143,446

These leases typically run for an initial period of one to ten years. Certain of the operating leases contain renewal options which allow the Group to renew.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2013, revenue of our Group reached approximately HK$846.5 million, representing a decrease of approximately HK$104.9 million or 11.0% from approximately HK$951.4 million for the corresponding period last year. Set out below is a breakdown of our revenue by the five business segments:

	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
Office automation	**301,639**	**35.6**	348,702	36.7
Medical and test equipment	**213,328**	**25.2**	199,682	21.0
Consumer electronics	**161,786**	**19.1**	226,553	23.8
Finance equipment	**59,927**	**7.1**	55,475	5.8
Network and data storage	**48,402**	**5.7**	52,311	5.5
Others	**61,425**	**7.3**	68,695	7.2
	846,507	**100.0**	951,418	100.0

The decline in revenue is mainly due to: (i) HK$64.8 million or 28.6% decrease in revenue from the consumer electronics segment as compared to the year ended 31 March 2012. It was mainly due to, as stated in our prospectus for Global Offering dated 28 September 2012 (the "Prospectus"), our Ultimate Customer (as defined in the Prospectus) had gradually ceased to engage one of our major customers for sourcing and procurement of the relevant metal parts at the beginning of 2012. Instead, from June 2012 onwards, our Group started to serve two other sub-contracting manufacturers of the Ultimate Customer for the manufacturing of similar type of metal parts that we previously produced for the major customer. As a result, our Group experienced significant drop in revenue from this segment for the year ended 31 March 2013 as compared to the same period last year; and (ii) HK$47.1 million or 13.5% decrease in revenue from the office automation segment when compared to the year ended 31 March 2012 due to the phasing out of certain low margin products of our Group under current market condition.

The major markets of our Group are the PRC, North America, Europe and Japan. They accounted for 68.1%, 12.6%, 8.1%, 6.7% of the revenue of our Group for the year ended 31 March 2013, respectively. Details of revenue generated by geographic location for the year ended 31 March 2013 are set out in note 4(c) in this annual results announcement.

Cost of sales

The cost of sales primarily comprises of the direct cost associated with the manufacturing of our products, which consists mainly of direct materials, direct labour, processing fee and other direct overheads. Set out below is the breakdown of our Group's cost of sales:

	Year ended 31 March			
	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
Direct materials	**365,347**	**57.0**	419,190	58.5
Direct labour	**145,544**	**22.7**	141,161	19.7
Processing fee	**60,544**	**9.4**	77,522	10.8
Other direct overheads	**69,773**	**10.9**	79,045	11.0
	641,208	**100.0**	716,918	100.0

The cost of sales of the Group decreased by 10.6% to HK$641.2 million for the year ended 31 March 2013 as compared with the corresponding period last year. The decrease is in line with decrease in total revenue. Furthermore, the percentage of cost of sales to the total revenue was 75.7%, representing an increase of 0.3% as compared to 75.4% last year, which is primarily due to the increase in average labour costs and operating lease expenses.

Gross profit and gross profit margin

Our gross profit for the year ended 31 March 2013 was approximately HK$205.3 million, representing a decrease of 12.5% as compared to that of 2012. It is mainly due to decrease in overall sales by 11.0%. In particular, there was a significant decrease in sales from the high margin consumer electronics segment by 28.6%.

The gross profit margin of our Group was 24.3% for the year ended 31 March 2013 which decreased by 0.3% as compared to 24.6% in 2012. This was primarily due to decrease in revenue from high margin consumer electronics segment. As a percentage of total revenue, sales from the consumer electronics segment decreased from 23.8% to 19.1% which in turn resulted in a decrease of 2.4% of the Group's gross profit margin. Such impact was partially offset by the increase in sales of another high profit margin medical and testing equipment segment from 21.0% to 25.2% in terms of total revenue. This contributed to an increase of 1.1% to the Group's gross profit margin. The increase of gross profit margin from the network and data storage segment from 21.2% for the financial year ended 31 March 2012 to 35.6% for the financial year ended 31 March 2013, was due to the commencement of the BDT assembly business during the year which contributed HK$9.1 million of profit to this segment.

The gross profit margin of the Group's various business segments remain stable for the year ended 31 March 2013. For the details of the Group's gross profit margin of the various business segments, please refer to the note 4(a) and 4(b) to this annual results announcement.

Other gains, net

The net other gains of our Group amounted to approximately HK$7.8 million and HK$29.1 million for the years ended 31 March 2013 and 2012 respectively. The decrease was primarily due to the decrease in the gain on disposal of leased land and building and increase in net exchange loss. During the year ended 31 March 2013, the Group has disposed certain leasehold land and building which were previously intended to be utilised as the office for the Group's headquarter in Hong Kong. The disposal resulted in a gain of HK$9.6 million. In view of the expected business growth, the size of the said properties is insufficient to accommodate the projected expansion of the Group's headquarter. For the year ended 31 March 2012, HK$26.1 million was recorded as a gain on the disposal of leasehold land and building.

During the year ended 31 March 2013, the Group incurred net exchange losses amounted to HK$3.8 million. During the year ended 31 March 2012, net exchange gain amounted to HK$0.4 million was recorded. The settlement currency between our Group and certain major customers is in United States dollars ("US$"). Due to the gradual appreciation of Renminbi, the Group recorded net exchange losses from the settlement of trade balances due by those customers.

Distribution and selling expenses

Distribution and selling expenses relate to the expenses incurred for the promotion and selling of our products. It mainly comprises of, among others, salaries and related costs of the sales and marketing staff, travelling and transportation costs and marketing expenses. Distribution and selling expenses were approximately HK$17.6 million and HK$19.4 million for the years ended 31 March 2013 and 2012 respectively. The decrease is mainly driven by the decrease in sales during the year ended 31 March 2013.

General and administrative expenses

General and administrative expenses comprised primarily of salaries and related costs of key management, finance and administration staff, rental expenses, depreciation, audit fees and the professional and related costs incurred in the process of the Group's initial public offering ("IPO").

The general and administrative expenses of the Group increased from HK$124.3 million in 2012 to approximately HK$140.1 million for the year ended 31 March 2013. The increase in general and administrative expenses is mainly due to the amortisation of the intangible asset arising from acquisition of product assembly business from BDT-Germany; and the incurring of additional payroll cost due to the hiring of more senior and professional staff to manage the listing process and fulfill post listing requirements as well as to explore business opportunities and to streamline our existing operation.

Finance costs

Our finance costs of approximately HK$6.3 million for the year ended 31 March 2013 (2012: HK$2.9 million) represented interest expenses on bank borrowings. Increase in finance costs was mainly due to additional bank borrowings drawn down during the year, and a higher average interest rate for the year ended 31 March 2013.

Income tax expenses

Our income tax expenses amounted to approximately HK$9.1 million and HK$23.1 million for the years ended 31 March 2013 and 2012, respectively. The decrease was attributable primarily to the lower taxable profit recorded for the year ended 31 March 2013; and the recognition of deferred tax assets amounted to HK$5.6 million, which arose from a revaluation as a consequence of transferring certain property, plant and equipment to one of the Group's subsidiaries in the PRC.

Our effective tax rate decreased from 19.6% for the year ended 31 March 2012 to 18.6% for the year ended 31 March 2013, mainly due to the recognition of deferred tax assets of HK$5.6 million in the year ended 31 March 2013. For the years ended 31 March 2013 and 2012, tax non-deductible IPO expenses amounted to HK$14.5 million and HK$15.0 million were incurred respectively. Had the deferred tax asset not been recognised and the effect of IPO expenses taken into account, our adjusted effective tax rate for 2013 and 2012 would have been 23.0% and 17.4%, respectively. The increase of the adjusted effective tax rate from 17.4% in 2012 to 23.0% in 2013 is mainly caused by the change of business form of one of our production bases in the PRC from a contract processing factory to a wholly foreign owned enterprise, which is subject to a higher income tax rate of 25%.

Profit attributable to equity holders of the Company

The Group recorded a net profit of approximately HK$40.2 million for the year ended 31 March 2013 which decreased by approximately 57.5% as compared to the net profit of HK$94.4 million in 2012. Before the recognition of non-recurring listing expenses which amounted to approximately HK$14.5 million for the year ended 31 March 2013 (2012: HK$15.0 million), the net profit attributable to the equity holders of the Company was approximately HK$54.7 million which decreased approximately 50.0% as compared to the adjusted net profit of HK$109.4 million in 2012.

The decrease of net profit attributable to equity holders of the Company was attributable to mainly (i) a significant decrease in revenue from the high margin consumer electronics segment by approximately HK$64.8 million or 28.6%; (ii) the increase in labour cost by approximately HK$4.4 million in spite of the decrease in total revenue; (iii) the decrease in net other gains mainly comprised of disposal of the leasehold land and buildings by HK$21.3 million; (iv) the increase in general and administrative expenses by HK$15.8 million, mainly caused by the amortisation of intangible assets and the incurring of additional payroll cost; and (v) a reduction in income tax expenses by HK$14.0 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources and liquidity

Our current assets comprise mainly of cash and bank balances, trade receivables, other receivables and inventories. Our total current assets amounted to approximately HK$605.5 million and HK$511.4 million as at 31 March 2013 and 2012, respectively, and represented approximately 69.5% and 69.8% of our total assets as at 31 March 2013 and 2012, respectively.

Capital structure

The Group's capital structure is summarised as follow:

	2013	2012
	HK$'000	*HK$'000*
Bank borrowings	**209,848**	111,696
Bank overdrafts	**1,176**	1,411
Total debts	**211,024**	113,107
Less: Cash and cash equivalent	**(218,678)**	(133,423)
Restricted bank deposit	**(46,800)**	(46,800)
Net debt/(cash)	**(54,454)**	(67,116)
Shareholders' equity	**493,523**	448,171
Total capitalisation*	**493,523**	448,171
Gearing ratio		
– Total debt to shareholders' equity ratio#	**42.8%**	25.2%
– Net debt to shareholders' equity ratio##	**Net cash**	Net cash

* *Total capitalisation is the sum of the net debt and the shareholders' equity*

\# *Total debt to shareholders' equity ratio is calculated based on total debts divided by shareholders' equity at the end of the respective year*

\## *Net debt to shareholders' equity ratio is calculated based on net debt divided by shareholders' equity at the end of the respective year*

Our Group's primary sources of funds came from cash generated from operating activities and short-term bank loans. Our Group had recorded net cash inflow from operating activities of approximately HK$58.0 million and HK$82.2 million for the years ended 31 March 2013 and 2012 respectively.

Details of our Group's bank loans and other borrowings as at 31 March 2013 are set out in note 15 to this annual results announcement.

The capital structure of our Group consists of equity attributable to the equity owners of the Company (comprising issued share capital and reserves) and bank loans. The Directors will review the capital structure regularly. As part of such review, the Directors consider the cost of capital and the optimal use of debt and equity so as to maximise the return to the equity holders.

Capital expenditure

During the year ended 31 March 2013, our Group acquired property, plant and equipment of approximately HK$97.6 million as compared to approximately HK$44.2 million for the year ended 31 March 2012. The acquisition mainly comprises of plant and machinery of HK$57.1 million, including robotic arms of HK$3.9 million to automate our production process; and leasehold land and building of HK$28.2 million. The leasehold land and building were previously intended to be utilised as the office for our Group's headquarter in Hong Kong but was subsequently disposed of due to the insufficient size. The remaining balance represented the acquisition of others property, plant and machinery during the normal course of business.

We financed our capital expenditure through cash flows generated from operating activities and bank borrowings.

Charges on the Group's assets

Details relating to the pledge of assets by the Group during the year ended 31 March 2013 are set out in note 15 in this annual result announcement.

Foreign currency exposure

Each individual group entity has its own functional currency. Foreign exchange risk to each individual group entity arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Our Group operates mainly in Hong Kong and the PRC. Our Group's Hong Kong entities are exposed to foreign exchange risk arising from Renminbi, while the Group's PRC entities are exposed to foreign exchange risk arising from US dollars.

Our Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Save for bank loan denominated in Renminbi as discussed below, our Group does not use any derivative financial instruments to manage the foreign exchange exposure arising from the financial assets/liabilities which are denominated in a currency which is not the functional currency of our Group entities.

Derivative financial instruments

Our Group has entered into one foreign exchange derivative contract to hedge against the foreign exchange exposure in relation to a long-term bank loan denominated in Renminbi. The effective period of the contract is two years and will expire by August 2013.

Capital commitments and operating lease commitments

Details of our Group's capital commitments and operating lease commitment as at 31 March 2013 are set out in note 16(a) and note 16(b) in this annual result announcement.

Contingent liabilities

As at 31 March 2013, our Group had no material contingent liabilities.

Business review

The global economy has experienced continuous uncertainties and downside risks emanating from the unresolved sovereign debt crisis in Europe, the faltering economic growth in the US and China's economic slowdown. For the year ended 31 March 2013, revenue of our Group decreased by 11.0% from approximately HK$951.4 million for the year ended 31 March 2012 to HK$846.5 million.

The decline in revenue is mainly due to decrease in revenue of consumer electronics segment by 28.6% for the year ended 31 March 2013 as compared with that of 2012 since our Ultimate Customer had gradually ceased to engage one of our major customers for sourcing and procurement of the relevant metal parts at the beginning of 2012. Such decreasing trend continued and we have not received any purchase orders from that major customer for the relevant metal parts since the end of June 2012. Although from June 2012, we started to serve two other sub-contracting manufacturers of the Ultimate Customer for the manufacturing of similar type of the mental parts that we previously produced for the said major customer, our Group already suffered significant drop in revenue and net profit for the year ended 31 March 2013 as compared to that of last year.

Although under such circumstances, the Group has continued to mitigate its risks by focusing on business fundamentals. With respect to our diversified portfolio in the five business segments that we principally engage in, and our solid long term relationship with our major customers, we have managed the prevailing unfavourable macroeconomic uncertainties within particular business segment.

OUTLOOK AND STRATEGY

In the middle of the unresolved sovereign debt crisis in Europe, hindering economic growth in Europe, US and China's slowing economy, our clients are expected to be more cautious in order placement. However, our Group is cautiously optimistic about the business opportunities in the coming financial year.

In the near term, our Group will increase the use of robotic arms and adopt other automatic features in our equipment for feeding works and therefore reduce reliance on our workers. We believe the optimisation of our overall production process would further increase our capabilities to produce high quality products and reduce our labour cost, thereby enhancing our profit margins.

In the long run, our Group believes that our business strategies include the following: (a) we intend to further expand our sales effort to growing business segments for precision engineered metal parts; (b) we plan to develop a new production base in Suzhou, which among other purposes, can minimise the impact of rental increase in the long run on our current production base in Suzhou which is located on several leased factory premises; (c) we will continue to optimise our production process by utilising our engineering skills, strengthen our research and development capabilities and increase our production automation; and (d) we intend to seek opportunities for acquisitions of production facilities or further strengthen our relationship with our customers by strategic cooperation, which will better prepare our Group to materialise the future business opportunities in the long run.

With our professional management expertise, an insightful business strategy, careful execution, compelling products quality and our stable and conservative financial position, our Group is well-positioned for sustainable and healthy growth in the chosen market segments in which we operate and strive to reward our shareholders with fruitful returns.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, our Group had a total number of 2,792 full-time employees (2012: 3,026). Our Group determined the remuneration packages of all employees based on factors including individual qualifications, contribution to our Group, performance and years of experience of the respective staff.

Our Group provides on-going training to our staff in order to enhance their technical skills and product knowledge and to provide them with updates with regard to industry quality and work safety.

Our Group maintains good relationships with our employees. We have not had any labour strikes or other labour disturbances that have interfered with our operations during the year ended 31 March 2013.

As required by PRC regulations, our Group participates in the social insurance schemes operated by the relevant local government authorities.

USE OF PROCEEDS FROM THE SHARE OFFER

On 15 October 2012, the Company received the net proceeds in the sum of approximately HK$85.6 million raised from the issue of new shares at the time of its listing on the Stock Exchange. Such net proceeds were derived after deduction of related issuance expenses. None of the listing proceeds has been utilised as at 31 March 2013 and they are placed on short-term deposits with licensed banks in Hong Kong and the PRC.

Subsequent to the year end date, the Group applied IPO proceed of HK$31.0 million to purchase a piece of land in Suzhou.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2.0 cents per share for the year ended 31 March 2013 which will be payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company (the "Register of Members") on Tuesday, 3 September 2013 subject to the Shareholders' approval in the annual general meeting of the Company to be held on Tuesday, 27 August 2013 (the "AGM").

On 2 May 2012 and 26 June 2012, our Group declared dividends of HK$53,646,000 and HK$31,582,000 respectively to its then shareholders and have been fully paid by the Group. Except for these dividends and the final dividend, no further dividend is proposed by the Board to be paid for the year ended 31 March 2013.

For the year ended 31 March 2012, dividends totaling to HK$85,579,000 were declared and paid.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' right to attend and vote at the AGM, the Register of Members will be closed from Monday, 26 August 2013 to Tuesday, 27 August 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 August 2013.

Subject to the Shareholders' approval of the recommended final dividend at the AGM, the final dividend will be payable on or about Wednesday, 18 September 2013. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Monday, 2 September 2013 to Tuesday, 3 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2013, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30p.m. on Friday, 30 August 2013.

CORPORATE GOVERNANCE

The shares of the Company have been listed on the Main Board of the Stock Exchange since 15 October 2012.

The Board confirms that, other than the deviation from Code provision A.2.1 as set out in the "Corporate Governance Code and Corporate Governance Report" ("CG Code") contained in the Listing Rules, the Company has complied with the CG Code from the date of listing on 15 October 2012 up to 31 March 2013.

Code Provision A.2.1 stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Sun Kwok Wah Peter ("Peter Sun") is the chairman and chief executive officer of the Company. In view of Mr. Peter Sun's extensive experience in the industry and in-depth knowledge of the Group's operation and business, the Board believes that Mr. Peter Sun is instrumental in formulating and implementing the Group's strategies. The Board expects that the Group will benefit from a unified chairman and chief executive officer position that provides clarity of leadership and allows efficient decision-making in strategic matters as well as the Group's day-to-day business. The Board considers that this structure will not impair the balance of power and authority between the board and the management of the Company. The balance of power and authority is ensured by the effective operations of the Board, which comprises experienced and high caliber individuals.

In order to fully comply with the CG Code to ensure a clear distinction in responsibilities between the Chairman and chief executive officer, Ms. Chung Sin Ling was appointed as the chief executive officer of the Company with effect from 1 April 2013.

Under the new structure, the Chairman and chief executive officer have separate defined responsibilities. The Chairman is responsible for leading the Board in forming the Group's strategies and policies and for organising the business of the Board, ensuring its effectiveness and setting its agenda but not involved in the day-to-day business of the Group. The chief executive officer is directly in charge of the daily operations of the Group and is accountable to the Board for the financial and operational performance of the Group. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As at the date of listing, the Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct since the date of listing up to the date of this annual results announcement.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2013.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the date of listing and up to 31 March 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.kingdom.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2013 Annual Report containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and available on the said websites in due course.