Karrie International Holdings Limited
嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1050)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

HIGHLIGHTS

	2013	2012	Changes in %
	HK$'000	*HK$'000* (Restated)	
Revenue	**2,291,404**	2,290,165	–%
Profit for the year	**41,937**	25,347	+65%
Basic earnings per share	**HK2.1 cents**	HK1.3 cents	+62%
Final dividend per share	**HK1.2 cents**	HK1 cent	+20%
Return on Equity Ratio	5%	3%	+67%

The board (the "Board") of directors (the "Directors") of Karrie International Holdings Limited (the "Company") and its subsidiaries (collectively, "we" or the "Group") announce the consolidated results of the Group for the year ended 31 March 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2013

	Note	**2013** **HK$'000**	2012 *HK$'000* (Restated) *(Note 1)*
ASSETS			
Non-current assets			
Land use rights	*3*	**24,418**	45,277
Property, plant and equipment	*3*	**345,999**	356,016
Investment properties	*3*	**218,875**	208,608
Intangible assets		**24,491**	–
Investments in associated companies		**16,131**	23,408
Other non-current assets	*4*	**66,115**	13,086
Deferred tax assets		**984**	976
Available-for-sale financial assets		**10,185**	–
		707,198	647,371
Current assets			
Inventories		**223,371**	338,797
Trade and bills receivable	*4*	**326,887**	452,513
Amount due from an associated company		**3,643**	2,132
Prepayments, deposits and other receivables	*4*	**69,743**	66,134
Derivative financial instruments		**496**	–
Time deposit		**62,500**	49,200
Cash and bank balances		**243,894**	410,669
		930,534	1,319,445
Assets of disposal group classified as held-for-sale	*5*	**60,609**	–
		991,143	1,319,445
Total assets		**1,698,341**	1,966,816

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31 MARCH 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated) (Note 1)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**199,620**	99,810
Other reserves		**256,781**	353,979
Retained earnings			
– Proposed final dividend		**23,954**	8,681
– Others		**443,798**	423,882
		924,153	886,352
Non-controlling interests		**1,358**	424
Total equity		**925,511**	886,776
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**12,527**	7,434
Provision for long service payments		**11,026**	13,279
		23,553	20,713
Current liabilities			
Trade payables	6	**226,657**	369,393
Accruals and other payables		**199,794**	217,902
Receipts in advance		**5,516**	6,408
Amount due to an associated company		**467**	544
Tax payable		**43,314**	41,997
Short-term bank borrowings		**271,146**	423,083
		746,894	1,059,327
Liabilities of disposal group classified as held-for-sale	5	**2,383**	–
		749,277	1,059,327
Total liabilities		**772,830**	1,080,040
Total equity and liabilities		**1,698,341**	1,966,816
Net current assets		**241,866**	260,118
Total assets less current liabilities		**949,064**	907,489

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated) (Note 1)
Revenue	7	**2,291,404**	2,290,165
Cost of sales	8	**(2,049,399)**	(2,101,468)
Gross profit		**242,005**	188,697
Distribution and selling expenses	8	**(41,196)**	(36,716)
General and administrative expenses	8	**(148,441)**	(140,488)
Other income and gains	7	**16,572**	44,323
Increase in fair value of investment properties		**804**	6,152
Operating profit		**69,744**	61,968
Finance income		**4,237**	3,825
Finance costs		**(7,536)**	(7,664)
Finance costs, net	9	**(3,299)**	(3,839)
Share of losses of associated companies		**(3,031)**	(4,081)
Impairment loss for investment in an associate		**(4,864)**	–
Profit before taxation		**58,550**	54,048
Income tax expenses	10	**(16,613)**	(28,701)
Profit for the year		**41,937**	25,347
Attributable to:			
Equity holders of the Company		**41,967**	25,058
Non-controlling interests		**(30)**	289
		41,937	25,347
Earnings per share of profit attributable to the equity holders of the Company			
– Basic and diluted	11	**2.1 cents**	1.3 cents
Dividends	12	**23,954**	8,681

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
		(Note 1)
Profit for the year	**41,937**	25,347
Other comprehensive income:		
Currency translation differences	**5,627**	7,289
Fair value losses on available-for-sale financial assets, net of tax	**(3)**	–
Other comprehensive income for the year	**5,624**	7,289
Total comprehensive income for the year	**47,561**	32,636
Attributable to:		
Equity holders of the Company	**47,591**	32,357
Non-controlling interests	**(30)**	279
Total comprehensive income for the year	**47,561**	32,636

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
		(Note 1)
Profit before taxation	**58,550**	54,048
Adjustments for non-cash items/interests/tax	**40,654**	2,455
Changes in working capital	**28,205**	(14,460)
Net cash generated from operating activities	**127,409**	42,043
Net cash (used in)/generated from investing activities	**(133,960)**	119,620
Net cash (used in)/generated from financing activities	**(161,918)**	48,650
Net (decrease)/increase in cash and cash equivalents	**(168,469)**	210,313
Cash and cash equivalents at beginning of the year	**410,669**	197,567
Effect of foreign exchange rate changes	**1,694**	2,789
Cash and cash equivalents at end of the year	**243,894**	410,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except for investment properties, available-for-sale financial assets and derivative financial instruments which have been measured 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.

(a) Merger accounting for business combination under common control

On 16 March 2012, Kar Yick Development Company Limited ("KYD"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with The Wedding City Company Limited ("TWC"), a company in which Mr. Ho Cheuk Fai, the controlling shareholder of the Company, holds 90% of the equity interest, to acquire TWC's 100% equity interest in The One Travel Co., Limited and My Affection Holdings Limited (formerly known as Angel Love Studio (HK) Company Limited) (collectively "Acquired Entities") and a shareholder loan owed by My Affection Holdings Limited at a total consideration of approximately HK$45,000,000 which was satisfied by the issue of 130,000,000 ordinary shares of HK$0.10 each of the Company. Upon completion of the acquisition on 22 June 2012, the fair value of each ordinary share was HK$0.375 of the Company and the total consideration is approximately HK$48,750,000.

Upon completion of the acquisition on 22 June 2012, the Acquired Entities became wholly owned subsidiaries of the Group. The acquisition of the Acquired Entities is regarded as a business combination under common control since KYD and the Acquired Entities were ultimately controlled by Mr. Ho Cheuk Fai both before and after the completion of the acquisition. Accordingly, the Group's consolidated financial statements for the year ended 31 March 2013 have been prepared using the principle of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for the Common Control Combination" issued by the HKICPA on the basis as if KYD had been the holding company of the Acquired Entities throughout the periods presented or since their respective dates of incorporation, whichever is the shorter period. The consolidated balance sheet as at 31 March 2012, the consolidated income statement, the consolidated statement of comprehensive income, and the condensed consolidated statement of cash flows and their respective notes for the year ended 31 March 2012 have been restated accordingly.

(b) Restatements due to correction of prior year errors

During the year ended 31 March 2012, the Group recorded an overseas tax provision of approximately HK$6,208,000 in relation to the disposal of certain land and buildings outside Hong Kong. As certain tax non-deductible expenses in connection with the cost of the property disposed had not been excluded in the calculation of the tax provision for the year ended 31 March 2012, the overseas tax expense and tax provision for the year ended 31 March 2012 and as at 31 March 2012 had been understated by approximately HK$12,206,000. The effects on the consolidated financial statements are summarised below.

(i) An increase in income tax expense of HK$12,206,000 for the year ended 31 March 2012 and a decrease in retained earnings of HK$12,206,000 for the year ended 31 March 2012

(ii) An increase in tax payable of HK$12,206,000 as at 31 March 2012

(iii) A decrease in earnings per share of profit attributable to the equity holders of the Company (basic and diluted) of HK0.6 cents for the year ended 31 March 2012

The opening balance sheet is not presented since the above restatement does not have any impact on it.

(c) *Amendments to standards for the first time for the financial year beginning on or after 1 April 2012*

In December 2010, the HKICPA amended HKAS 12 "Income taxes" to introduce an exception to the principle for the measurement of deferred tax asset or liability arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The Board considers the Group's business model is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured upon the adoption of this amendment.

There are no other amended standards or interpretations that are effective for the first time for the accounting period beginning on or after 1 April 2012 that would have a material impact on the Group.

(d) *The following new or revised standards, amendments and interpretations to standards have been issued but are not effective for the financial year beginning on or after 1 April 2012 and have not been early adopted:*

- HKAS 1 (Amendment), 'Presentation of Items of Other Comprehensive Income' (effective on or after 1 July 2012)
- HKAS 19 (Revised 2011), 'Employee Benefits' (effective on or after 1 January 2013)
- HKAS 27 (Revised 2011), 'Separate Financial Statements' (effective on or after 1 January 2013)
- HKAS 28 (Revised 2011), 'Investments in Associates and Joint Ventures' (effective on or after 1 January 2013)
- HKAS 36, 'Impairment of Assets' (effective on or after 1 January 2014)
- HKFRS 1 (Amendment), 'Government Loans' (effective on or after 1 January 2014)
- HKFRS 7 (Amendment), 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (effective on or after 1 January 2013)
- HKFRS 9, 'Financial Instruments' (effective on or after 1 January 2015)
- HKFRS 10, 'Consolidated Financial Statements' (effective on or after 1 January 2013)
- HKFRS 11, 'Joint Arrangements' (effective on or after 1 January 2013)
- HKFRS 12, 'Disclosures of Interests in Other Entities' (effective on or after 1 January 2013)
- HKFRS 13, 'Fair Value Measurement' (effective on or after 1 January 2013)
- HK (IFRIC) – Int 20, 'Stripping Costs in the Production Phase of a Surface Mine' (effective on or after 1 January 2013)
- HK (IFRIC) – Int 21, 'Levies' (effective on or after 1 January 2014)
- Amendment to HKFRS 1, 'First Time Adoption' on government loans (effective on or after 1 January 2013)

- Amendments to HKFRS 7 and HKFRS 9, ‘Mandatory Effective Date of HKFRS 9 and Transition Disclosures’ (effective on or after 1 January 2015)

- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, ‘Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance’ (effective on or after 1 January 2013)

- Amendment to HKAS 32, ‘Financial Instruments: Presentation’ on asset and liability offsetting (effective on or after 1 January 2014)

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), ‘Investment Entities’ (effective on or after 1 January 2014)

- HKFRSs (Amendment), Annual improvements 2009-2011 Cycle (effective on or after 1 January 2013)

The Group is assessing the impact of these new standards, amendments to existing standards and interpretation while the directors anticipate that the adoption of HKFRS 10 will not have a significant impact on the results and financial position of the Group. The Group will apply these new standards, amendments to existing standards and interpretation when they are effective in the respective annual periods.

(e) Comparative figures

Pursuant to the adoption of merger accounting for the business combinations under common control and the prior year adjustment as stated in Note 1(a) and 1(b), the comparative figures have been restated.

2 Segment information

The Group's chief operating decision-maker reviews the Group's internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised on a worldwide basis into three main operating segments. They are (i) metal and plastic business; (ii) electronic manufacturing services business and (iii) consumer and services business. Others mainly comprise rental and management fee income.

Management considers the business from both a geographic and products and services perspective. From a products and services perspective, management assesses the performance of metal and plastic business, electronic manufacturing services business and consumer and services business. And there is further evaluation on a geographic basis (Japan, Hong Kong, Mainland China, Asia (excluding Japan, Hong Kong and Mainland China), North America and Western Europe). Management assesses the performance of the operating segments based on operating profit. Segment information provided to management for decision making is measured in a manner consistent with that in the financial statements.

The segment results for the year ended 31 March 2013 are as follows:

	2013				
	Metal and plastic business *HK$'000*	**Electronic manufacturing services business** *HK$'000*	**Consumer and services business** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenues					
Total segment revenue	**1,090,702**	**1,287,365**	**7,343**	**–**	**2,385,410**
Inter-segment revenue	**(94,006)**	**–**	**–**	**–**	**(94,006)**
Revenue from external customers	**996,696**	**1,287,365**	**7,343**	**–**	**2,291,404**
Gross profit	**160,196**	**78,072**	**3,737**	**–**	**242,005**
Distribution and selling expenses and general and administrative expenses	**(104,191)**	**(41,510)**	**(43,936)**	**–**	**(189,637)**
Other income and gains	**–**	**–**	**296**	**16,276**	**16,572**
Increase in fair value of investment properties	**–**	**–**	**804**	**–**	**804**
Operating profit	**56,005**	**36,562**	**(39,099)**	**16,276**	**69,744**
Operating profit includes:					
Depreciation	**34,977**	**13,686**	**6,041**	**–**	**54,704**
Amortisation of land use rights	**280**	**467**	**–**	**–**	**747**
Amortisation of license rights	**–**	**–**	**600**	**–**	**600**
Reversal of provision for obsolete and slow-moving inventories	**369**	**2,171**	**–**	**–**	**2,540**
Reversal of provision for impairment of trade and other receivables	**1,980**	**47**	**–**	**–**	**2,027**

The segment results for the year ended 31 March 2012 are as follows:

	2012 (Restated)				
	Metal and plastic business *HK$'000*	Electronic manufacturing services business *HK$'000*	Consumer and services business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenues					
Total segment revenue	1,108,802	1,296,871	4,775	–	2,410,448
Inter-segment revenue	(120,283)	–	–	–	(120,283)
Revenue from external customers	988,519	1,296,871	4,775	–	2,290,165
Gross profit	122,422	64,027	2,248	–	188,697
Distribution and selling expenses and general and administrative expenses	(111,678)	(58,408)	(7,118)	–	(177,204)
Other income and gains	–	–	–	44,323	44,323
Increase in fair value of investment properties	–	–	6,152	–	6,152
Operating profit	10,744	5,619	1,282	44,323	61,968
Operating profit includes:					
Depreciation	23,061	22,161	248	–	45,470
Amortisation of land use rights	378	377	–	–	755
Reversal of provision/(provision) for obsolete and slow-moving inventories	2,282	(632)	–	–	1,650
Reversal of provision for impairment of trade and other receivables	186	98	–	–	284

A reconciliation of operating profit to profit before taxation is provided as follows:

	2013 *HK$'000*	2012 *HK$'000* (Restated)
Operating profit	**69,744**	61,968
Finance income	**4,237**	3,825
Finance costs	**(7,536)**	(7,664)
Share of losses of associated companies	**(3,031)**	(4,081)
Impairment loss for investment in an associate	**(4,864)**	–
Profit before taxation	**58,550**	54,048

The segment revenue by geographical information is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Japan	**276,060**	269,260
Hong Kong	**294,221**	331,311
Mainland China	**697,921**	638,199
Asia (excluding Japan, Hong Kong and Mainland China)	**304,210**	203,023
North America	**275,059**	221,268
Western Europe	**443,933**	627,104
Total revenue	**2,291,404**	2,290,165

Revenue is allocated based on the country in which the final destination of shipment is located or services are provided.

The Group's sales are made primarily to a few key customers. For the year ended 31 March 2013, the revenue derived from five largest customers accounted for approximately 81% (2012: 82%) of the Group's total revenue.

3 Investment properties, property, plant and equipment and land use rights

	Investment properties	**Property, plant and equipment**	**Land use rights**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2012			
Opening net book amount, as restated	108,932	487,579	62,697
Additions	88,436	23,863	–
Disposals	–	(109,955)	(16,665)
Depreciation	–	(45,470)	–
Amortisation charged to cost of sales	–	–	(755)
Currency translation differences	5,088	(1)	–
Increase in fair value of investment properties	6,152	–	–
Closing net book amount, as restated	208,608	356,016	45,277
Year ended 31 March 2013			
Opening net book amount	**208,608**	**356,016**	**45,277**
Acquisition of subsidiaries	**–**	**1,974**	**–**
Additions	**6,071**	**101,007**	**–**
Disposals	**–**	**(3,853)**	**(14,666)**
Depreciation	**–**	**(54,704)**	**–**
Amortisation charged to cost of sales	**–**	**–**	**(747)**
Currency translation differences	**3,392**	**662**	**–**
Assets held-for-sale	**–**	**(55,103)**	**(5,446)**
Increase in fair value of investment properties	**804**	**–**	**–**
Closing net book amount	**218,875**	**345,999**	**24,418**

4 Trade and bills receivable, prepayments, deposits and other receivables

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Trade and bills receivable	**329,250**	456,903
Other receivables	**68,509**	66,772
	397,759	523,675
Less: Provision for impairment of trade, bills and other receivable	**(2,363)**	(4,790)
	395,396	518,885
Prepayments	**21,332**	6,618
Deposits	**46,017**	6,230
	462,745	531,733
Less: Other non-current assets *(Note)*	**(66,115)**	(13,086)
	396,630	518,647
Representing:		
Trade and bills receivable, net of provision	**326,887**	452,513
Prepayments, deposits and other receivables, net of provision	**69,743**	66,134
	396,630	518,647

Note: Other non-current assets represent deposits paid for purchase of property, plant and equipment amounting to approximately HK$38,315,000, non-current portion of a government grant receivable from Jiangsu Yixing Economic Development Zone Investment and Development Company Limited amounting to approximately HK$10,875,000 in relation to the acquisition of a piece of land in Yixing, Jiangsu, PRC in 2010, and the prepayments in connection with the change of usage of the factory buildings in Fenggang Dongguan, PRC from industrial use to commercial use amounted to approximately HK$16,925,000.

The Group generally grants credit periods ranging from 30 to 90 days. An aging analysis of trade, bills and other receivable is as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
0 to 90 days	**394,653**	512,696
91 to 180 days	**695**	7,787
181 to 360 days	**1,390**	2,631
Over 360 days	**1,021**	561
	397,759	523,675

5 Disposal group

The Group entered into a sale and purchase agreement with a third party to dispose of its 100% equity interest in Grandway Investment (Group) Limited ("Grandway") and its subsidiary (collectively the "Disposal Group") and a shareholder's loan at a total cash consideration of approximately HK$83,936,000. Grandway is engaged in investment holding and its subsidiary is principally engaged in the development and production of electrical components. The completion date of the transaction is expected to be in December 2013.

The major classes of assets and liabilities of the Disposal Group are as follows:

	2013
	HK$'000
Assets classified as held-for-sale:	
Land use rights	**5,446**
Property, plant and equipment	**55,103**
Trade receivables	**60**
Total assets of the Disposal Group	**60,609**
Liabilities directly associated with assets classified as held-for-sale:	
Accruals and other payables	**2,383**
Total liabilities of the Disposal Group	**2,383**
Net assets of the Disposal Group	**58,226**

6 Trade payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**221,328**	352,113
91 to 180 days	**818**	9,829
181 to 360 days	**2,116**	2,541
Over 360 days	**2,395**	4,910
	226,657	369,393

7 Revenue, other income and gains

	2013	2012
	HK$'000	*HK$'000* (Restated)
Revenue		
Sales of merchandise and provision of services		
– Metal and plastic business	**996,696**	988,519
– Electronic manufacturing services business	**1,287,365**	1,296,871
– Consumer and services business	**7,343**	4,775
	2,291,404	2,290,165
Other income and gains		
Rental income	**6,774**	5,806
Management fee income	**2,643**	2,988
Gain on disposal of property, plant and equipment and land use right	**2,982**	35,529
Fair value gain on derivative financial instruments	**496**	–
Others	**3,677**	–
	16,572	44,323
	2,307,976	2,334,488

8 Expenses by nature

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Raw materials and consumables used	**1,604,173**	1,619,941
Changes in inventories of finished goods and work in progress	**113,868**	146,431
Depreciation of property, plant and equipment *(Note 3)*	**54,704**	45,470
Amortisation of land use rights *(Note 3)*	**747**	755
Amortisation of license rights	**600**	–
Employee benefit expenses (including directors' emoluments)	**346,291**	351,548
Operating lease rental of premises	**20,950**	16,577
Net exchange (gain)/loss	**(4,108)**	4,030
Auditor's remuneration	**2,680**	2,076
Impairment loss for available-for-sale financial assets	**6,025**	–
Reversal of provision for impairment of trade and other receivables	**(2,027)**	(284)
Trade, bills and other receivables written off	**–**	755
Reversal of provision for obsolete and slow-moving inventories	**(2,540)**	(1,650)
Other expenses	**97,673**	93,023
	2,239,036	2,278,672
Representing:		
Cost of sales	**2,049,399**	2,101,468
Distribution and selling expenses	**41,196**	36,716
General and administrative expenses	**148,441**	140,488
	2,239,036	2,278,672

9 Finance costs, net

	2013	2012
	HK$'000	*HK$'000*
Finance costs		
– Interest expenses on bank borrowings wholly repayable within five years	**7,536**	7,664
Finance income		
– Interest income from bank deposits	**(4,237)**	(3,825)
Finance costs, net	**3,299**	3,839

10 Income tax expenses

The Company is a company incorporated in Bermuda but exempted from Bermuda taxation until 2016. Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year for all group companies incorporated in Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current taxation		
Hong Kong profits tax		
– current year	**8,620**	6,673
– over-provision in prior years	**(4,524)**	(278)
Overseas taxation		
– current year	**12,838**	20,828
– over-provision in prior years	**(1,568)**	(578)
Deferred taxation	**1,247**	2,056
Income tax expenses	**16,613**	28,701

11 Earnings per share

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

	2013	2012
		(Restated)
Profit attributable to equity holders of the Company *(in HK$'000)*	**41,967**	25,058
Weighted average number of ordinary shares in issue *(in thousand shares)*	**1,996,196**	1,996,196
Basic earnings per share *(HK cents per share)*	**2.1**	1.3

The weighted average number of ordinary shares used for the purpose of calculating the basic earnings per share for the year ended 31 March 2012 has been retrospectively adjusted for the effect of the bonus issue of ordinary shares which took place on 20 September 2012.

There was no dilutive effect on earnings per share for both years ended 31 March 2012 and 2013 since all outstanding share options were anti-dilutive.

12 Dividends

	2013	2012
	HK$'000	*HK$'000*
Interim dividend, declared, of Nil (2012: Nil) per ordinary share	**–**	–
Final dividend, proposed, of HK1.2 cents (2012: HK1 cent) per ordinary share	**23,954**	8,681
	23,954	8,681

A dividend in respect of the year ended 31 March 2013 of HK1.2 cents per ordinary share, amounting to a total dividend HK$23,954,000, is to be proposed at the annual general meeting on 6 September 2013. These financial statements do not reflect this dividend payable.

PRINCIPAL ACTIVITIES AND RESULTS

The Group is principally engaged in

- Metal and Plastic ("M&P") Business: manufacturing and sale of metal and plastic products including computer casings, office automation products, video tape cassettes, visual accessories, automobile products, moulds, plastic and metal parts;
- Electronic Manufacturing Services ("EMS") Business: manufacturing and sale of magnetic tape drives, laser printers, multi-function facsimile machines, "point-of-sale" system, medical products and other computer peripherals; and
- Consumer-related and Services Business: provision of wedding-related services including wedding gown, photography, wedding planning, travel, hotel and catering services.

(1) Business Review

I. Results

Turnover of the Group slightly increased by HK$1,239,000 to HK$2,291,404,000 for the year ended 31 March 2013 (year ended 31 March 2012: HK$2,290,165,000). Profit after tax amounted to approximately HK$41,937,000 (year ended 31 March 2012: HK$25,347,000), of which manufacturing business recorded a profit of approximately HK$83,573,000 while non-manufacturing business recorded a loss of approximately HK$41,636,000.

II. Industrial domain

1. The major concern for last year still arose from the Euro debt crisis. Economic data from the U.S. failed to paint a clear picture and the economy there remains exposed to the challenge of "sequester", yet a positive sign is showing. Chinese economy picked up strength again since the fourth quarter of 2012, although the growth was not as strong as prior year.

2. Main reasons for the increase in profit after tax of industrial business:

   (a) M&P Business: The turnover of the M&P Business for the year ended 31 March 2013 increased by 1% to HK$996,696,000 compared to the same period last year (for the year ended 31 March 2012: HK$988,519,000). It is mainly due to the increase in sales of servers, plastic and metal components and moulds.

   (b) EMS Business: Despite the increase in the turnover of cash register and accessories for multi-functional digital copiers, it did not offset the impact of Euro debt crisis and the intense competition in the copier industry and the substantial decrease in export of finished goods to Europe. The turnover of the EMS Business for the year ended 31 March 2013 decreased by 1% to HK$1,287,365,000 compared to the same period last year (year ended 31 March 2012: HK$1,296,871,000).

(c) Benefit from automation: The Group has invested 176 sets of 6-axis versatile industrial robots at approximately HK$54,000,000 for stamping production, 3 sets for welding production and 2 sets for transportation of digital numerical control (NC) machines up to 31 March 2013, which resulted in a decrease in manpower from 1.4 to 0.38, and labor cost savings of approximately HK$6,000,000 for the financial year. Given that some of the robots were operated for less than a full year, it is believed that the savings could have been no less than HK$12,000,000 if they had been operated throughout the year.

(d) The Group significantly reduced internal power generation and maximised the use of commercial power, meanwhile, the Group used alternative energy to substitute part of diesel power generation, which resulted in cost savings of approximately HK$9 million.

3. As TIS Karrie Technologies (H.K.) Company Limited (a joint venture of which the Group is interested in 49%) is still unable to turnaround its loss, the Group has reached a consensus with Teco Image Systems Co., Ltd. ("TIS") as follows: to terminate its operation with effect from May 2013, and to commence the liquidation procedures and realize its net assets value which shall be allocated to the Group and TIS according to the proportional equity interests held by each of them. This is expected to enable the resources of the Group to be concentrated on other projects with good potential.

4. Regarding the sale and purchase agreement for the disposal of Grandway Investment (Group) Limited, as the purchaser failed to perform the agreement by the long-stop date (i.e. 30 November 2012), the Group has issued a termination notice to the purchaser, and taken steps accordingly to protect relevant interests.

5. Holding on to its original business, the Group has reserved sufficient land for future industrial development, with investment in industrial fixed assets of approximately HK$67,076,000 this year. Notwithstanding the various challenges faced by the industrial section this year, the Group is satisfied with its performance, and believes that there remains room for development in the long term though the road ahead is still hard.

III. Consumer-related and Services Business

Yixing Business Hotel

6. The "Main Body Construction" of the Yixing Business Hotel Building has been completed and accepted, so the main tasks for fiscal year 2013/14 will be interior decoration and equipment installation. The revaluation of Yixing Hotel has represented an appreciation by approximately HK$804,000, bringing special non-cash benefits to the Group.

Wedding service

7. Our stores and shops at Tsuen Wan and Tsim Sha Tsui have a total area of approximately 30,000 square feet, in which we have invested approximately HK$20 million. It provides one-stop wedding services, complemented by the service offered from The One Travel Co., Limited ("One Travel"), aiming to develop overseas and mainland wedding photography business. The Group has received deposit from customers approximately HK$4,185,000 of which, approximately HK$1,375,000 reported as sales during the year, mainly from wedding photography, which accounted for 69% of the total sales. Our strategic partner "Full House (Castfast) Theme Resort" ("Theme Resort") has been certified as a National AAAA Scenic Spot. Riding on the strengths of Theme Resort, My Affection Limited ("My Affection") has launched a series of new and innovative photography packages, which turned out to be warmly welcome.

   In addition, our flagship store at Tsuen Wan has an indoor studio with an area of more than 10,000 square feet. The studio features unique scenery style, e.g. nostalgic & old-time, dazzling & colourful, relaxing & romantic, and plain but chic, and can be used for wedding photography, family get-together as well as business promotion, which makes it an exceptional spot for photography in Hong Kong and popular among customers who have distinctive tastes.

   My Affection also participates in various wedding fairs to promote its wedding service packages ranging from wedding planning, wedding car, marriage witnessing, Chinese wedding master arrangement, small gifts such as red packets, and provides its customers with over 2,000 wedding and evening gowns and dress suits. By winning the "2012 Golden Service Award for Retail SMEs", My Affection finally obtained the acknowledgment of the customers and other market players. The good news encouraged and inspired the My Affection people, who are expecting even bigger success in the coming year. As the wedding business is still striving to establish its brand, and the overall operation is in the run-in phase, its sales results were unsatisfactory and failed to make a profit. My Affection will try to attract more professionals from the market through franchising, so as to provide better services and achieve a win-win result, i.e. to break even and make a profit.

Investment in securities

8. The Company invested in the shares of a listed company. As it conducted a 2 for 5 rights issue during the year and its total sales fell by 36% for the fourth quarter of the year, its share price tumbled as a result. As at 31 March 2013, the Company suffered a book loss of approximately HK$6 million on the investment, which was reflected in consolidated income statement.

Fullhouse World

9. On 31 December 2012, the Group completed the acquisition of the interests in seven companies (i.e. 70% interest in Full House Lifestyle Concept Sdn. Bhd., 70% interest in Full House Management Sdn. Bhd., 70% interest in Trendtastik Sdn. Bhd., 35% interest in Fullhouse Pastry Sdn. Bhd., 42% interest in Layar Sinarmas Sdn. Bhd., 17.5% interest in Peak Century Sdn. Bhd. and 14% interest in Barley House Singapore Pte Ltd., collectively, the "Target Companies") for a consideration of HK$24,000,000 and obtained a ten-year exclusive franchise in Malaysia, Singapore, Indonesia, China, Hong Kong, Macau and Japan. In addition to Malaysia and Singapore markets, the Company is going to develop the Greater China market with the Fullhouse World brand ("Fullhouse World"). Fullhouse World's distinctive dining flagship store in Hong Kong has a total area of approximately 8,700 square feet (running in direct operation mode with direct management and promotion), in which it has invested approximately HK$10 million. Soft opening was launched on 21 June 2013. The Group's operating strategy in China is to temporarily outsource Fullhouse World restaurants to a third party and charge operating fee, so as to ensure stable income.

   Fullhouse World has different target customers in different places, for instance, its primary customers in Dongguan will be families, and the target customers in Hong Kong, Guangzhou and Shenzhen will be young people.

Upgrade and Transform

10. In addition to reserving sufficient land for industrial purposes, the Group is planning to use the remaining industrial land, including having its old plastic factory converted into a multi-functional exhibition centre and comprehensive sports/performing arts arena in response to the central government's call to "empty the cage for new birds, transform, upgrade and revive the three old's (old towns, old factories and old villages)", which has, together with the Fenggang Municipal Government, successfully held the "Keqiao Culture and First Wedding Expo" as well as a number of children's clothing and underwear fairs. During May and June 2013, the arena also held a number of Fullhouse World Factory Music Carnivals, in support of the interactive marketing activities of the Fullhouse World franchisees, which successfully revived the factories, and is in line with the Group's long-term development policy.

Conclusion

11. The Industry Segment's performance for the year was very encouraging, making it the Group's "Cash Cow", providing essential cash flow to the "New Star Businesses" such as the consumer-related and services business (including the wedding sector, theme restaurants and hotel development). However, the Board still hoped the consumer-related and services business will, with the help of the industry segment, gradually break even and thrive. As the "New Star Business" enjoys higher gross profit margin and can improve the Group's profitability, and eventually lead to a win-win situation for both the industry segment and consumer-related and services business, it will widen the sources of income for the Group, reduce the financial risk of over-reliance on revenue from the industry segment, and maximize the returns to our shareholders.

	Turnover	Capex	Net bank borrowings/ <balances> ratio[^] as at 31 March
	HK$	*HK$*	
2007/08	2,799,967,000	199,000,000	8%
2008/09	2,460,578,000	115,000,000	-5%
2009/10	2,240,764,000	82,893,000	-4%
2010/11	2,591,101,000	173,850,000[@]	8%
2011/12	2,290,165,000	112,299,000[#]	-4%
2012/13	2,291,404,000	107,078,000[*]	-4%
2013/14	N/A	211,000,000[**]	25%

@ Of which, HK$64,918,000 for industries and HK$108,932,000 for non-industries

Of which, HK$23,751,000 for industries and HK$88,548,000 for non-industries

* Of which, HK$67,076,000 for industries and HK$40,002,000 for non-industries

** Initial estimation – of which HK$97,000,000 for industries and HK$114,000,000 for non-industries

^ Bank borrowings less cash and bank balances and time deposit divided by total equity

(2) Dividend Policy

The Board has adopted a set of "New Dividend Policy" since the first quarter of the financial year of 2006/07, which outlines the factors that should be taken into account in determining the dividend for distribution, such as profit attributable to equity holders of the Company, cash flow and Capex. After careful considerations of the aforementioned factors, the Board hopes to maintain the Company's track record of paying dividends to shareholders for sixteen consecutive years, and therefore the Board recommends to pay a final dividend of HK1.2 cents per share to shareholders whose names appear on the Register of members of the Company on 13 September 2013.

(3) Geographical Distribution

The Group has always adopted a diversified approach in transporting its goods and does not rely on one single market. Details are set out in segment information in Note 2 in the announcement.

(4) Prospects

I Industry

1. The U.S. economy is still stuck in the plight of de-leveraging with unstable economic performance. It remains unclear whether the Fed would withdraw its debt buying program from the market earlier than expected. The Japanese Government's ultra-loose monetary policy has met with initial success, with improved exports and more promising corporate earnings outlook, which has been favourable for the Japanese economy to gradually recover. In contrast, the European economy is expected to be in further decline under the shadow of its lingering debt crisis, making it a factor of the current global financial crisis and economic instability. The Southern Asia sea territory disputes and North Korea crisis have hindered Asia's economic growth, while RMB has begun to appreciate. Obviously, the road in front of us will not be broad and smooth.

2. It is expected that, the Group's industry segment will continue to face difficulties and challenges this year, including rising salaries, "labour shortage", rising iron price, the pressure of accelerated RMB appreciation and instability of macro-economy, etc., as a result of which, the Group had to take the following measures to enhance the cost-effectiveness:

   a. It has become a consensus in the manufacturing industry to invest in the upgrade of equipment automation, increase the level of production automation, reduce labour intensity, improve the working environment, improve quality and reduce waste. According to relevant market data, in 2011, the number of robots installed in China grew by 51%, and will continue with a double-digit growth in the next few years. It is estimated that by 2015, the number of robots installed each year will be close to 35,000 units, ranking China No.1 abreast of Japan. The range of application has expanded from workpiece moving at the metal stamping lines to computer numerical control (CNC) machining, laser welding and so on. In the future, automation and robotic application may even be extended to sanding, painting, palletizing and assembly processes. The Group actively participates in automation reforms and studies business opportunities for direct involvement in the automation business.

   b. Improving moulding efficiency, realizing a shorter average production cycle than that of last year.

   c. Adjusting the Company's microstructure, streamlining internal operating processes, strengthening management of post responsibilities, and further downsizing.

   d. Rationalizing internal logistics control system and reducing overall rejection rate.

   e. Auxiliary tooling introduced in the assembly processes or partially mixed automation, so as to improve production efficiency on the basis of last year.

   f. The Group will gradually eliminate products which contribute to operating losses, and concentrate resources on projects with higher profit margin.

   We hope the above measures will further improve the profit margin of the Group.

3. The main strategies for the industry segment for this year are as follows:

   a. Training and attracting talent, improving project development and design capabilities (ODM/JDM) so as to provide professional support to the customers during their early stages of development, shorten their development cycle, and thus establish strategic partnership with them to fight competition together in the market.

b. Strengthening training or recruiting new talent to improve our mould design and manufacturing capability, heading in the direction of high-precision machining and rapid manufacturing, introducing advanced mould manufacturing concepts and technology to shorten the gap between us and the world's most advanced mould technology, and to meet needs for pure sale of moulds.

c. Actively exploring the development of a man-machine hybrid automated assembly line with the six-axis robots used in non-dedicated product assembly line, which is, first to enhance the Company's assembly automation expertise, and second to develop business for the six-axis robots agency.

d. Providing quality services for the existing customers (including speed, flexibility and competitive prices), so as to secure more new assembly projects and pure parts projects, which can boost the business growth of the moulding and metal & plastic part sectors.

e. Improving the services in the field of CNC machining and prototype, and if necessary, increasing investment so as to improve the speed and quality of CNC manufacturing.

f. Actively developing new business, exploring in the direction of high value-added, high-tech businesses and products with long life cycle.

4. We hope that 1) through the development in the following three years, our expertise in mechanical engineering design and mould manufacturing technology (metal stamping and precise plastic injection moulds) accumulated over the past years can be enhanced to a higher level, keeping us in the forefront of the industry, and maintaining our reputation in the fields of moulding, metal stamping, precision plastic injection, component assembly; 2) we can continue to provide professional electronic manufacturing services to the existing EMS customers; 3) we can stand firm in the new business sectors; 4) we can establish a simple and smooth internal organizational structure with strong implementation power as well as a modern and highly efficient manufacturing enterprise with performance appraisal as its key management focus.

II. Consumer-related and Services Business

Yixing Business Hotel

1. Yixing Business Hotel Building will be built into a hotel namely the Castfast Hotel in Yixing with a total of 320 rooms. We will build a Yixing Platform based on the Fenggang successful model, including, among others, Fullhouse World, My Affection wedding service package, wedding photography base and multi-function rooms. All functions will be integrated and mutually supported, which could enhance operating efficiency and help us penetrate into the new market in Yixing. The Castfast Hotel in Yixing is currently undergoing interior decoration, which is expected to start a trial operation in 2014 and be put into operation in 2015.

Wedding Business

2. Competition is intense for the wedding industry in Hong Kong. Up to 700 exhibitors participate in wedding exhibitions of different sizes every year. It is necessary for an industry player to expand the market share and improve service quality to differentiate it from a large number of wedding companies. Accordingly, the first target for My Affection is to make ends meet. My Affection will take the following measures to achieve the above target:–

   (i) As a wedding platform, My Affection will strive to offer attractions and quality one-stop service package to independent photographers and cosmeticians in return for monthly joining fees, including renting out wedding dress in favorable terms and providing other wedding souvenirs. A mutually complementary and win-win situation will be achieved. It is anticipated that the joint service plan could attract dozens of joiners to use My Affection as a wedding service platform on a long term basis and that those joiners will be pleased to hand over customers to the attention of My Affection. Hence, My Affection will be able to expand its customer base and customer source.

   (ii) Developing creative and unique concept of the dress-designer team for the wedding gowns and formal suits of My Affection will be emphasized. For a new couple, they must visit My Affection in person and pick the wedding dress that suits themselves most.

   (iii) We will coordinate with each of our strong strategic partners, cooperative wedding companies and joiners to provide customers with different scopes of professional product and service of high quality, so as to free our customers from the trouble of hunting for a good wedding service company and save their time and efforts.

   (iv) We will strive to expand the source of income of My Affection by designing and producing a series of theme souvenirs up to international standard for wedding tourism, and distributing them on a wholesale basis.

   (v) We will cooperate with shopping malls to promote the photography package of My Affection. From 9 June 2013 to 13 June 2013, My Affection coordinated with Discovery Park, a large shopping mall, to hold an exhibition named "My Affection Dad Party". It exhibited oil paintings for family tree and pictures of graduation, kids and pets, and photo album, and promoted photography service through little games, instant-developed pictures and kids' world. In addition, it displayed products from Fullhouse World and four pop dolls from Fullhouse World performed on-the-spot to interact with visitors. Accordingly, the brands of My Affection and Fullhouse World are mutually benefited. The exhibition was well-received. Going ahead, My Affection will co-conduct similar promotion exhibitions with each of the big shopping malls.

Travel Service

3. Furthermore, One Travel will strive to:–

   (i) Focus on the development of photography business for overseas wedding and wedding photography tourism. By virtue of My Affection's professionalism in weddings and heightened recognition by the market, One Travel will develop more wedding tourism packages to offer perfect service.

   (ii) With supports from My Affection and Fullhouse World, One Travel will develop all-in-one products incorporating honeymoon travel and wedding photography in the PRC, Hong Kong, Singapore and Malaysia. This will take the form of package tickets which include overseas wedding services.

   (iii) By cooperating with overseas travel agencies, One Travel intends to attract overseas tourists to Hong Kong and the PRC through wedding tourism.

   (iv) Satisfy the ever-changing needs of the market by making honeymoon sightseeing our primary offer, complemented by wedding photography in popular countries.

Land and City Transformation

4. For the purpose of supporting the policy of land and city transformation in the future by Fenggang Town, PRC, the Group will be required to relocate, transform or construct new plants for the next financial year. The fixed assets investment will therefore increase. It is expected that the capital expenditure for the land and city transformation will amount approximately to HK$25,000,000 for the next financial year. A variety of different activities will be held in the transformed multi-functional convention and exhibition centre, including, among others, exhibitions and live concerts, while the brands of My Affection and Fullhouse World will be promoted to enhance its recognition and expand the market in the PRC.

Fullhouse World

5. In addition to catering services, Fullhouse World will add the function of wedding-related product retail to the restaurant to strengthen the brand effect. One thirds of the restaurant will be converted into an area for wedding photography and selling wedding products to increase operation efficiency and create a win-win situation.

   Fullhouse World's Hong Kong shop, which has been opened, will line up the wedding service packages from My Affection and services from One Travel. It will provide all kinds of tourism products with a concept of Fullhouse World under the "Full House Travel" brand name, which will bring to Fullhouse World a new combination of product offering in addition to catering in the future. Apart from Fullhouse World's catering operation, the Group has started to develop a Fullhouse World-themed hotel and park in the PRC. The Group will continue to expand its domestic business in the form of theme park under that Malaysian brand, which could inject new blood to the products of My Affection. The current six branches of Fullhouse World in Singapore and Malaysia will allow the exposure of My Affection elements, which give strong support for overseas wedding photography service provided by My Affection.

Overall Outlook

6. In general, the Group will strive to maintain a sound financial position, hold to the manufacture industry and support consumer and services business, thereby laying a foundation for business diversification. It is expected that both the manufacture operation and consumer and services business may record a profit within the next three years. The Group's sources of profit will be widened and shareholders could benefit from our future success. I would like to conclude my words by quoting a Chinese poem: "with echoes lingering on, our light boat has gone a long way".

The unaudited turnover of the Group for the two months ended 31 May 2013 was HK$278,020,000 (2012/13: HK$362,795,000), as the unaudited turnover for the two months may not be able to reflect the final results for the year ended 31 March 2014, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

FINANCIAL RESOURCES

Cash Generating Ability

With the improvement from the manufacturing operations, the financial position remains healthy. Net bank balances as at 31 March 2013 was about HK$35,248,000 and the net bank balance ratio was 4%. (As at 31 March 2012, net bank balances was about HK$36,786,000 and net bank balance ratio was 4%).

Non-current Assets to Shareholders' Fund Ratio staying below 1

The Non-current assets to Total Equity Ratio stayed at a healthy level of 76% (2011/12: 73%). This means that the Group is using long term shareholders' fund to finance non-current assets such as plants and machinery. The sole purpose of the existing bank borrowings is to finance the working capital.

Financing for Growth

As at 31 March 2013, the net bank balances were approximately HK$35,248,000. As more fund will be invested in the Yixing Business Hotel project and wedding business, we expect the net gearing ratio will stay at a level of below 25% for the financial year 2013/14. We are also following our house rule of using our profit after tax and proceeds from disposal of assets to finance our capital expenditures and new business:

HK$ million	Financing Capex by Profit					
	07/08	08/09	09/10	10/11	11/12	12/13
Profit after tax	13	20	9	22	3#	42
Depreciation	60	57	48	50	46	55
Proceeds of rights issue	122	–	–	–	–	–
Consideration satisfied by						
Issue of shares	–	–	–	124*@	–	–
Proceeds from assets disposal	–	–	7	–	176	22
	195	77	64	196	225	119
Less:						
Capex	199	115	83	174	112	107
Dividend/dividends to be distributed	4	9	6	10	10	24
(Deficit)/surplus	(8)	(47)	(25)	12	103	(12)
Net bank borrowings/(net bank balances)	52	(36)	(31)	72	(37)	(35)
Net gearing ratio/(net bank balances ratio)^	8%	(5%)	(4%)	8%	(4%)	(4%)

* Calculation based on the issue price at HK$0.425 per share for 291,000,000 shares

@ Shares were issued to settle the consideration for the acquisition of Yixing Karrie Commercial Building Development Co., Ltd.

Excluded gain on disposal of property and increase in fair value of investment properties

^ Bank borrowings less cash and bank balances and time deposit divided by total equity

Resources Available

Total bank borrowings are about HK$271,146,000. The Directors are confident that with the cash in hand and the bank balances of about HK$306,394,000 and the unutilised banking facilities of HK$1,161,874,000, the Group is able to meet its current operational and capital expenditure requirements and to make strategic investments when opportunities arise.

Exchange Rate Exposure

Most of the Group's assets, liabilities and transactions are denominated either in Hong Kong dollar, US dollar or RMB. As the exchange rates of the RMB against Hong Kong dollar and US dollar rose continuously during the relevant period, the Group was exposed to exchange rate fluctuation risks and pressure on its production cost. The Group will actively communicate with its customers in order to adjust the selling prices of its products to mitigate the impact of the appreciation of the RMB on its business.

Contingent Liabilities

As at 31 March 2013, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

At the end of March 2013, the Group had 4,910 employees (6,145 employees at the end of March 2012). With a good reputation in the local community, the Group has rarely encountered major difficulties in recruiting employees.

Employee remuneration packages are determined in accordance with prevailing market standards and the employee's performance and experience. The Group will also grant bonuses to employees with outstanding performance based on its own audited business performance and the appraisal and reward system. Other employee benefits include medical insurance, "Cooperative Home & Car Ownership Scheme" and mandatory provident fund.

Performance Based Incentives

The Group adopted performance based bonus system and more objective performance assessment. Employees with outstanding performance will receive bonus higher than what they would have received before the new system was implemented.

DIVIDEND

The Board has recommended to pay a final dividend of HK1.2 cents (2011/12: HK1 cent) per share to shareholders whose names appear on the register of members of the Company on 13 September 2013. Together with the interim dividend, total dividend paid for this year amounted to HK1.2 cents (2011/12: HK1 cent) per share. The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company to be held on 6 September 2013.

CLOSURES OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM to be held on 6 September 2013, the register of members of the Company will be closed from Tuesday, 3 September 2013 to Friday, 6 September 2013 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 2 September 2013.

Assuming that the final dividend is approved by the shareholders of the Company at the AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 12 September 2013 to Friday, 13 September 2013 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 September 2013. It is expected that the final dividend will be paid to those entitled on or around Thursday, 3 October 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 March 2013, the Company had applied the principles and complied with the requirements set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, except the following:

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not segregate the roles of its Chairman and Chief Executive Officer and Mr. Ho Cheuk Fai ("Mr. Ho") currently holds both positions.

Being the founder of the Group, Mr. Ho has substantial experience in the manufacturing industry, property development and cultural related business. At the same time, Mr. Ho has the appropriate skills and business acumen which are the pre-requisites for assuming the role of the Chief Executive Officer. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person would provide the Group with strong and consistent leadership and allows the Group to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board considers that there is no need to segregate the roles of the Chairman and the Chief Executive Officer and Mr. Ho shall continue in his dual capacity as the Chairman and the Chief Executive Officer.

According to Code Provision A.4.1 of the CG Code, Non-executive Director should be appointed for a specific term, subject to re-election. Mr. Ho Cheuk Ming was re-designated as Non-executive Director on 1 June 2007 and he was re-designated as Non-executive Director and Deputy Chairman on 1 May 2011 without a specific term. Mr. Ho Kai Man was re-designated as the Non-executive Director on 1 November 2012 without a specific term. Although Mr. Ho Cheuk Ming and Mr. Ho Kai Man are not appointed for a specific term, they are subject to retirement by rotation according to the Bye-laws of the Company.

Moreover, Code Provision A.4.2 of the CG Code stipulated that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's bye-laws, at each annual general meeting, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, the number nearest to one-third but not greater than one-third shall retire from office provided that notwithstanding anything in the Company's bye-laws, the Chairman of the Directors and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire each year. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and would then be eligible for re-election. With the introduction of the CG Code and to comply with Code Provision A.4.2 of the CG Code, the Chairman and/or the Managing Director of the Group will voluntarily retire at the annual general meeting at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure good corporate governance of the Company.

According to Code Provision A.5 of the CG Code, the Company should establish a nomination committee, which is chaired by the chairman of the Board or an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors. The Company has not established a nominee committee due to the fact that the function of the nomination committee was delegated to the Board, which is responsible for reviewing its own structure, size and composition annually and the re-appointment of Directors as well as assessing the independence of Independent Non-executive Directors. The Board has taken sufficient measures to avoid the conflict of interests in carrying out such functions. For instance, the relevant Director would abstain from voting for any resolution relating his or her own re-appointment. As such, the Board is of the view that the members of the Board possess the necessary experience and knowledge to discharge the functions of a nomination committee. The Board shall review the composition and operation of the Board from time to time and shall consider establishing a nomination committee if such need arises.

According to Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings in order to develop a balanced understanding of the views of shareholders.

Due to other business engagements, an Independent Non-executive Director and a Non-executive Director did not attend the special general meeting of the Company held on 22 June 2012 (the "SGM"). Furthermore, for the same reason, an independent non-executive director did not attend the annual general meeting of the Company held on 24 August 2012 ("AGM"). As a remedy and to achieve the spirit of Code Provision A.6.7 of the CG Code, all other Directors were present at the SGM and AGM to enable the Board to develop a balanced understanding of the view of the shareholders of the Company.

AUDIT COMMITTEE

The Company has established an audit committee made up of one Non-executive Director and three Independent Non-executive Directors whose duties include reviewing and supervising the Company's financial reporting process and internal control systems. The audit committee and the management have reviewed the accounting principles and major policies adopted by the Group and have discussed the auditing, internal control and financial reporting with the external auditors during the year. The audit committee has reviewed the consolidated results of the Group for the year ended 31 March 2013.

REVIEW OF ANNUAL RESULTS

The audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2013. 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 draft 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 June 2013. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 29 July 2013.

APPRECIATION

I would like to thank our customers, suppliers, bankers, shareholders and others who have extended their invaluable support to the Group, and my fellow Directors, managers and all staff for their considerable contributions to the Group.

By Order of the Board
Karrie International Holdings Limited
HO CHEUK FAI
Chairman

Hong Kong, 26 July 2013

As at the date of this announcement, the Executive Directors are: Messrs. Ho Cheuk Fai, Lee Shu Ki, Ms. Chan Ming Mui, Silvia and Zhao Kai; the Non-executive Directors are: Messrs. Ho Cheuk Ming and Ho Kai Man; the Independent Non-executive Directors are: Messrs. So Wai Chun, Chan Sui Sum, Raymond and Fong Hoi Shing.

* *For identification purpose only*