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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2013 (the "**Reporting Period**") prepared in accordance with the 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, 26 November 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 Prof. CHUNG Chi Ping Roy.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six months ended 30 September	
		2013	2012
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**488,496**	424,119
Cost of sales	*5*	**(374,077)**	(326,179)
Gross profit		**114,419**	97,940
Other (losses)/gains, net		**(590)**	273
Distribution and selling expenses	*5*	**(9,982)**	(9,627)
General and administrative expenses	*5*	**(66,743)**	(70,139)
Operating profit		**37,104**	18,447
Finance income		**367**	174
Finance costs		**(3,967)**	(2,215)
Profit before income tax		**33,504**	16,406
Income tax expenses	*6*	**(8,186)**	(3,668)
Profit for the period		**25,318**	12,738
Other comprehensive income for the period, net of tax			
Item that may be reclassified to profit or loss			
Currency translation differences		**6,581**	424
Total comprehensive income for the period		**31,899**	13,162
Profit/(loss) for the period attributable to:			
– Equity holders of the Company		**26,211**	12,738
– Non-controlling interests		**(893)**	–
		25,318	12,738
Total comprehensive income/(loss) attributable to:			
– Equity holders of the Company		**32,792**	13,162
– Non-controlling interests		**(893)**	–
		31,899	13,162
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted *(HK cents)*	*13*	**4.37**	2.83
Dividends	*14*	**7,800**	85,228

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2013

		As at	
		30 September 2013	31 March 2013
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	**315,809**	224,086
Intangible assets		**14,125**	11,305
Goodwill		**24,540**	24,540
Deferred income tax assets		**5,537**	5,565
Total non-current assets		**360,011**	265,496
Current assets			
Inventories	*8*	**120,394**	110,527
Trade and other receivables	*9*	**233,508**	229,215
Derivative financial asset		**–**	319
Restricted bank deposit		**23,400**	46,800
Cash and cash equivalents		**152,061**	218,678
Total current assets		**529,363**	605,539
Total assets		**889,374**	871,035

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)
AS AT 30 SEPTEMBER 2013

	Note	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
EQUITY			
Capital and reserves			
Share capital	*10*	**60,000**	60,000
Share premium		**26,135**	26,135
Reserves			
– Proposed dividends	*14*	**7,800**	12,000
– Others		**420,380**	395,388
Capital and reserves attributable to equity holders of the Company		**514,315**	493,523
Non-controlling interests		**5,224**	–
Total equity		**519,539**	493,523
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**14,754**	14,716
Current liabilities			
Trade and other payables	*11*	**185,049**	144,302
Bank borrowings	*12*	**158,540**	211,024
Current income tax liabilities		**11,492**	7,470
Total current liabilities		**355,081**	362,796
Total liabilities		**369,835**	377,512
Total equity and liabilities		**889,374**	871,035
Net current assets		**174,282**	242,743
Total assets less current liabilities		**534,293**	508,239

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2013		60,000	26,135	3,445	21,074	40,849	342,020	–	493,523
Comprehensive income/(loss)									
Profit/(loss) for the period		–	–	–	–	–	26,211	(893)	25,318
Other comprehensive income									
Currency translation differences		–	–	–	–	6,581	–	–	6,581
Total comprehensive income/(loss) for the period		–	–	–	–	6,581	26,211	(893)	31,899
Transaction with equity holders									
Dividends paid	*14*	–	–	–	–	–	(12,000)	–	(12,000)
Transfer of retained profits to statutory reserve		–	–	–	2,015	–	(2,015)	–	–
Non-controlling interests from formation of a subsidiary		–	–	–	–	–	–	6,117	6,117
Balance at 30 September 2013 (unaudited)		60,000	26,135	3,445	23,089	47,430	354,216	5,224	519,539

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

		Attributable to equity holders of the Company					
	Note	Share capital *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 period		–	–	–	–	12,738	12,738
Other comprehensive income							
Currency translation differences		–	–	–	424	–	424
Total comprehensive income for the period		–	–	–	424	12,738	13,162
Transactions with equity holders							
Issue of share capital	*10*	100	(100)	–	–	–	–
Dividends paid	*14*	–	–	–	–	(85,228)	(85,228)
Balance at 30 September 2012 (unaudited)		100	3,445	17,735	36,883	317,942	376,105

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. 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's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 October 2012 (the "Listing").

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").

This interim condensed consolidated financial information is presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

This interim condensed consolidated financial information was approved by the Board (the "Board") for issue on 26 November 2013.

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2013 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Certain comparative figures have been reclassified to conform with the financial information presentation adopted for the current period as below:

(a) The product assembly service fee income for the six months ended 30 September 2012 of HK$4,185,000 was reclassified from other income to revenue; and

(b) The segment information as mentioned in Note 4.

3. ACCOUNTING POLICIES

(a) New standards and amendments, revisions and interpretation to existing standards effective in 2013.

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 April 2013:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures
HKFRS 1 (Amendment)	First Time Adoption – Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transition Guidance
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement Project	Annual Improvements 2009–2011 Cycle

3. **ACCOUNTING POLICIES** (continued)

(a) New standards and amendments, revisions and interpretation to existing standards effective in 2013. (continued)

The amendment to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of this amendment affected presentation of other comprehensive income only and had no impact on the Group's results of operations or financial position.

As a result, the adoption of above new standards and amendments, revisions and interpretation to existing standards does not have material impact on the results and financial position of the Group.

(b) The following new standard, amendments and interpretation to standards have been issued but are not effective for the financial year beginning 1 April 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

The Group has already commenced an assessment of the related impact of adopting the above new standard, amendments 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-makers ("CODM") are identified as the executive directors and senior management.

In prior years, the CODM have determined the business segments by product type, namely "Office automation", "Medical and test equipment", "Finance equipment", "Consumer electronics" and "Network and data storage".

4. **SEGMENT INFORMATION** (continued)

During the six months ended 30 September 2013, the CODM have reassessed the nature of the Group's businesses and determined that business segments by manufacturing processes are more relevant. This new segment information is more comparable with information reported by other similar industry peers. Accordingly, the newly defined reportable segments are presented as follows:

(i) Manufacturing and sale of precision metal products involving metal stamping and computer numerical control ("CNC") sheet metal processing ("Metal stamping"); and

(ii) Manufacturing and sale of precision metal products involving lathing, machining and turning processes ("Metal lathing").

The CODM assess the performance of the operating segments based on segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the CODM are measured in a manner consistent with that in the interim condensed consolidated financial information.

Segment assets exclude deferred income tax assets, restricted bank deposit, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a Group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) The segment results are as follows:

(i) Six months ended 30 September 2013

	Metal stamping *HK$'000* **(Unaudited)**	**Metal lathing** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Segment revenue			
Sales	**352,034**	**136,591**	**488,625**
Intersegment sales	**(122)**	**(7)**	**(129)**
Sales to external customers	**351,912**	**136,584**	**488,496**
Cost of sales	**(294,880)**	**(79,197)**	**(374,077)**
Gross profit	**57,032**	**57,387**	**114,419**
Gross profit %	**16.2%**	**42.0%**	**23.4%**
Other losses, net			**(590)**
Distribution and selling expenses			**(9,982)**
General and administrative expenses			**(66,743)**
Operating profit			**37,104**
Finance income			**367**
Finance costs			**(3,967)**
Profit before income tax			**33,504**
Income tax expenses			**(8,186)**
Profit for the period			**25,318**

4. **SEGMENT INFORMATION** (continued)

(a) The segment results are as follows: (continued)

(ii) Six months ended 30 September 2012

	Metal stamping *HK$'000* (Unaudited)	Metal lathing *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue			
Sales	326,950	97,194	424,144
Intersegment sales	(15)	(10)	(25)
Sales to external customers	326,935	97,184	424,119
Cost of sales	(267,717)	(58,462)	(326,179)
Gross profit	59,218	38,722	97,940
Gross profit %	18.1%	39.8%	23.1%
Other gains, net			273
Distribution and selling expenses			(9,627)
General and administrative expenses			(70,139)
Operating profit			18,447
Finance income			174
Finance costs			(2,215)
Profit before income tax			16,406
Income tax expenses			(3,668)
Profit for the period			12,738

(b) The segment assets are as follows:

(i) As at 30 September 2013

	Metal stamping ***HK$'000*** **(Unaudited)**	**Metal lathing** ***HK$'000*** **(Unaudited)**	**Total** ***HK$'000*** **(Unaudited)**
Segment assets	**386,865**	**217,300**	**604,165**
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			**5,537**
Restricted bank deposit			**23,400**
Cash and cash equivalents			**152,061**
Other unallocated head office and corporate assets			**104,211**
Total assets			**889,374**

4. **SEGMENT INFORMATION** (continued)

(b) The segment assets are as follows: (continued)

(ii) As at 31 March 2013

	Metal stamping *HK$'000* (Unaudited)	Metal lathing *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment assets	357,728	201,076	558,804
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			5,565
Restricted bank deposit			46,800
Cash and cash equivalents			218,678
Other unallocated head office and corporate assets			41,188
Total assets			871,035

(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:

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The PRC	**323,934**	287,116
North America	**74,648**	52,701
Europe	**43,206**	30,603
Japan	**30,320**	29,082
Singapore	**9,621**	16,207
Oceania	**988**	827
South America	**719**	335
Other Asian countries excluding the PRC, Japan and Singapore	**5,060**	7,248
	488,496	424,119

4. SEGMENT INFORMATION (continued)

(d) The total of non-current assets, other than intangible assets, goodwill and deferred income tax assets of the Group as at 30 September and 31 March 2013 are as follows:

	As at	
	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**250,382**	217,696
Hong Kong	**65,427**	6,390
	315,809	224,086

5. EXPENSES BY NATURE

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Raw materials and consumables used	**206,580**	185,893
Changes in inventory of finished goods and work in progress	**(7,862)**	(532)
Employee benefit expenses	**118,890**	99,509
Processing fees	**39,931**	31,022
Depreciation of property, plant and equipment *(Note 7)*	**17,206**	13,722
Amortisation of intangible asset	**1,884**	1,884
Operating lease rental in respect of buildings	**15,193**	12,828
Research and development costs	**11,168**	10,569
Utilities expenses	**10,092**	8,461
Transportation, postage and courier expenses	**6,123**	5,870
Legal and professional fees		
– incurred for initial public offerings	**–**	14,542
– others	**2,302**	859
Auditors' remuneration	**478**	400
Others	**28,817**	20,918
Total cost of sales, distribution and selling expenses and general and administrative expenses	**450,802**	405,945
Represented by:		
Cost of sales	**374,077**	326,179
Distribution and selling expenses	**9,982**	9,627
General and administrative expenses	**66,743**	70,139
	450,802	405,945

6. INCOME TAX EXPENSES

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong	**4,212**	2,669
– The PRC	**3,908**	1,351
	8,120	4,020
Deferred income tax	**66**	(352)
Total	**8,186**	3,668

Income tax of the Group's entities has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the entities operate.

Below are the major tax jurisdictions that the Group operates in for the six months ended 30 September 2013 and 2012.

(a) Hong Kong profits tax

Hong Kong profits tax had been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

(b) The PRC enterprise income tax (the "PRC EIT")

The PRC EIT is provided on the assessable income of the Group's PRC subsidiaries, adjusted for items which are not taxable or deductible for the PRC EIT purpose. The PRC EIT tax rates for the six months ended 30 September 2013 and 2012 were 15% to 25% and 12.5% to 25% respectively.

7. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
At 1 April	**224,086**	181,873
Additions	**106,866**	59,027
Disposals	**(1,026)**	(527)
Depreciation	**(17,206)**	(13,722)
Currency translation differences	**3,089**	766
At 30 September	**315,809**	227,417

8. INVENTORIES

	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Raw materials	**33,532**	31,527
Work in progress	**33,883**	29,824
Finished goods	**52,979**	49,176
	120,394	110,527

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Trade receivables *(Note (a))*	**208,303**	183,502
Prepayments, deposits and other receivables	**25,205**	45,713
	233,508	229,215

Note:

(a) The Group normally grants credit periods of 30 to 90 days (As at 31 March 2013: 30 to 90 days). The ageing analysis of trade receivables (including trade receivables from related companies) is as follows:

	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Up to 3 months	**199,760**	174,529
3 to 6 months	**7,207**	6,854
6 months to 1 year	**1,336**	1,151
1 to 2 years	**–**	968
	208,303	183,502

10. 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
		HK$'000
The Company		
At 1 April 2012	1	–
Issue of new shares *(Note (a))*	999,999	100
At 30 September 2012	1,000,000	100
Issue of new shares pursuant to the global offering *(Note (b))*	150,000,000	15,000
Capitalisation of shares *(Note (b))*	449,000,000	44,900
At 31 March and 30 September 2013	600,000,000	60,000

Notes:

(a) 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.

(b) 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.

11. TRADE AND OTHER PAYABLES

	As at	
	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(Note (a))*		
– third parties	**137,244**	100,279
– related companies	**1,410**	801
	138,654	101,080
Accrual, deposits and other payables	**44,845**	30,434
Considerations payable for acquisition of business *(Note (b))*	**1,550**	12,788
	185,049	144,302

Notes:

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

	As at	
	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Up to 3 months	**135,960**	97,915
3 to 6 months	**2,024**	2,700
6 months to 1 year	**643**	358
1 to 2 years	**27**	107
	138,654	101,080

(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 and had been settled after the period end.

12. BANK BORROWINGS

	As at 30 September 2013 *HK$'000* (Unaudited)	31 March 2013 *HK$'000* (Audited)
Bank overdrafts	**1,179**	1,176
Short-term bank borrowings	**60,000**	70,000
Portion of long-term bank borrowings due for repayment within one year	**47,956**	66,742
Portion of long-term bank borrowings due for repayment after one year which contain a repayment on demand clause	**49,405**	73,106
	158,540	211,024

The interest-bearing bank borrowings, including the bank borrowings repayable on demand, are carried at amortised cost. None of the portion of bank borrowings 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.

The Group's bank borrowings and bank overdrafts 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:

	As at 30 September 2013 *HK$'000* (Unaudited)	31 March 2013 *HK$'000* (Audited)
Within 1 year	**109,134**	137,918
Between 1 and 2 years	**49,206**	47,400
Between 2 and 5 years	**200**	25,706
	158,540	211,024

13. EARNINGS PER SHARE

Basic and diluted earnings per share

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company *(HK$'000)*	**26,211**	12,738
Weighted average number of shares in issue *('000)*	**600,000**	450,000
Basic and diluted earnings per share *(HK cents per share)*	**4.37**	2.83

Basic earnings per share for the six months ended 30 September 2013 is calculated by dividing the profit attributable to equity holders of the Company by 600,000,000 ordinary shares in issue during the period.

Basic earnings per share for the six months ended 30 September 2012 was calculated based on the profit attributable to equity holders of the Company, and on the assumption that capitalisation issue of 449,000,000 ordinary shares have been in issue throughout the period.

The Group had no potentially dilutive ordinary share (i.e. share options and warrants) in issue during the six months ended 30 September 2013 and 2012.

14. DIVIDENDS

The Board proposed an interim dividend of HK1.3 cents per share for the six months ended 30 September 2013. This proposed dividend is not reflected as dividend payable in these interim condensed consolidated financial information, but will be reflected as an appropriation of retained profits for the year ending 31 March 2014.

The final dividend of HK$12,000,000 for the year ended 31 March 2013 was paid in September 2013.

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 shareholders. As at 30 September 2012, the dividend had been fully paid by the Group.

15. COMMITMENTS

(a) Capital commitments

	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Authorised but not contracted for		
– Construction costs	**134,747**	–
Contracted but not provided for		
– Leasehold land and buildings	**13,731**	63,426
– Capital investment	**–**	7,235
	13,731	70,661

(b) Operating lease commitments

	As at 30 September 2013 HK$'000 (Unaudited)	31 March 2013 HK$'000 (Audited)
Within 1 year	**27,421**	25,655
Later than 1 year and not later than 5 years	**94,956**	84,676
Later than 5 years	**2,218**	11,773
	124,595	122,104

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.

16. SUBSEQUENT EVENT

The Group has no material subsequent events up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The interim results and the interim condensed consolidated financial information of the Group for the Reporting Period, after review by the audit committee of the Company (the "Audit Committee") and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, were approved by the Board on 26 November 2013.

Revenue for the Reporting Period reached approximately HK$488.5 million, representing an increase of 15.2% over the corresponding period last year. The Group recorded a net profit of approximately HK$25.3 million for the Reporting Period which increased approximately 99.2% as compared to the net profit of approximately HK$12.7 million for the corresponding period in 2012. The increase was mainly contributed by the increase in revenue during the Reporting Period and the fact that the Group did not further incur any listing expenses. For the six months ended 30 September 2012, one-off listing expenses amounted to approximately HK$14.5 million was incurred. The above effect was partly offset by the increase in general and administrative expenses, finance costs, and income tax expenses, as compared to the corresponding period in 2012.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2013, revenue of the Group reached approximately HK$488.5 million, representing an increase of approximately HK$64.4 million or 15.2% from approximately HK$424.1 million for the corresponding period last year. Set out below is a breakdown of our revenue by business segments:

	Six months ended 30 September			
	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)	
Metal Stamping	**351,912**	**72.0**	326,935	77.1
Metal Lathing	**136,584**	**28.0**	97,184	22.9
	488,496	**100.0**	424,119	100.0

During the Reporting Period, the Group had redefined its business segment in order to better describe our business activities and to align with market practice and enhance comparability. Under the new segment classification, our business activities are categorised by the manufacturing process by which we produce products to customers, namely, metal stamping and metal lathing.

Metal stamping is the process of bending, forming and cutting a sheet metal into the desired shape and size through the use of a die on a stamping machine. It includes computer numerical control ("CNC") metal plate processing which is also used for producing stamped metal parts. The metal stamping process is usually employed to produce products to customers engaged in various industries, including office automation, medical and test equipment, finance equipment, network and data storage, and consumer electronics. Metal lathing includes two categories of metal production processes, namely cam-operated automatic lathing and CNC lathing. It is a metal cutting operation, in which a work piece is fast spinning while the blade is moving on a plane in a linear or curvilinear track, so as to remove excess material from a work piece to produce parts in desired shapes. The process is used to shape the inner and outer cylindrical surface, end surface, cone surface, finished surface and screw thread, etc. The metal lathing process is usually employed to produce products mainly to customers engaged in the consumer electronics and medical and test equipment industries.

Revenue from the metal stamping segment increased by approximately HK$25.0 million or 7.6% from approximately HK$326.9 million for the six months ended 30 September 2012 to approximately HK$351.9 million for the six months ended 30 September 2013. The improvement was mainly due to a number of our customers introducing new product models to the market during the period and placed more orders to the Group. However, the increase was partly offset by the phasing out of certain low margin office automation products.

Revenue from the metal lathing segment increased approximately HK$39.4 million or 40.5% from approximately HK$97.2 million for the six months ended 30 September 2012 to approximately HK$136.6 million for the six months ended 30 September 2013. The improvement was mainly caused by the rebound of orders from our Ultimate Customer (as defined in our prospectus for global offering dated 28 September 2012 (the "Prospectus")) during the Reporting Period.

As stated in the Prospectus, our Ultimate Customer had gradually ceased to engage one of our major customers for procurement of related metal parts at the beginning of 2012. Instead, from June 2012 onward, the 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 that major customer. As a result, the Group experienced significant drop in revenue from this segment during the transitional period which happened in the corresponding period last year.

After the transitional period, purchase orders placed by the two sub-contracting manufacturers of the Ultimate Customer gradually increased to the normal level which led to a rebound of our revenue. At the same time, the Group was engaged by other customers which are also sub-contracting manufacturers of our Ultimate Customer to produce other metal parts which are ultimately used in the main product and accessory products of the Ultimate Customer. The mass production of the product for these customers had commenced during the period ended 30 September 2013.

The PRC, North America, Europe and Japan continued to be the major markets of our Group's products. They accounted for approximately 66.3%, 15.3%, 8.8% and 6.2% of our Group's revenue respectively for the six months ended 30 September 2013. Details of revenue generated by different geographical location are set out in Note 4(c) of this interim results announcement.

Cost of sales

Cost of sales primarily comprises of the direct costs associated with the manufacturing of our products. It 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:

	Six months ended 30 September			
	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited)	
Direct materials	**206,580**	**55.2**	185,893	57.0
Direct labour	**88,292**	**23.6**	73,924	22.7
Processing fee	**39,931**	**10.7**	31,022	9.5
Other direct overheads	**39,274**	**10.5**	35,340	10.8
	374,077	**100.0**	326,179	100.0

During the six months ended 30 September 2013, cost of sales of the Group increased by approximately 14.7% or HK$47.9 million as compared to the corresponding period last year. The increase was largely in line with the growth in total revenue. The percentage of cost of sales to the total revenue was approximately 76.6%, representing a decrease of 0.3%, as compared to approximately 76.9% in the corresponding period of last year. This was primarily due to the increase in the portion of revenue generated from the metal lathing segment in which less direct materials were consumed.

Gross profit and gross profit margin

During the six months ended 30 September 2013, our gross profit was approximately HK$114.4 million, representing an increase of approximately 16.9% as compared to the corresponding period in 2012. It was mainly due to increase in overall sales by approximately 15.2%.

For the period ended 30 September 2013, the gross profit margin of the Group was approximately 23.4% which increased by 0.3% as compared to approximately 23.1% in the corresponding period in 2012. As explained, this was primarily due to the increase in revenue generated from the high margin metal lathing segment. As a percentage of total revenue, the revenue from the metal lathing segment increased from approximately 22.9% for the six months ended 30 September 2012 to approximately 28.0% for the six month period ended 30 September 2013, which in turn resulted in an increase of approximately 2.6% of the Group's gross profit margin. Such impact was partly offset by the reduction in gross profit margin of the Group's metal stamping segment from approximately 18.1% for the period ended

30 September 2012 to approximately 16.2% for the period ended 30 September 2013. This contributed to a decrease of approximately 2.3% of the Group's gross profit margin. For details of the gross profit margin of the Group's two business segments, please refer to Note 4(a) of this interim results announcement.

Other (losses)/gains, net

During the six months ended 30 September 2013, the Group recorded other losses, net which amounted to approximately HK$0.6 million. In the corresponding period of 2012, the Group recorded other gains, net of approximately HK$0.3 million.

In the six months ended 30 September 2013, the Group incurred net exchange losses which amounted to approximately HK$1.5 million. During the period ended 30 September 2012, net exchange losses of approximately HK$0.7 million was recorded. Exchange losses had arisen mainly because the settlement currency between the Group and a number of our major customers is United States dollar. Due to gradual appreciation of the Renminbi, the Group recorded net exchange losses when those customers settles the trade balance due to the Group.

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 for the sales and marketing staff, travelling and transportation costs, and marketing expenses. Distribution and selling expenses were approximately HK$10.0 million and HK$9.6 million for the six months ended 30 September 2013 and 2012, respectively. Our distribution and selling expenses remained steady compared to the corresponding period last year.

General and administrative expenses

General and administrative expenses comprised primarily of salaries and related costs for key management, our finance and administration staff, rental expenses, depreciation, audit fees, and professional and related costs incurred by the Group.

The general and administrative expenses of the Group decreased from approximately HK$70.1 million for the six months ended 30 September 2012 to approximately HK$66.7 million for the six months ended 30 September 2013.

The decrease was a combined effect of (i) the one-off listing expenses of approximately HK$14.5 million incurred for the six months ended 30 September 2012 was not incurred in the Reporting Period; (ii) there was an increase in remuneration of directors, senior and administrative staff; (iii) there was an increase in the legal and professional fee mainly paid to our legal and compliance advisors; and (iv) additional operational costs was incurred by a newly established subsidiary.

Finance costs

Our finance costs of approximately HK$4.0 million (for the six months ended 30 September 2012: approximately HK$2.2 million) represented interest expenses on bank borrowings. Increase in finance costs were mainly due to more bank borrowings drawn down during the period as compared to same period last year and a higher average interest rate for the six months ended 30 September 2013, as compared to the corresponding period last year.

Income tax expenses

Our income tax expenses amounted to approximately HK$8.2 million and HK$3.7 million, for the period ended 30 September 2013 and 2012, respectively. The increase was attributable primarily to the higher taxable profit recorded for the period ended 30 September 2013.

Our effective tax rate increased from approximately 22.4% for the period ended 30 September 2012 to approximately 24.4% for the period ended 30 September 2013. The increase of the effective tax rate was mainly due to the fact that two of our PRC subsidiaries ceased to enjoy the PRC 5-Year Tax Concession and were subject to a normal corporate income tax rate of 25%. In the corresponding period last year, those subsidiaries were subject to a concessionary corporate income tax rate of 12.5%.

Profit attributable to equity holders of the Company

For the six months ended 30 September 2013, profit attributable to equity holders of the Company amounted to approximately HK$26.2 million, representing an increase of 105.8% as compared to the corresponding period in 2012. The increase of net profit was mainly attributable to the increase in revenue during the Reporting Period and the fact that the Group did not further incur any listing expenses. For the six months ended 30 September 2012, one off listing expenses which amounted to approximately HK$14.5 million was incurred. The above effect was partly offset by the increase in general and administrative expenses, finance costs, and income tax expenses, as compared to the corresponding period in 2012.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources and liquidity

Our current assets comprise mainly of cash and bank balances, trade and other receivables and inventories. Our total current assets amounted to approximately HK$529.4 million and HK$605.5 million as at 30 September 2013 and 31 March 2013 respectively, which represented approximately 59.5% and 69.5% of our total assets as at 30 September 2013 and 31 March 2013, respectively.

Capital structure

The Group's capital structure is summarised as follows:

	As at 30 September 2013	**31 March 2013**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank borrowings	**157,361**	209,848
Bank overdrafts	**1,179**	1,176
Total debts	**158,540**	211,024
Less: Cash and cash equivalents	**(152,061)**	(218,678)
Restricted bank deposit	**(23,400)**	(46,800)
Net cash	**(16,921)**	(54,454)
Shareholders' equity	**519,539**	493,523
Total capitalisation*	**519,539**	493,523
Gearing ratio		
– Total debt to shareholders' equity ratio#	**30.5%**	42.8%
– 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 periods*

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

The Group's primary sources of funds came from cash generated from operating activities. Our Group had recorded net cash inflow from operating activities of approximately HK$82.9 million and HK$44.5 million for the period ended 30 September 2013 and 2012, respectively.

Details of the Group's bank loans and other borrowings as at 30 September 2013 are set out in Note 12 in this interim results announcement.

The capital structure of the Group consists of equity attributable to the equity holders of the Company (comprising issued share capital and reserves) and bank borrowings. 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 six months ended 30 September 2013, the Group acquired property, plant and equipment of approximately HK$106.9 million as compared to the six months ended 30 September 2012 of approximately HK$59.0 million.

During the six months ended 30 September 2013, the Group had purchased a piece of land in Suzhou with land premium amounted to approximately HK$31.0 million, an office for the Group's headquarter in Hong Kong amounted to approximately HK$46.5 million, and other property, plant and equipment of approximately HK$29.4 million during the normal and ordinary course of our business.

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

Charges on the Group's assets

As at 30 September 2013, the Group's bank borrowings and bank overdrafts of HK$121,873,000 (as at 31 March 2013: HK$161,024,000) were secured by bank deposits of HK$23,400,000 (as at 31 March 2013: HK$46,800,000).

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. The 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 United States dollars.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Save for bank borrowings denominated in Renminbi as discussed below, the 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

In August 2011, the Group 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 the contract had expired in August 2013. As at 30 September 2013, the Group did not hold any derivative financial instruments

Capital commitments and operating lease commitments

Details of the Group's capital commitments and operating lease commitments as at 30 September 2013 are set out in Note 15(a) and Note 15(b) in this interim results announcement.

Contingent liabilities

As at 30 September 2013, the Group had no material contingent liabilities.

BUSINESS REVIEW

In spite of the uncertainty in the United States ("US") and European markets which continued to cloud the pace of global recovery of the economy, the Group saw steady and continued improvement in our business performance and business fundamentals during the Reporting Period.

During the six months ended 30 September 2013, the Group recorded revenue which amounted to approximately HK$488.5 million. It shows an increase of approximately HK$64.4 million, or 15.2% as compared to approximately HK$424.1 million for the corresponding period in 2012. The growth in revenue was fueled by a combination of factors. In the metal stamping segment, there was a continued rise in orders from customers engaged in the medical and test equipment sector and office automation sector, mainly caused by the launching of new product models by these customers. Although the up-trend was partly offset by our Group's exercise to restructure our product portfolio, in which we phased out certain low margin products, the segment generated approximately 7.6% more revenue than the corresponding period last year.

In the metal lathing segment, the Group recorded vibrant growth of approximately 40.5% against the same period last year. During the six months ended 30 September 2013, revenue generated by the metal lathing segment was approximately HK$136.6 million, representing a hike of approximately HK$39.4 million as compared to the same period in 2012. Such growth was mainly contributed by the rebound of orders from our Ultimate Customer after the fourth quarter of 2012. Apart from this, during the six months ended 30 September 2013, the Group was also engaged by certain other subcontractors of the Ultimate Customer to produce other metal components which are used in the products or accessories of our Ultimate Customer. We believed that following a series of direct negotiation with the Ultimate Customer in 2012, we had developed long term secured business relationship with the Ultimate Customer, which is beneficial to our business development in the years to come.

As part of the Group's strategic plan, the Group's first product assembly facilities had come to full operation in December 2012. The assembly operation formed part of our strategic downward expansion from the provision of precision metal engineering and processing service, to a one-stop full scale service to our customers. By providing additional value-added service to our customers, we are able to open new windows of business opportunities with our customers, and enhance our Group's competitiveness and profitability. During the six months ended 30 September 2013, the product assembly operation had begun to contribute value towards such goal.

Apart from the above, the Group was also making progress regarding the development of our Suzhou production base, which is intended to be used as a comprehensive production base to serve nearby customers who are engaged in the medical and test equipment industry. As of the date of this interim results announcement, the design of the new Suzhou base has been finalised. With a gross area of approximately 52,000 sq. m., management is optimistic that, if completed, the new site will provide us with sufficient production capacity to expand into the medical and test equipment industry which has promising profit margin.

With our continued effort in the Group's strategic development, we believe that our Group is well-positioned to expand our business continuously.

OUTLOOK AND STRATEGY

Although under continued uncertain economic atmosphere and competition, the Group has continued to focus on our business fundamentals and endeavor to mitigate business risks. We believe that the fast expanding PRC precision metal and precision engineering market is still far from saturation and has plenty of room to allow quality and well-managed industry players to expand its market share. Compounded with the expected recovery of the global economy, we are cautiously optimistic about the business environment in the foreseeable future.

In order to capture the opportunity presented before us, the Group shall continue to maintain close relationship with our customers in our traditional market, and sort out effective measures to reduce increasing production cost. The Group will continue our effort in enhancing cost management and production efficiency through the use of robotic automation in our production process in order to counter the increasing staff cost in the PRC and enhance production efficiency.

On the other hand, our Group will continue to explore new business and products in high value and high growth industries, such as the medical and test equipment and the consumer electronics industries. We will closely monitor the development progress of our Suzhou production base, which is intended to capture the high value medical and test equipment market. Besides, our Group is also expanding our existing business model to develop our own-branded kiosk products.

With our solid long term relationship with our major customers, our extensive business knowledge in the industry, and our core values of commitment to top product quality, we would dedicate to maximise the returns to our shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group had a total number of 2,914 full-time employees (as at 30 September 2012: 2,897). The Group determined the remuneration packages of all employees based on several factors including individual qualifications, contribution to the Group, performance and years of experience of the respective staff.

The 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 regards to industry quality and work safety.

The 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 Reporting Period.

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

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 October 2012 and raised net proceeds of approximately HK$85.6 million. As at 30 September 2013, the unused proceeds of approximately HK$52.0 million were deposited with licensed banks in Hong Kong.

As at 30 September 2013, the net proceeds had been utilised as follows:

	Actual net proceeds *HK$ million*	**Actual utilisation up to 30 September 2013** *HK$ million* *(Note #)*	**Balance as at 30 September 2013** *HK$ million*
For the purchase of a piece of land in Suzhou	58.0	33.6	24.4
For the construction of production facilities in Suzhou	27.6	–	27.6
	85.6	33.6	52.0

Note #: include the land premium of approximately HK$31.0 million and other taxes and charges levied by the PRC government which amounted to approximately HK$2.6 million in the process of the acquisition

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 September 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 during the six months ended 30 September 2013.

INTERIM DIVIDEND

The Board declared an interim dividend of HK1.3 cents per ordinary share for the six months ended 30 September 2013 to eligible shareholders whose names appear on the register of members of the Company on Monday, 23 December 2013. The interim dividends will be payable in cash on or about Wednesday, 15 January 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 December 2013 to Friday, 27 December 2013, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed interim dividend for the six months ended 30 September 2013, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 December 2013.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Group has no material subsequent events after the Reporting Period up to the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules with written terms of reference formulated for the committee.

The Audit Committee has reviewed the Group's interim condensed consolidated financial information for the six months ended 30 September 2013 and had discussed the financial information with management and the independent auditor of the Company. The Audit Committee is of the opinion that the preparation of such financial report has complied with the standard and requirements and that adequate disclosures have been made.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED CORPORATIONS

During the six months ended 30 September 2013, the Group did not conduct any substantial acquisitions or disposals for its subsidiaries or associated corporations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 September 2013.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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 interim report for the six months ended 30 September 2013 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the said websites in due course.