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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3816)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of KFM Kingdom Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 March 2015 prepared in accordance with relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the year ended 31 March 2014.

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

Hong Kong, 25 June 2015

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	4	**1,038,211**	945,798
Cost of sales	5	**(788,657)**	(737,936)
Gross profit		**249,554**	207,862
Other gains, net		**101**	125
Distribution and selling expenses	5	**(30,764)**	(22,381)
General and administrative expenses	5	**(167,314)**	(142,093)
Operating profit		**51,577**	43,513
Finance income		**847**	739
Finance costs		**(4,125)**	(6,715)
Profit before income tax		**48,299**	37,537
Income tax expenses	6	**(19,174)**	(2,525)
Profit for the year		**29,125**	35,012
Other comprehensive (loss)/income for the year, net of tax			
Item that may be reclassified to profit or loss			
Currency translation differences		**(974)**	354
Total comprehensive income for the year		**28,151**	35,366
Profit/(loss) for the year attributable to:			
– Equity holders of the Company		**31,473**	36,383
– Non-controlling interests		**(2,348)**	(1,371)
		29,125	35,012
Total comprehensive income/(loss) attributable to:			
– Equity holders of the Company		**30,499**	36,737
– Non-controlling interests		**(2,348)**	(1,371)
		28,151	35,366
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (HK cents)	7	**5.25**	6.06
Dividends	8	**12,000**	19,800

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	**2015** **HK$'000**	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**387,900**	300,841
Leasehold land and land use rights	10	**25,546**	26,023
Intangible assets		**7,273**	11,771
Goodwill		**22,502**	24,540
Deferred income tax assets		**5,502**	4,764
Total non-current assets		**448,723**	367,939
Current assets			
Inventories	11	**118,066**	138,942
Trade and other receivables	12	**220,504**	199,560
Current income tax recoverable		**676**	3,861
Available-for-sale financial assets		**–**	12,500
Restricted bank deposit		**–**	23,400
Cash and cash equivalents		**158,627**	105,390
Total current assets		**497,873**	483,653
Total assets		**946,596**	851,592
EQUITY			
Capital and reserves			
Share capital	13	**60,000**	60,000
Share premium		**26,135**	26,135
Reserves			
– Proposed dividends	8	**–**	3,000
– Others		**442,824**	421,325
Capital and reserves attributable to equity holders of the Company		**528,959**	510,460
Non-controlling interests		**6,998**	4,746
Total equity		**535,957**	515,206

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**12,746**	10,762
Current liabilities			
Trade and other payables	14	**188,818**	169,888
Bank borrowings	15	**197,782**	150,634
Derivative financial liabilities		**3,922**	–
Current income tax liabilities		**7,371**	5,102
Total current liabilities		**397,893**	325,624
Total liabilities		**410,639**	336,386
Total equity and liabilities		**946,596**	851,592
Net current assets		**99,980**	158,029
Total assets less current liabilities		**548,703**	525,968

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

		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 2014		**60,000**	**26,135**	**3,445**	**24,009**	**41,203**	**355,668**	**4,746**	**515,206**
Comprehensive income									
Profit/(loss) for the year		–	–	–	–	–	**31,473**	**(2,348)**	**29,125**
Other comprehensive loss									
Currency translation differences		–	–	–	–	**(974)**	–	–	**(974)**
Total comprehensive (loss)/ income for the year		–	–	–	–	**(974)**	**31,473**	**(2,348)**	**28,151**
Transactions with equity holders									
Dividends paid	8	–	–	–	–	–	**(12,000)**	–	**(12,000)**
Transfer of retained profits to statutory reserve		–	–	–	**4,606**	–	**(4,606)**	–	–
Contribution from non-controlling interests upon the formation of subsidiaries		–	–	–	–	–	–	**4,600**	**4,600**
Balance at 31 March 2015		**60,000**	**26,135**	**3,445**	**28,615**	**40,229**	**370,535**	**6,998**	**535,957**

		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									
Profit/(loss) for the year		–	–	–	–	–	36,383	(1,371)	35,012
Other comprehensive income									
Currency translation differences		–	–	–	–	354	–	–	354
Total comprehensive income/ (loss) for the year		–	–	–	–	354	36,383	(1,371)	35,366
Transactions with equity holders									
Dividends paid	8	–	–	–	–	–	(19,800)	–	(19,800)
Transfer of retained profits to statutory reserve		–	–	–	2,935	–	(2,935)	–	–
Contribution from non-controlling interests upon the formation of a subsidiary		–	–	–	–	–	–	6,117	6,117
Balance at 31 March 2014		60,000	26,135	3,445	24,009	41,203	355,668	4,746	515,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (the "**Stock Exchange**") 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 and lathing services, and the manufacturing and sales of fine metal products (the "**Group's Businesses**").

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the disclosure provision of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial liabilities, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and comparative period.

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.

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "**Board**") on 25 June 2015.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 March 2014, as described in those annual financial statements.

(i) New and amended standards and interpretations adopted by the Group:

The following new and amended standards are mandatory for the first time for the financial year beginning on or after 1 April 2014 and relevant to the Group.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)–Int 21	Levies

The adoption of the above new and amended standards does not have material impact on the results and financial position of the Group.

(ii) New and amended standards and interpretation to existing standards that have been issued but are not yet effective for the financial year beginning 1 April 2014 and that have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 July 2014
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments and interpretation to existing standards but is not yet in a position to state whether they will have a significant impact on its reported results of operations and financial position. The Group intends to adopt these new standards, amendments and interpretation to existing standards when they become effective.

4 SEGMENT INFORMATION

The chief operating decision-makers ("**CODM**") are identified as the executive directors and senior management.

The CODM have assessed the nature of the Group's businesses and determined that the Group has two business segments which are defined by manufacturing processes 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.

Segment assets exclude deferred income tax assets, restricted bank deposit, cash and cash equivalents, current income tax recoverable, available-for-sale financial assets, and other unallocated head office and corporate assets as these assets are managed on a Group basis.

Segment liabilities exclude deferred income tax liabilities, bank borrowings, derivative financial liabilities, current income tax liabilities and other unallocated head office and corporate liabilities.

Capital expenditures comprise of additions to property, plant and equipment and leasehold land and land use rights.

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 information provided to the executive directors and senior management collectively for the reportable segments is as follows:

(i) For the year ended 31 March 2015:

	Metal stamping *HK$'000*	**Metal lathing** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Sales	**783,860**	**254,391**	**1,038,251**
Intersegment sales	**(31)**	**(9)**	**(40)**
Sales to external customers	**783,829**	**254,382**	**1,038,211**
Cost of sales	**(626,048)**	**(162,609)**	**(788,657)**
Gross profit	**157,781**	**91,773**	**249,554**
Unallocated expenses, net			**(197,977)**
Operating profit			**51,577**
Finance income			**847**
Finance costs			**(4,125)**
Profit before income tax			**48,299**
Income tax expenses			**(19,174)**
Profit for the year			**29,125**
Segment depreciation	**16,942**	**18,929**	**35,871**
Unallocated depreciation			**4,561**
			40,432
Segment amortisation	**1,420**	**–**	**1,420**
Unallocated amortisation			**3,769**
			5,189
Impairment charge on goodwill	**2,038**	**–**	**2,038**

(a) The segment information provided to the executive directors and senior management collectively for the reportable segments is as follows: (continued)

(ii) For the year ended 31 March 2014:

	Metal stamping *HK$'000*	Metal lathing *HK$'000*	Total *HK$'000*
Segment revenue			
Sales	692,489	253,559	946,048
Intersegment sales	(242)	(8)	(250)
Sales to external customers	692,247	253,551	945,798
Cost of sales	(584,912)	(153,024)	(737,936)
Gross profit	107,335	100,527	207,862
Unallocated expenses, net			(164,349)
Operating profit			43,513
Finance income			739
Finance costs			(6,715)
Profit before income tax			37,537
Income tax expenses			(2,525)
Profit for the year			35,012
Segment depreciation	16,857	16,378	33,235
Unallocated depreciation			1,512
			34,747
Segment amortisation	909	–	909
Unallocated amortisation			3,769
			4,678

(b) The segment assets and liabilities are as follows:

(i) As at 31 March 2015:

	Metal stamping *HK$'000*	Metal lathing *HK$'000*	Total *HK$'000*
Segment assets	**503,520**	**174,875**	**678,395**
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			**5,502**
Current income tax recoverable			**676**
Cash and cash equivalents			**158,627**
Other unallocated head office and corporate assets			**103,396**
Total assets			**946,596**
Segment liabilities	**164,407**	**22,426**	**186,833**
Reconciliation			
Corporate and other unallocated liabilities			
Deferred income tax liabilities			**12,746**
Bank borrowings			**197,782**
Derivative financial liabilities			**3,922**
Current income tax liabilities			**7,371**
Other unallocated head office and corporate liabilities			**1,985**
Total liabilities			**410,639**
Segmental capital expenditures	**112,819**	**14,934**	**127,753**
Reconciliation			
Other unallocated head office and corporate capital expenditures			**2,842**
Total capital expenditures			**130,595**

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

(ii) As at 31 March 2014:

	Metal stamping *HK$'000*	Metal lathing *HK$'000*	Total *HK$'000*
Segment assets	409,017	185,153	594,170
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			4,764
Current income tax recoverable			3,861
Available-for-sales financial assets			12,500
Restricted bank deposit			23,400
Cash and cash equivalents			105,390
Other unallocated head office and corporate assets			107,507
Total assets			851,592
Segment liabilities	143,591	24,601	168,192
Reconciliation			
Corporate and other unallocated liabilities			
Deferred income tax liabilities			10,762
Bank borrowings			150,634
Current income tax liabilities			5,102
Other unallocated head office and corporate liabilities			1,696
Total liabilities			336,386
Segmental capital expenditures	61,673	7,622	69,295
Reconciliation			
Other unallocated head office and corporate capital expenditures			71,708
Total capital expenditures			141,003

(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:

	2015 ***HK$'000***	2014 *HK$'000*
The PRC	**681,851**	632,812
North America	**200,201**	152,527
Europe	**83,033**	79,014
Japan	**36,433**	52,492
Singapore	**19,114**	15,519
Oceania	**3,339**	1,845
South America	**821**	940
Other Asian countries excluding the PRC, Singapore and Japan	**13,419**	10,649
	1,038,211	945,798

(d) The total of non-current assets, other than intangible assets, goodwill and deferred income tax assets of the Group as at 31 March 2015 and 2014 are as follows:

	2015	2014
	HK$'000	*HK$'000*
The PRC	**340,462**	250,374
Hong Kong	**72,984**	76,490
	413,446	326,864

(e) During each of the years ended 31 March 2015 and 2014, revenue derived from one customer accounted for 10% or more of the Group's total revenue. This customer was in the metal stamping segment.

The revenue attributed from this customer is as follows:

	2015	2014
	HK$'000	*HK$'000*
Segment of which this customer belong to		
Metal stamping	**114,337**	112,610

5 EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
Raw materials and consumables used	**412,074**	422,781
Changes in inventory of finished goods and work in progress	**20,202**	(28,345)
Employee benefit expenses	**253,838**	238,609
Processing fees	**89,871**	74,801
Depreciation of property, plant and equipment *(note 9)*	**40,432**	34,747
Impairment charge on goodwill	**2,038**	–
Amortisation of leasehold land and land use rights *(note 10)*	**477**	440
Amortisation of intangible assets	**4,712**	4,238
Operating lease rental in respect of buildings	**30,969**	32,876
Research and development costs	**25,533**	24,087
Utilities expenses	**17,228**	18,768
Transportation, postage and courier expenses	**16,958**	14,361
Legal and professional fees	**7,040**	4,410
Auditor's remuneration		
– audit services	**2,000**	1,800
– non-audit services	**1,115**	874
Others	**62,248**	57,963
Total cost of sales, distribution and selling expenses and general and administrative expenses	**986,735**	902,410
Represented by:		
Cost of sales	**788,657**	737,936
Distribution and selling expenses	**30,764**	22,381
General and administrative expenses	**167,314**	142,093
	986,735	902,410

6 INCOME TAX EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**6,411**	6,099
– The PRC	**11,546**	8,338
Adjustments in respect of prior years		
– Refund of PRC dividend withholding tax	**–**	(3,055)
– Over-provision in respect of prior year	**(29)**	(5,704)
	17,928	5,678
Deferred income tax		
– Origination and reversal of temporary differences	**1,246**	(3,360)
– Impact of change in the PRC tax rate	**–**	207
	1,246	(3,153)
	19,174	2,525

Income tax of the Group's entities has been calculated on the estimated assessable profit for the year 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 years ended 31 March 2015 and 2014.

(a) Hong Kong profits tax

The Group is subject to Hong Kong profits tax which is provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year ended 31 March 2015.

(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 year ended 31 March 2015 and 2014 were 15% to 25%.

7 EARNINGS PER SHARE

Basic and diluted earnings per share

	2015	2014
Profit attributable to the equity holders of the Company (HK$'000)	**31,473**	36,383
Weighted average number of shares in issue ('000)	**600,000**	600,000
Basic and diluted earnings per share (HK cents per share)	**5.25**	6.06

Basic earnings per share for the year ended 31 March 2015 and 2014 is calculated by dividing the profit attributable to equity holders of the Company by 600,000,000 ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary share (i.e. share options and warrants) in issue during the years ended 31 March 2015 and 2014.

8 DIVIDENDS

The Board does not recommend payment of any final dividend for the year ended 31 March 2015.

On 18 November 2014, the Board declared an interim dividend of HK1.5 cents per share totaling to HK$9,000,000 (2013: HK$7,800,000) for the six months ended 30 September 2014 which was paid in January 2015.

For the year ended 31 March 2014, final dividends totaling to HK$3,000,000 were declared and fully paid in September 2014.

9 PROPERTY, PLANT AND EQUIPMENT

	2015 ***HK$'000***	2014 *HK$'000*
At 1 April	**300,841**	224,086
Additions	**130,595**	114,067
Disposals	**(3,104)**	(2,480)
Depreciation	**(40,432)**	(34,747)
Currency translation differences	**–**	(85)
At 31 March	**387,900**	300,841

10 LEASEHOLD LAND AND LAND USE RIGHTS

	2015 *HK$'000*	2014 *HK$'000*
In the PRC, held on:		
Lease of between 10 to 50 years	**25,546**	26,023

The Group's interest in leasehold land and land use rights represents prepaid operating lease payments and its net book value is analysed as follow:

	2015 *HK$'000*	2014 *HK$'000*
At 1 April	**26,023**	–
Addition *(note)*	**–**	26,936
Amortisation	**(477)**	(440)
Currency translation differences	**–**	(473)
At 31 March	**25,546**	26,023

Note: Land use rights addition was net of a government grant of approximately HK$6,678,000 received in respect of the acquisition of the land in the PRC.

11 INVENTORIES

	2015 *HK$'000*	2014 *HK$'000*
Raw materials	**30,923**	31,597
Work in progress	**36,271**	36,102
Finished goods	**50,872**	71,243
	118,066	138,942

12 TRADE AND OTHER RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables *(note (a))*	**164,061**	166,860
Prepayments, deposits and other receivables	**52,143**	32,700
Amounts due from non-controlling shareholders	**4,300**	–
	220,504	199,560

Note:

(a) The Group normally grants credit periods of 30 to 90 days (2014: 30 to 90 days). The ageing analysis of trade receivables based on invoice dates is as follows:

	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**158,082**	159,100
3 to 6 months	**5,212**	5,531
6 months to 1 year	**740**	2,156
1 to 2 years	**27**	73
	164,061	166,860

13 SHARE CAPITAL

Issued share capital

	Number of shares	**Share capital**
		HK$'000
Authorised:		
At 31 March 2015 and 2014	**4,500,000,000**	450,000
Issued and fully paid:		
At 31 March 2015 and 2014	**600,000,000**	60,000

14 TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables *(note (a))*		
– third parties	**112,868**	114,694
– related companies	**865**	1,248
	113,733	115,942
Accrual, deposits and other payables	**75,085**	53,946
	188,818	169,888

Notes:

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

	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**110,645**	113,339
3 to 6 months	**2,397**	2,508
6 months to 1 year	**613**	79
1 to 2 years	**78**	16
	113,733	115,942

15 BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank overdrafts	**–**	184
Short-term bank borrowings	**37,013**	60,000
Portion of long-term bank borrowings due for repayment within one year	**74,704**	49,000
Portion of long-term bank borrowings due for repayment after one year which contain a repayment on demand clause	**86,065**	41,450
	197,782	150,634

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:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**111,717**	109,184
Between 1 and 2 years	**49,042**	27,350
Between 2 and 5 years	**30,050**	5,223
Over 5 years	**6,973**	8,877
	197,782	150,634

As at 31 March 2015, the Group's bank borrowings of HK$15,730,000 were secured by leasehold land and buildings with a carrying amount of HK$45,091,000.

As at 31 March 2014, the Group's bank borrowings and bank overdrafts of HK$99,956,000 were secured by a bank deposit of HK$23,400,000. The Group's bank borrowings of HK$50,678,000 were secured by leasehold land and buildings with a carrying amount of HK$46,500,000.

16 COMMITMENTS

(a) Capital commitments

	2015	2014
	HK$'000	*HK$'000*
Authorised but not contracted for		
– Construction cost	**14,373**	48,421
Contracted but not provided for		
– Leasehold land and buildings	**11,625**	11,625
– Construction cost	**24,822**	65,579
– Plant and machinery	**1,563**	–
– Capital investment	**16,430**	–
	54,440	77,204

(b) Operating lease commitments

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

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**30,583**	26,824
Later than 1 year and not later than 5 years	**73,119**	86,139
Later than 5 years	**5,580**	1,312
	109,282	114,275

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.

17 SUBSEQUENT EVENT

Pursuant to the announcements dated 30 April 2015, 26 May 2015 and 24 June 2015, Mr. Sun Kwok Wah Peter, the Chairman, an executive Director and the controlling shareholder of the Company (currently through Kingdom International Group Limited ("**KIG**"), which Mr. Sun is currently holding approximately 42.04% of the issued share capital of KIG, and parties acting in concert holding a total of approximately 74.58% of the issued share capital of the Company) is in preliminary discussion with an independent third party of a possible disposal of Shares. The discussion is at an initial stage and no definitive terms have been agreed up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2015, revenue of the Group reached approximately HK$1,038.2 million, representing an increase of approximately HK$92.4 million or 9.8% from approximately HK$945.8 million for the corresponding period last year. Set out below is a breakdown of the Group's revenue by business segments:

	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Metal Stamping	**783,829**	**75.5**	692,247	73.2
Metal Lathing	**254,382**	**24.5**	253,551	26.8
	1,038,211	**100.0**	945,798	100.0

Revenue from the metal stamping segment increased by approximately HK$91.6 million or 13.2% from approximately HK$692.2 million for the year ended 31 March 2014 to approximately HK$783.8 million for the year ended 31 March 2015. The improvement was mainly due to an increase in revenue from customers who are engaged in the office automation, medical and test equipment and finance equipment industries. In addition, the Group commence its automotive toolings business during the year ended 31 March 2015, which in turn contributed to the increase in revenue of the metal stamping segment.

Revenue from the metal lathing segment increased approximately by HK$0.8 million or 0.3% from approximately HK$253.6 million for the year ended 31 March 2014 to approximately HK$254.4 million for the year ended 31 March 2015. Revenue from this segment was stable as compared to the previous financial year.

Geographically, the PRC, North America, Europe and Japan continued to be the major markets of the Group's products. They accounted for approximately 65.7%, 19.3%, 8.0% and 3.5% of the Group's revenue respectively for the year ended 31 March 2015. Details of revenue generated by different geographical location are set out Note 4(c) of this annual results announcement.

Cost of sales

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

	Year ended 31 March			
	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
Direct materials	**412,074**	**52.2**	422,781	57.3
Direct labour	**176,420**	**22.4**	173,269	23.5
Processing fee	**89,871**	**11.4**	74,801	10.1
Other direct overheads	**110,292**	**14.0**	67,085	9.1
	788,657	**100.0**	737,936	100.0

During the year ended 31 March 2015, cost of sales of the Group increased by approximately 6.9% or HK$50.7 million as compared to the corresponding period last year. The increase in cost of sales was in line with the growth in total revenue. The percentage of cost of sales to the total revenue was approximately 76.0%, representing a decrease of 2.0%, as compared to approximately 78.0% in the corresponding period last year.

Gross profit and gross profit margin

During the year ended 31 March 2015, the Group's gross profit was approximately HK$249.6 million, representing an increase of approximately 20.1% as compared to the corresponding period in 2014. Such increase was the combined effect of 9.8% increase in revenue during the year, and the net increase in gross profit margin which is to be explained in the next paragraph.

For the year ended 31 March 2015, the gross profit margin of the Group was approximately 24.0% with an increase of 2.0% as compared to approximately 22.0% in the corresponding period in 2014. This was primarily due to an increase in the gross profit margin of metal stamping segment as a result of the increase in the selling price of certain metal parts. In terms of the revenue and gross profit margin, the metal stamping segment increased from approximately HK$692.2 million and 15.5% for the year ended 31 March 2014 to approximately HK$783.8 million and 20.1% for the year ended 31 March 2015, which in turn contributed to an increase of approximately 3.8% of the Group's overall gross profit margin. Such impact was partly offset by the reduction in gross profit margin of the Group's metal lathing segment from approximately 39.6% for the year ended 31 March 2014 to approximately 36.1% for the year ended 31 March 2015. The decrease was mainly attributed to the reduction of the selling price in certain metal parts from the metal lathing segment. This contributed to a decrease of approximately 1.8% of the Group's overall 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 annual results announcement.

Other gains, net

During the year ended 31 March 2015, the Group recorded other gains, net amounted to approximately HK$0.1 million which was comparable to the corresponding period of 2014.

Distribution and selling expenses

Distribution and selling expenses relate to the expenses incurred for the promotion and selling of the Group's products. It mainly comprised 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$30.8 million and HK$22.4 million for the year ended 31 March 2015 and 2014, respectively. The increase in distribution and selling expenses was mainly caused by business development cost and additional shipping expenses of approximately HK$4.9 million being incurred in respect of our new business, and an increase in the employment expenses and rental expense of approximately HK$3.2 million during the year ended 31 March 2015.

General and administrative expenses

General and administrative expenses comprised primarily of salaries and related costs for key management, the Group's 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 increased from approximately HK$142.1 million for the year ended 31 March 2014 to approximately HK$167.3 million for the year ended 31 March 2015.

The increase was primarily due to an increase in (i) employment expenses as a result of the increment in statutory minimum wages in the PRC and additional staff costs incurred for developing new businesses; (ii) additional depreciation charge arising from our newly acquired headquarter office premise in Hong Kong; (iii) additional operational costs which were incurred by certain newly established subsidiaries; and (iv) an impairment charge on goodwill.

Finance costs

The Group's finance costs of approximately HK$4.1 million for the year ended 31 March 2015 (2014: HK$6.7 million) represented interest expenses on bank borrowings. Decrease in finance costs were mainly due to (i) a portion of finance cost which was related to bank borrowing used to fund the construction of new Suzhou production base was capitalised, and (ii) a decrease in average interest rate during the year ended 31 March 2015 as compared to the corresponding period last year.

Income tax expenses

The Group's income tax expenses amounted to approximately HK$19.2 million and HK$2.5 million for the year ended 31 March 2015 and 2014. The Group's effective tax rate for current financial year was 39.7%, as compared to 6.7% for the year ended 31 March 2014.

The significant increase in effective tax rate in 2015 as compared to 2014 was mainly attributable to the following factors: (1) there was a tax refund on the withholding tax previously paid and reversion of over-provision of corporate income tax totaling to approximately HK$8.8 million in the year ended 31 March 2014 and no such items were incurred during current financial year; (2) during the current year, the Group incurred one-off tax non-deductible expenses relating to goodwill impairment charge and unrealised fair value loss on foreign exchange derivative contracts totaling to approximately HK$6.0 million; and (3) the Group did not recognise deferred tax assets on the tax losses originated from certain Hong Kong subsidiaries which in turn raising the effective tax rate for the year ended 31 March 2015.

Profit attributable to equity holders of the Company

For the year ended 31 March 2015, profit attributable to equity holders of the Company amounted to approximately HK$31.5 million, representing a decrease of approximately 13.5% as compared to the corresponding period in 2014. The decrease was mainly attributable to the goodwill impairment charge and unrealised fair value loss on foreign exchange derivative contracts totaling to approximately HK$6.0 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources and liquidity

The Group's current assets comprise mainly of cash and bank balances, trade and other receivables, and inventories. The Group's total current assets amounted to approximately HK$497.9 million and HK$483.7 million as at 31 March 2015 and 31 March 2014 respectively, which represented approximately 52.6% and 56.8% of the Group's total assets as at 31 March 2015 and 31 March 2014, respectively.

Capital structure

The Group's capital structure is summarised as follow:

	2015 ***HK$'000***	2014 *HK$'000*
Bank borrowings	**197,782**	150,450
Bank overdrafts	**–**	184
Total debts	**197,782**	150,634
Less: Cash and cash equivalent	**(158,627)**	(105,390)
Restricted bank deposit	**–**	(23,400)
Net debt	**39,155**	21,844
Shareholders' equity	**535,957**	515,206
Total capitalisation*	**575,112**	537,050
Gearing ratio		
– Total debt to shareholders' equity ratio#	**36.9%**	29.2%
– Net debt to shareholders' equity ratio##	**7.3%**	4.2%

* *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 respectively year*

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

The Group's primary source of funds came from cash generated from operating activities. The Group had recorded net cash inflow from operating activities of approximately HK$84.8 million and HK$98.9 million for the year ended 31 March 2015 and 2014, respectively.

Details of the Group's bank loans and other borrowings as at 31 March 2015 are set out in Note 15 of this annual 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 year ended 31 March 2015, the Group acquired property, plant and equipment of approximately HK$130.6 million as compared to the year ended 31 March 2014 of approximately HK$141.0 million.

Approximately HK$99.4 million was incurred for the construction of the new production base in Suzhou, while other property, plant and equipment of approximately HK$31.2 million were acquired during the normal and ordinary course of the Group's business.

We financed the Group's capital expenditure through cash flows generated from operating activities, IPO proceeds and bank borrowings.

Charges on the Group's assets

As at 31 March 2015, the Group's bank borrowings amounted to HK$15,730,000 were secured by the leasehold land and buildings with a carrying value of HK$45,091,000. As at 31 March 2014, the Group's bank borrowings and bank overdrafts of HK$99,956,000 were secured by bank deposits of HK$23,400,000, while the Group's bank borrowings of HK$50,678,000 were secured by the leasehold land and buildings with a carrying amount of HK$46,500,000.

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. The Group operates mainly in Hong Kong and the PRC. The Group's Hong Kong entities are exposed to foreign exchange risk arising from RMB, while the Group's PRC entities are exposed to foreign exchange risk arising from US$.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. During the year ended 31 March 2015, the Group had entered into two foreign exchange derivative contracts to manage part of the foreign currency exposure between US$ and RMB. These contracts are accounted for on the Group's consolidated balance sheet at fair value.

Capital commitments and operating lease commitments

Details of the Group's capital commitments and operating lease commitments as at 31 March 2015 are set out in Note 16(a) and Note 16(b) of this annual results announcement.

Contingent liabilities

As at 31 March 2015, the Group had no material contingent liabilities.

BUSINESS REVIEW

The global financial outlook remained complicated during the year. On one hand the US economic recovery continued to make progress with strong growth and a reducing unemployment rate. On the other side, global economy was still shadowed by a gloomy outlook in the Japanese and European market. While in China, the pressure of decline in economic growth also affected business atmosphere in the Pan-Asian countries.

During the current financial year, the Group's turnover reached approximately HK$1,038.2 million, representing an increase of approximately 9.8% against the financial year ended 31 March 2014. The growth was caused by a combination of factors. In the metal stamping segment, the Group commenced its automotive tooling business, which had contributed to additional revenue. Apart from that, we had also received continued rise in orders from the Group's customers in the finance equipment sector and office automation sector. These new orders are mainly caused by new product models launched by those customers during the year.

In the metal lathing segment, orders and revenue remained stable at approximately HK$254.4 million. The revenue of the metal lathing segment for the corresponding period last year was approximately HK$253.6 million.

As a result of the increase in revenue and the improvement in gross profit margin, the Group's gross profit for the year ended 31 March 2015 increased from approximately HK$207.9 million to approximately HK$249.6 million. Due to improvement in the gross profit margin of our metal stamping segment, the Group's gross profit ratio improved from approximately 22.0% for the year ended 31 March 2014 to approximately 24.0% for the year ended 31 March 2015.

Apart from focusing on our traditional metal processing business, the Group is also exploring new business opportunities to diversify its businesses. In 2014, the Group had commenced its own-branded kiosk product business. During the year, such business continued to expand. Also, the Group has been exploring the opportunity to develop our own-branded medical products. Management of the Group is optimistic that these new developments shall provide good prospect and development opportunities for the Group in the future. Apart from that, the Group will look at other business opportunities which could broaden our income stream and provide an alternative source of income to the Group which would be in the interest of the Shareholders of the Company.

During the year, the Group's performance was partly hindered by certain non-recurring unfavourable factors. The net profit of the Group for the year ended 31 March 2015 was HK$29.1 million, with a decrease of 16.8% as compared to that of 2014. Excluding the effect of those one-off unfavourable factors, including an goodwill impairment charge amounting to approximately HK$2 million and a fair value loss arising from two structured derivative financial instruments which amounted to approximately HK$4 million, the net profit of the Group would have been around HK$35.1 million, which is comparable to the financial year ended 31 March 2014.

Outlook and Strategy

Looking forward, we believe the overall economic outlook shall continue to be mixed. Although it is expected that the upward trend of the US economy shall continue, the unfavourable factors affecting the rest of the world's major economies did not show strong signs of dissolving, which affects the business environment in the coming year.

Notwithstanding the improved revenue for the current financial year, there are challenges when the Group conducts our business. In the metal stamping segment, which has a lower profit margin, the continuing increase in labour cost in the PRC remained a major point of concern, as the higher labour costs adds considerable pressure to reduce our competitiveness against our competitors who operate in lower cost region. Maintaining a high profit margin while at the same time sticking to top product quality becomes challenging. Apart from that, we have also witnessed a continual increase in production cost in China over the past years. In order to improve cost efficiency, many manufacturing companies are relocating their low value-adding operation from the PRC to other regions. In the past few years, we have observed a slow but steady trend of our customers shifting part of their operation to lower cost region in South East Asia. As such moving-out actions continue, we foresee the orders for less sophisticated products with less technical complication might gradually reduce, which affects the growth potential and tightens competitions.

In the metal lathing segment, the business outlook might be more optimistic. Historically, the Group's lathing segment achieved a higher margin as compared to the Group's metal stamping segment. Therefore the metal lathing operation is better positioned to face the increasing production cost. On the other hand, as our customer of the metal lathing business are mainly engaged in the consumer electronics and medical and test equipment sectors, the relatively higher product value gives more bargaining power to us in negotiating product prices.

In order to meet with these challenges, the Group had continued to strengthen our business fundamentals. We shall continue to focus on developing our expertise in the precision metal processing technologies to distinguish ourselves from our competitors. On the other hand, in respond to the surging production costs, the Group will enhance our efforts in cost management. In particular, we shall explore effective measures to reduce reliance on labour and enhance production efficiency, including the use of robotics in our manufacturing operation.

In order to enhance the overall profitability, the Group shall also seek to further improve our business portfolio. The Group shall invest more effort in developing our metal lathing operation, which has a higher margin as compare to the metal stamping segment. Apart from that, the Group shall also continue to explore other business opportunities in higher value-adding sectors.

With our extensive business knowledge in the industry, our core values of commitment to top product quality, and our continuous effort to look for other business opportunities to broaden the Group's income stream, the Group would dedicate itself to maximise the returns to the shareholders of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total number of 2,629 full-time employees (2014: 2,811). The Group determined the remuneration packages of all employees based on factors including individual qualifications, contribution to the Group, performance and years of experience of the respective staff.

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

The Group maintains good relationships with the Group's employees. We did not have any labour strikes or other labour disturbances that would have interfered with the Group's operations during the year ended 31 March 2015.

As required by 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 31 March 2015, the unused proceeds of approximately HK$24.4 million were deposited with licensed banks in Hong Kong and the PRC.

As at 31 March 2015, the net proceeds had been utilised as follows:

	Actual net proceeds *HK$ million*	**Actual utilisation up to 31 March 2015** *HK$ million*	**Balance as at 31 March 2015** *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	61.2	24.4

On 25 June 2015, in order to increase the Company's flexibility in its financial and treasury management and to cope with the continuing development of the Group's business in the near future, the Board resolved to change the proposed use of net proceeds. The unused net proceeds of approximately HK$24.4 million, which was originally designated for purchasing land use right (as illustrated above), will be reallocated for construction of production facilities in Suzhou. Relevant details were set out in the announcement of the Company dated 25 June 2015 published on the website of the Company and the Stock Exchange.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 March 2015.

On 18 November 2014, the Board declared an interim dividend of HK1.5 cents per share (2013: HK1.3 cents) in respect of the six months ended 30 September 2014 which was paid in January 2015.

For the year ended 31 March 2014, final dividends totaling to HK$3,000,000 were declared and fully paid in September 2014.

CLOSURE OF REGISTER OF MEMBER

For the purpose of ascertaining Shareholders' right to attend and vote at the annual general meeting of the Company to be held on 27 August 2015 (the "**AGM**"), the register of members of the Company will be closed from Wednesday, 26 August 2015 to Thursday, 27 August 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 August 2015.

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 Listing Rules on the Stock Exchange during the year ended 31 March 2015.

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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct during the year ended 31 March 2015 and up to the date of this annual results announcement.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2015.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OF REDEMPTIONS OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2015.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.kingdom.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2015 annual report containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and available on the said websites in due course.