The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

28 September 2012

The Directors
KFM Kingdom Holdings Limited

DBS Asia Capital Limited

Dear Sirs,

We report on the financial information of KFM Kingdom Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined balance sheets as at 31 March 2010, 2011 and 2012, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2010, 2011 and 2012 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 28 September 2012 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong 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. Pursuant to a group reorganisation as described in Note 1 of Section II headed "General information and group reorganisation" below, which was completed on 13 September 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

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As of the date of this report, the Company has direct and indirect interests in the subsidiaries comprising the Group as set out in Note 1 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1(c) of Section II below.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries comprising the Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards of Auditing issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1(c) of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of preparation set out in Note 1(c) of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1(c) of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 March 2010, 2011 and 2012, and of the Group's combined results and cash flows for each of Relevant Periods then ended.

I COMBINED FINANCIAL INFORMATION

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2010, 2011 and 2012, and for each of the years then ended (the "Financial Information"), presented on the basis set out in Note 1 of Section II below:

Combined Balance Sheets

		As at 31 March		
	Section II	**2010**	**2011**	**2012**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*5*	141,529	178,284	181,873
Intangible asset	*6*	–	–	15,074
Goodwill	*6*	–	–	24,540
		141,529	178,284	221,487
Current assets				
Inventories	*7*	65,499	100,215	102,958
Trade and other receivables	*8*	218,393	216,564	227,720
Derivative financial assets	*9*	–	262	258
Tax recoverable		6,108	40	210
Restricted bank deposit	*10*	–	–	46,800
Cash and cash equivalents	*10*	65,874	121,549	133,423
		355,874	438,630	511,369
Total assets		497,403	616,914	732,856

	Section II Note	As at 31 March 2010 HK$'000	2011 HK$'000	2012 HK$'000
EQUITY				
Attributable to the Company's equity holders				
Owner's equity		335,756	428,560	448,171
Total equity		335,756	428,560	448,171
LIABILITIES				
Non-current liabilities				
Derivative financial liabilities	*9*	875	–	–
Deferred income tax liabilities	*14*	7,511	13,662	12,751
		8,386	13,662	12,751
Current liabilities				
Trade and other payables	*15*	140,075	119,535	152,753
Bank borrowings	*16*	5,915	36,733	113,107
Obligations under finance leases	*13*	1,643	–	–
Derivative financial liabilities	*9*	2	333	–
Current income tax liabilities		5,626	18,091	6,074
		153,261	174,692	271,934
Total liabilities		161,647	188,354	284,685
Total equity and liabilities		497,403	616,914	732,856
Net current assets		202,613	263,938	239,435
Total assets less current liabilities		344,142	442,222	460,922

Combined Statements of Comprehensive Income

		Year ended 31 March		
	Section II	**2010**	**2011**	**2012**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*17*	536,613	821,062	951,418
Cost of sales	*18*	(411,079)	(572,418)	(716,918)
Gross profit		125,534	248,644	234,500
Other (losses)/gains, net	*19*	(1,822)	2,143	29,052
Distribution and selling expenses	*18*	(9,814)	(12,236)	(19,391)
General and administrative expenses	*18*	(72,902)	(83,836)	(124,291)
Operating profit		40,996	154,715	119,870
Finance income	*22*	240	222	470
Finance costs	*22*	(552)	(671)	(2,883)
Profit before income tax		40,684	154,266	117,457
Income tax expenses	*23*	(7,200)	(28,785)	(23,064)
Profit for the year		33,484	125,481	94,393
Other comprehensive income				
Currency translation differences		1,119	9,443	10,797
Total comprehensive income		34,603	134,924	105,190
Profit for the year attributable to:				
Equity holders of the Company		33,484	125,481	94,393
Total comprehensive income attributable to:				
Equity holders of the Company		34,603	134,924	105,190

Combined Statements of Changes in Equity

		Attributable to equity holders of the Company				
	Section II Note	**Capital reserve** *HK$'000* *(Note 12)*	**Statutory reserve** *HK$'000* *(Note 12)*	**Exchange reserve** *HK$'000* *(Note 12)*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2009		185	7,800	15,100	278,218	301,303
Profit for the year		–	–	–	33,484	33,484
Other comprehensive income:						
Currency translation differences		–	–	1,119	–	1,119
Total comprehensive income for the year		–	–	1,119	33,484	34,603
Transfer of retained profit to statutory reserve	*12(b)*	–	1,605	–	(1,605)	–
Dividends	*26*	–	–	–	(150)	(150)
At 31 March 2010		185	9,405	16,219	309,947	335,756
Profit for the year		–	–	–	125,481	125,481
Other comprehensive income:						
Currency translation differences		–	–	9,443	–	9,443
Total comprehensive income for the year		–	–	9,443	125,481	134,924
Transfer of retained profit to statutory reserve	*12(b)*	–	4,866	–	(4,866)	–
Deemed contributions from equity holders	*12(c)*	3,360	–	–	–	3,360
Dividends	*26*	–	–	–	(45,480)	(45,480)
At 31 March 2011		3,545	14,271	25,662	385,082	428,560
Profit for the year		–	–	–	94,393	94,393
Other comprehensive income:						
Currency translation differences		–	–	10,797	–	10,797
Total comprehensive income for the year		–	–	10,797	94,393	105,190
Transfer of retained profit to statutory reserve	*12(b)*	–	3,464	–	(3,464)	–
Dividends	*26*	–	–	–	(85,579)	(85,579)
At 31 March 2012		3,545	17,735	36,459	390,432	448,171

Combined Statements of Cash Flows

	Section II Note	Year ended 31 March 2010 HK$'000	2011 HK$'000	2012 HK$'000
Cash flows from operating activities				
Net cash generated from operations	25	36,293	108,310	120,453
Income tax paid		(3,591)	(10,495)	(39,421)
Income tax refunded		–	6,341	725
Payment of interest element of obligations under finance leases		(296)	(63)	–
Interest received		240	222	470
Net cash generated from operating activities		32,646	104,315	82,227
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		627	1,342	48,904
Purchase of property, plant and equipment	5	(22,798)	(53,076)	(44,184)
Net cash (used in)/generated from investing activities		(22,171)	(51,734)	4,720
Cash flows from financing activities				
Proceeds from bank loans		–	37,898	114,174
Repayment of bank loans		(5,013)	(8,110)	(37,162)
Payment of capital element of obligations under finance leases		(4,505)	(1,643)	–
Increase in restricted bank deposit		–	–	(46,800)
Interest paid		(256)	(608)	(2,883)
Dividends paid		–	(26,790)	(104,419)
Net cash (used in)/generated from financing activities		(9,774)	747	(77,090)

	Section II Note	Year ended 31 March 2010 HK$'000	2011 HK$'000	2012 HK$'000
Increase in cash and cash equivalents		701	53,328	9,857
Cash and cash equivalents at beginning of year		63,437	64,653	119,349
Currency translation differences		515	1,368	2,806
Cash and cash equivalents at end of year		64,653	119,349	132,012
Analysis of balances of cash and cash equivalents:				
Cash at bank and on hand	*10*	56,778	109,469	128,463
Short-term bank deposits with original maturity within three months	*10*	9,096	12,080	4,960
Bank overdrafts	*16*	(1,221)	(2,200)	(1,411)
		64,653	119,349	132,012

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION AND GROUP REORGANISATION

(a) General information

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 in preparation for an initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"). The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of precision metal stamping services, and manufacturing and sales of fine metal products (the "Listing Businesses"). Prior to the establishment of the Company, the Listing Businesses were carried out through Kingdom Fine Metal Limited ("KFM"), Kingdom Precision Product Limited ("KPP HK") and Kingdom (Reliance) Precision Parts Manufactory Limited ("KRP HK") and their subsidiaries during the Relevant Periods.

(b) Reorganisation

The Listing Businesses were controlled by the underlying shareholders of KFM, KPP HK and KRP HK, including Sun Kwok Wah, Peter ("Peter Sun"); Wong Chi Kwok ("David Wong"); Yau Lam Chuen; Yung Ching Tak; Lam Kin Shun ("Banson Lam"); Chan Lin On; and Yeung Man Chiu (together, the "Underlying Controlling Shareholders") throughout the Relevant Periods. In preparation for the Listing, a reorganisation was undertaken, pursuant to which the equity interests in KFM, KPP HK and KRP HK were transferred to the Company (the "Reorganisation"). The Reorganisation involved the following:

(i) Before the Reorganisation, Kingdom International Group Limited ("KIG"), an investment holding company incorporated in the British Virgin Islands ("BVI"), was owned by Peter Sun; David Wong; Yau Lam Chuen; and Yung Ching Tak (collectively the "KIG Shareholders"). As part of the Reorganisation, further shares were issued and allotted by KIG to, among others, the KIG Shareholders and Banson Lam; Chan Lin On; Yeung Man Chiu; and Suen Fai Chuen, Alan ("Alan Suen"), to mirror the ultimate percentage shareholding of the Company upon completion of the Reorganisation.

(ii) On 28 June 2011, KFM Group Limited ("KFM-BVI") was incorporated by Peter Sun. On incorporation, no share was allotted.

(iii) On 13 July 2011, the Company was incorporated on the Cayman Islands as the listing vehicle. At the time of its incorporation, the Company was wholly owned by Peter Sun.

(iv) On 11 October 2011, KFM-BVI acquired the 100% equity interest in KFM by issuing and allotting to the then shareholders of KFM at an aggregate of 79,740 shares, in exchange for their transfer of the entire issued share capital of KFM to KFM-BVI. After the transfer, KFM became the wholly owned subsidiary of KFM-BVI.

(v) On 29 November 2011, KFM-BVI entered into a share swap arrangement with Peter Sun by issuing and allotting 3,460 KFM-BVI shares in exchange for the transfer of 1,000 shares in KPP HK to KFM, representing an aggregate of 10% of the total issued share capital of KPP HK. After the share swap, KPP HK became a wholly owned subsidiary of KFM.

(vi) On 29 December 2011, KFM-BVI entered into a share swap arrangement with Banson Lam; Chan Lin On; Yeung Man Chiu; and Alan Suen, by issuing and allotting an aggregate of 16,800 KFM-BVI shares in exchange for the transfer of 2,450,000 shares in KRP HK to KFM, representing an aggregate of 49% of the total issued share capital of KRP HK. After the share swap, KRP HK became a wholly owned subsidiary of KFM.

(vii) On 13 September 2012, Peter Sun transferred one nil-paid share representing the entire issued share capital in the Company to KIG. On the same day, the Company acquired the entire equity interest in KFM-BVI by (a) issuing and allotting 999,999 new shares to 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.

The Reorganisation was completed on 13 September 2012.

(c) Basis of presentation

The Company has not been involved in any business prior to the Reorganisation and does not meet the definition of having a business. The Reorganisation is merely a reorganisation of the Listing Businesses with no change in management of such businesses and the ultimate controlling shareholders remain the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Businesses under the Underlying Controlling Shareholders for all the periods presented.

For the purpose of this report, the Financial Information of the Group has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA. The combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2010, 2011 and 2012 have been prepared using the financial information of the companies engaged in the Listing Businesses under the common control of the Underlying Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout each of the years ended 31 March 2010, 2011 and 2012, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the control of the Underlying Controlling Shareholders. The combined balance sheets of the Group as at 31 March 2010, 2011 and 2012 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were combined using the carrying value from the Underlying Controlling Shareholders' perspective. All significant intra-group transactions and balances have been eliminated on combination.

Apart from the Listing Businesses, the Underlying Controlling Shareholders also engaged in the plastic injection and sweeper and OEM product assemble businesses (the "Other Businesses"). The results of the Other Businesses were excluded throughout the Relevant Periods as they are not related to the Listing Businesses and were managed separately from the Listing Businesses.

At the date of this report, the Company has direct and indirect equity interests in the following subsidiary companies:

Attributable equity interest to the Company

Company name	Place of incorporation	Date of incorporation	Issued and paid-in capital	Equity interest held directly	Equity interest held indirectly	Principle activities and place of operation	Auditors	Years of audit
Subsidiaries								
Kingdom Fine Metal Limited (金德精密五金有限公司)	Hong Kong	13 October 1989	HK$1,000,000	–	100%	Sale of fine metal products in Hong Kong and the PRC	Gerhard W. H. Fung & Company PricewaterhouseCoopers	Years ended 31 March 2010 and 2011 Year ended 31 March 2012
Kingdom (Reliance) Precision Parts Manufactory Limited (金德(利賚)五金零件制品有限公司)	Hong Kong	11 December 1996	HK$5,000,000	–	100%	Sale of fine metal products in Hong Kong and the PRC	Gerhard W. H. Fung & Company PricewaterhouseCoopers	Years ended 31 March 2010 and 2011 Year ended 31 March 2012
Kingdom (Reliance) Precision Parts (Shenzhen) Manufactory Limited (德利賚精密五金制品(深圳)有限公司)	Shenzhen, the People's Republic of China (the "PRC")	15 February 2007	US$6,500,000	–	100%	Manufacturing and sale of fine metal products in the PRC	Yong Ming (Shen Zhen) Certified Public Accountants (深圳市永明會計師事務所有限責任公司)	Years ended 31 December 2009, 2010 and 2011
Kingdom Reliance Mechatronic Components (Shanghai) Manufactory Limited (金德利賚精密機電部件(上海)有限公司)	Shanghai, the PRC	26 September 2002	US$3,530,000	–	100%	Manufacturing and sale of fine metal products in the PRC	Shanghai Jin Cheng Certified Public Accountants (上海金城會計師事務所)	Years ended 31 December 2009, 2010 and 2011
Kingdom Precision Product Limited (金德精密配件有限公司)	Hong Kong	13 March 2002	HK$10,000	–	100%	Sale of fine metal products in Hong Kong	Gerhard W. H. Fung & Company PricewaterhouseCoopers	Years ended 31 March 2010 and 2011 Year ended 31 March 2012

				Attributable equity interest to the Company				
				Equity interest held				
Company name	Place of incorporation	Date of incorporation	Issued and paid-in capital	directly	indirectly	Principle activities and place of operation	Auditors	Years of audit
Kingdom Precision Product (Suzhou) Co., Ltd. (金德精密配件(蘇州)有限公司)	Suzhou, the PRC	29 April 2002	US$15,570,880	–	100%	Manufacturing and sale of fine metal products in the PRC	Suzhou Dongxin Certified Public Accountants Co., Ltd. (蘇州東信會計師事務所有限公司)	Years ended 31 December 2009, 2010 and 2011
KFM Group Limited (KFM集團有限公司)	BVI	28 June 2011	US$1,000	100%	–	Investment holding	N/A	N/A
Kingdom Technology (Shenzhen) Co., Ltd. (金德鑫科技(深圳)有限公司)	Shenzhen, the PRC	6 April 2011	US$7,000,000	–	100%	Manufacturing and sale of fine metal products in the PRC	N/A	N/A
KFM Kingdom Management Limited (金德集團管理有限公司)	Hong Kong	28 June 2011	HK$1	–	100%	Provision of management services in Hong Kong	N/A	N/A
KFM Kingdom Investment Limited (金德集團投資有限公司)	Hong Kong	28 June 2011	HK$1	–	100%	Investment holding	N/A	N/A

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods unless otherwise stated.

(a) Basis of preparation

The Financial Information has been prepared in accordance with HKFRS issued by the HKICPA and under the historical cost convention, as modified by derivative financial instruments which are carried at fair value. The Financial Information is presented in Hong Kong dollars (HK$), unless otherwise stated.

The preparation of financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 4.

The following are standards, amendments and interpretations to existing standards that have been published and are relevant and mandatory for the Group but the Group has not early adopted them.

		Effective for accounting period beginning on or after
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1 July 2011
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013

		Effective for accounting period beginning on or after
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015

In addition, HKICPA also published a number of amendments to existing standards under its annual improvement project.

The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards on the financial statements of the Group in the initial application. The adoption of the above is not expected to have a material effect on the Group's operating results and financial position.

(b) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully combined from the date on which control is transferred to the Group. They are de-combined from the date that control ceases.

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is as transactions with the owners in their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statement of comprehensive income during the financial period in which they are incurred.

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land held under finance lease and buildings	Remaining period of the lease or the useful life, whichever is shorter
Leasehold improvements	5 years or the remaining period of the lease, whichever is shorter
Plant and machinery	10 years
Motor vehicles	5 to 10 years
Furniture and office equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction-in-progress, representing buildings, plant and machinery on which construction work has not been completed and machinery pending installation, is stated at historical cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction in-progress is transferred to appropriate categories of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive income.

(d) Intangible asset

(i) Goodwill

Goodwill arises on the acquisition of business and represents the excess of the consideration transferred over the Group entity's interests in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the contractual customer relationships over their estimated useful lives of four years.

(iii) Patents

Costs associated with developing patents are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable patents controlled by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. Costs that are directly associated with the development of identifiable patents include the employee costs, materials utilised and an appropriate portion of relevant overheads.

Patent costs recognised as assets are stated at cost less accumulated amortisation. Amortisation is calculated on the straight-line basis over their estimated useful life.

(e) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial information exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

(f) Current and deferred income tax

The tax expenses for the period comprise current and deferred income tax. Tax is recognised in the combined statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(h) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the combined statement of comprehensive income within administrative expenses. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to the combined statement of comprehensive income.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(j) Lease (as the lessee)

Leases where the Group has substantially all the risks and rewards of ownership, including leases which transfer ownership of the asset to the Group at the end of the lease term, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance is charged to the combined statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the combined statement of comprehensive income on a straight-line basis over the period of the lease.

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of returns, rebates, value added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instruments, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Provision of product assembly service

Revenue from product assembly service is recognised in accounting period in which the service rendered.

(o) Employee benefits

(i) Pension obligations

The Group's entities operate defined contribution schemes which are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) Bonus plans

The expected cost of bonus payments wholly due within 12 months after the balance sheet date are recognised as a liability where the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(p) Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(q) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's Financial Information in the period in which the dividends are approved by the Group's shareholders.

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information of each of Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in combined statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the combined statement of comprehensive income within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the combined statement of comprehensive income within "general and administrative expenses".

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income, and accumulated as a separate component of equity.

On combination, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the combined statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(s) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the combined statement of comprehensive incomes, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Changes in derivative instruments that do not qualify for hedge accounting are recognised immediately in the combined statement of comprehensive income within "Other losses/gains, net".

(t) Compensations from the government

Compensations from the government are recognised at their fair value where it is certain that the compensation will be received and the Group will comply with all attached conditions.

Compensations from the government relating to costs are deferred and recognised in the combined statement of comprehensive income as other gain over the period necessary to match them with the costs they are intended to compensate.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities other than those acquired from business combination are not recognised but is disclosed in the notes to the combined financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the shareholders management, who makes strategic decisions.

(w) Financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instruments. Group companies do not recognise liabilities for financial guarantees at inception, but perform liability adequacy tests at each reporting date by comparing respective net liabilities (if applicable) regarding the financial guarantees with the amounts that would be required if the financial guarantees were to result in a present legal or constructive obligation. If the respective liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the combined statement of comprehensive income immediately.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(i) Foreign exchange risk

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 PRC entities are exposed to foreign exchange risk arising from United States dollars, while the Group's Hong Kong entities are exposed to foreign exchange risk arising from Renminbi.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

As at 31 March 2010, 2011 and 2012, if the functional currencies of the Group's entities had strengthened/weakened by 2% against Renminbi and United States dollars, with all other variables held constant, the profit after income tax for the years ended 31 March 2010, 2011 and 2012 would decrease/increase by HK$389,000, HK$243,000 and HK$875,000, respectively, mainly as a result of foreign exchange gain/loss on translation of United States dollars, Hong Kong dollars and Renminbi denominated financial assets and liabilities.

As at 31 March 2010, 2011 and 2012, the Group held certain RMB/US$ and HK$/US$ forward foreign exchange contracts.

The Group had not recorded any losses from the settlements made under the RMB/US$ contracts during the years ended 31 March 2010, 2011 and 2012. During the years ended 31 March 2010, 2011 and 2012, if RMB/US$ exchange rate weakened by 5%, the profit after income tax would decrease by HK$362,000, HK$2,670,000 and HK$608,000 respectively.

Under the HK$/US$ forward foreign exchange contracts, the Group would not suffer any losses during the years ended 31 March 2010, 2011 and 2012 if the exchange rate was above 7.749. HK$/US$ exchange rates ranged from 7.751 to 7.805 as at the respective settlement dates of the aforementioned contracts.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. Borrowings at fixed interest rates expose the Group to fair value interest rate risk. The Group's variable interest rate and fixed interest rate borrowings as at 31 March 2010, 2011 and 2012, are as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Variable interest rate borrowings	5,915	36,733	60,567
Fixed interest rate borrowing	–	–	52,540
	5,915	36,733	113,107

Other than short term bank deposits, bank balances and bank borrowings, the Group does not have significant interest-bearing assets or liabilities. The Group's exposure to interest rate risk associated with the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

As at 31 March 2010, 2011 and 2012, if the interest rates had been 50 basis-points higher/lower, with all other variables held constant, the net effect on the profit before income tax for the years would have been HK$300,000, HK$424,000 and HK$598,000 higher/lower, respectively, mainly as a result of higher/lower interest income on bank deposits, and higher/lower interest expense on bank borrowings.

(iii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from trade receivables, prepayments, deposits and other receivables and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. The credit risk is monitored on an ongoing basis with reference to the financial position of the debtors, past experience and other factors.

The Group has policies in place to ensure that the sales of products are made to customers with appropriate credit histories and the Group performs regular credit evaluations of its major customers.

The majority of the Group's trade receivables are due for maturity within 90 days and largely comprise amounts receivable from business customers. Management does not expect any significant losses from non-performance by these counterparties.

The Group has concentration of credit risk as over 47%, 45% and 40% of total trade receivables as at 31 March 2010, 2011 and 2012, respectively, were due from the Group's largest five customers. No significant collectability issues have been identified in the past.

As at 31 March 2010, 2011 and 2012, major bank balances are deposited in Standard Chartered Bank, HSBC and the PRC state owned banks. Management does not expect any losses from non-performance by these banks.

(iv) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Specifically, for bank loans contain a repayment on demand clause which can be exercised at the banks' sole discretions, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	On demand	Less than 1 year	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2010			
Bank borrowings	5,923	–	5,923
Obligations under finance leases	–	1,664	1,664
Trade payables	–	81,723	81,723
Other payables	–	58,352	58,352
	5,923	141,739	147,662
At 31 March 2011			
Bank borrowings	31,777	6,142	37,919
Trade payables	–	87,875	87,875
Other payables	–	31,660	31,660
	31,777	125,677	157,454
At 31 March 2012			
Bank borrowings	115,325	–	115,325
Trade payables	–	88,403	88,403
Other payables	–	64,350	64,350
	115,325	152,753	268,078

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt-to-asset ratio. The ratio is calculated as total debt divided by total assets. Total debt is calculated as interest-bearing borrowings.

	As at 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
Total debt	5,915	36,733	113,107
Total assets	497,403	616,914	732,856
Debt-to-asset ratio	1%	6%	15%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2010, 2011 and 2012, the Group holds certain foreign exchange derivatives instruments which are included in level 2. The fair value of these financial instruments is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The significant inputs used by the Group in determining the fair value of those foreign exchange derivatives are observable in the market.

As at 31 March 2010, 2011 and 2012, the Group did not hold any instruments which are classified as level 1 and level 3.

The fair values of trade and other receivables, cash and cash equivalents and a fixed rate bank borrowing are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities. The carrying amounts of the variable rate bank borrowings approximate their fair values because the interest rates are reset to market rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in consumer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimations by each balance sheet date.

(b) Income taxes

The Group is subject to income taxes and withholding taxes in several jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax liabilities are established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends when there is a current intention to remit such profit. The estimation regarding the remittance involved judgements.

(c) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold.

(d) Impairment of trade and other receivables

The Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and the provision for impairment losses in the period in which such estimate has been changed.

(e) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(d)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The key assumptions adopted on growth rates and discount rate used in the value-in-use calculation are based on management's best estimates and past experience. These calculations require the use of estimates.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong *HK$'000* *(Note (b))*	Leasehold improve-ments *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Furniture and office equipment *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost							
At 1 April 2009	23,182	4,962	218,348	14,855	20,687	127	282,161
Additions	–	1,687	16,792	3,681	638	–	22,798
Transfer	–	118	–	–	–	(118)	–
Disposals	–	(265)	(3,049)	(785)	(767)	–	(4,866)
Currency translation differences	–	26	915	13	39	1	994
At 31 March 2010	23,182	6,528	233,006	17,764	20,597	10	301,087
Additions	–	4,515	45,479	718	1,107	1,257	53,076
Disposals	–	(142)	–	(1,406)	(439)	–	(1,987)
Currency translation differences	–	300	6,332	78	202	33	6,945
At 31 March 2011	23,182	11,201	284,817	17,154	21,467	1,300	359,121
Additions	–	2,216	36,788	987	3,426	767	44,184
Acquisition of business *(Note 27)*	–	–	720	380	523	–	1,623
Transfer	–	1,707	–	–	–	(1,707)	–
Disposals	(23,182)	(2,345)	(6,641)	(2,493)	(968)	–	(35,629)
Currency translation differences	–	429	7,458	115	245	40	8,287
At 31 March 2012	–	13,208	323,142	16,143	24,693	400	377,586
Accumulated depreciation							
At 1 April 2009	1,756	1,746	117,551	8,161	16,560	–	145,774
Charge for the year	351	1,188	11,970	2,214	1,147	–	16,870
Disposals	–	(182)	(2,143)	(360)	(691)	–	(3,376)
Currency translation differences	–	8	259	5	18	–	290
At 31 March 2010	2,107	2,760	127,637	10,020	17,034	–	159,558
Charge for the year	351	1,738	14,981	2,237	1,156	–	20,463
Disposals	–	(142)	–	(693)	(437)	–	(1,272)
Currency translation differences	–	101	1,861	33	93	–	2,088
At 31 March 2011	2,458	4,457	144,479	11,597	17,846	–	180,837
Charge for the year	234	2,479	19,899	1,520	1,249	–	25,381
Disposals	(2,692)	(1,811)	(5,693)	(2,119)	(783)	–	(13,098)
Currency translation differences	–	156	2,290	36	111	–	2,593
At 31 March 2012	–	5,281	160,975	11,034	18,423	–	195,713
Net book value							
At 31 March 2010	21,075	3,768	105,369	7,744	3,563	10	141,529
At 31 March 2011	20,724	6,744	140,338	5,557	3,621	1,300	178,284
At 31 March 2012	–	7,927	162,167	5,109	6,270	400	181,873

Notes:

(a) Depreciation expenses were charged to the combined statement of comprehensive incomes as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Cost of sales	10,779	14,220	18,257
General and administrative expenses	6,091	6,243	7,124
	16,870	20,463	25,381

(b) The Group's interest in aforementioned leasehold land and buildings represents a piece of leasehold land located in Hong Kong with remaining lease period of 61 and 60 years as at 31 March 2010 and 2011 respectively.

(c) As at 31 March 2011, land and buildings with carrying amount of HK$20,724,000 was used to secure the Group's borrowings (Note 16). No property, plant and equipment were pledged as security for the Group's borrowings as at 31 March 2010 and 2012.

(d) During the year ended 31 March 2012, the Group completed the disposal of its leasehold land and buildings in Hong Kong, with a carrying value of HK$20,664,000, to Peter Sun, one of the Underlying Controlling Shareholders, at a consideration of HK$46,800,000. The transaction resulted in a gain on disposal amount to HK$26,136,000.

Prior to the disposal, the leasehold land and buildings was used to secure the Group's bank borrowings. Subsequent to the disposal, such bank borrowing was secured by the cash proceeds received by the Group.

6 INTANGIBLE ASSET AND GOODWILL

	As at 31 March 2012	
	Goodwill	**Contractual customer relationship**
	HK$'000	*HK$'000*
At the beginning of the year	–	–
Acquisition of business *(Note 27)*	24,540	15,074
At the end of the year	24,540	15,074

Goodwill is allocated to the Group's product assembly business, which is considered as a separate cash generating unit. The product assembly business is included in "others" under segment information.

For the purpose of impairment test, the recoverable amount of the product assembly business unit is determined based on value-in-use calculation. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero growth rate. Discount rate of 14%, which reflects the specific risks relating to the product assembly business, was used in the value-in-use calculation. The discount rate was estimated using the estimated weighted average cost of capital of the product assembly business at the transaction date, plus a risk premium to reflect the additional risk associated with the nature of contractual customer relationship.

Management does not foresee any significant change in the key assumptions used in the value-in-use calculation that will cause the recoverable amount of goodwill be less than its carrying amount.

7 INVENTORIES

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	23,392	28,590	32,491
Work in progress	17,687	33,010	21,490
Finished goods	24,420	38,615	48,977
	65,499	100,215	102,958

The Group recognised amounts of HK$nil, HK$1,047,000 and HK$3,016,000 in respect of the loss on obsolete inventories and write-down of inventories to their net realisable value for the years ended 31 March 2010, 2011 and 2012, respectively. These amounts have been included in the cost of sales in the combined statements of comprehensive income.

The cost of inventories recognised as expense and included in cost of sales amounted to HK$411,079,000, HK$571,371,000 and HK$713,902,000 for the years ended 31 March 2010, 2011 and 2012, respectively.

8 TRADE AND OTHER RECEIVABLES

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables *(Note (b) and (d))*			
– third parties	113,147	134,301	171,472
– related company	67	–	29
	113,214	134,301	171,501
Prepayments, deposits and other receivables	46,391	18,812	36,111
Amounts due from			
– shareholders *(Note (e))*	20,335	20,774	20,028
– ultimate holding company *(Note (f))*	41	41	58
– related companies *(Note (g))*	38,412	42,636	22
	218,393	216,564	227,720

Notes:

(a) The fair values of trade and other receivables approximate their carrying amounts.

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

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Up to 3 months	108,643	132,250	161,310
3 to 6 months	2,810	1,892	9,713
6 months to 1 year	997	127	394
1 to 2 years	764	32	84
	113,214	134,301	171,501

(c) As at 31 March 2010, 2011 and 2012, the Group's trade receivables of HK$17,718,000, HK$18,374,000 and HK$27,621,000, respectively, were past due but not impaired. These trade receivables relate to a number of customers for whom there is no recent history of default.

The ageing analysis of trade receivables that were past due but not impaired is as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Amounts past due			
Up to 3 months	15,655	17,792	26,181
3 to 6 months	876	568	1,246
6 months to 1 year	423	14	111
1 to 2 years	764	–	83
	17,718	18,374	27,621

(d) The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
United States dollars	73,463	88,660	94,264
Renminbi	19,288	28,365	55,191
Hong Kong dollars	20,463	17,276	22,046
	113,214	134,301	171,501

(e) Details of the amounts due from shareholders are as follows:

Name of shareholders	At beginning of year *HK$'000*	At end of year *HK$'000*	Maximum outstanding during the year *HK$'000*
At 31 March 2010			
Peter Sun	1,607	7,917	8,117
David Wong	3,532	3,532	3,532
Banson Lam	843	1,435	1,435
Yau Lam Chuen	4,092	4,092	4,092
Yung Ching Tak	3,359	3,359	3,359
	13,433	20,335	
At 31 March 2011			
Peter Sun	7,917	8,405	9,031
David Wong	3,532	–	3,532
Banson Lam	1,435	9,412	9,412
Yau Lam Chuen	4,092	–	4,092
Yung Ching Tak	3,359	2,957	3,359
	20,335	20,774	
At 31 March 2012			
Peter Sun	8,405	5,165	25,349
Banson Lam	9,412	14,863	14,863
Yung Ching Tak	2,957	–	2,957
	20,774	20,028	

These balances were denominated in the following currencies:

	As at 31 March		
	2010 *HK$'000*	**2011** *HK$'000*	**2012** *HK$'000*
Hong Kong dollars	18,900	11,362	3,057
Renminbi	1,435	9,412	16,971
	20,335	20,774	20,028

All these balances were unsecured, non-interest bearing and repayable on demand. All the outstanding balances due from shareholders were settled by 31 July 2012.

(f) Amount due from the ultimate holding company is denominated in Hong Kong dollars. The amount is unsecured, non-interest bearing and is repayable on demand. The outstanding balance due from the ultimate holding company was settled by 7 September 2012.

(g) Amounts due from related companies are denominated in Hong Kong dollars. The amounts are unsecured, non-interest bearing and are repayable on demand. All these balances were settled by 7 September 2012.

9 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent certain RMB/US$ and HK$/US$ forward foreign exchange contracts held by the Group, in which the contracts period range from 1 month to 2 years.

As at 31 March 2012, the only unsettled contract represents a hedge against the potential fluctuations in foreign exchange arising from long-term bank loans denominated in RMB, in which its notional amounts and payment schedules match with the long-term bank loans. The effective period of the contract is two years and will expire by August 2013.

The gain or loss from settlement of these contracts are presented in "gain/(loss) on derivative financial instruments – realised" in "other (losses)/gains, net" in Note 19.

The sensitivity analysis on the potential loss resulting from the fluctuation of the underlying currencies is set out in Note 3(a)(i).

10 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSIT

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Total bank deposits, bank balances and cash	65,874	121,549	180,223
Restricted bank deposit included in current assets *(Note (a))*	–	–	(46,800)
	65,874	121,549	133,423
Represented by:			
Cash at bank and on hand	56,778	109,469	128,463
Short-term bank deposits with original maturity within three months	9,096	12,080	4,960
Total	65,874	121,549	133,423

As at 31 March 2010, 2011 and 2012, the Group's short-term bank deposits had an weighted average interest rate of 0.1%, 0.5% and 2.7%, respectively. As at 31 March 2010, 2011 and 2012, the weighted average maturity days of these deposits were 19 days, 21 days and 61 days, respectively.

At 31 March 2010, 2011 and 2012, the Group's cash and cash equivalents and restricted bank deposit included balances of HK$33,539,000, HK$28,321,000 and HK$62,304,000 respectively, which were deposits with banks in the PRC. These balances were denominated in Renminbi, United States dollars, Hong Kong dollars and Euro. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amounts of the Group's cash and cash equivalents and restricted bank deposits are denominated in the following currencies:

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
United States dollars	26,863	66,240	80,219
Hong Kong dollars	19,679	35,106	76,822
Renminbi	18,661	19,761	23,166
Euro	671	442	16
	65,874	121,549	180,223

Note:

(a) As at 31 March 2012, bank deposit of HK$46,800,000 was secured for the Group's borrowings (Note 16). No bank deposit was being pledged as securities for the Group's borrowings as at 31 March 2010 and 2011.

11 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 13 July 2011 with an authorised share capital of HK$100,000, divided into 1,000,000 shares of HK$0.1 each. The movement of share capital before the listing is set out on Note 1(b)(vii).

12 RESERVES

	Capital reserve HK$'000 (Note (a))	Statutory reserve HK$'000 (Note (b))	Exchange reserve HK$'000	Total HK$'000
At 1 April 2009	185	7,800	15,100	23,085
Currency translation differences	–	–	1,119	1,119
Transfer of retained profit to statutory reserve *(Note (b))*	–	1,605	–	1,605
At 31 March 2010	185	9,405	16,219	25,809
Currency translation differences	–	–	9,443	9,443
Transfer of retained profit to statutory reserve *(Note (b))*	–	4,866	–	4,866
Deemed contributions from equity holders *(Note (c))*	3,360	–	–	3,360
At 31 March 2011	3,545	14,271	25,662	43,478
Currency translation differences	–	–	10,797	10,797
Transfer of retained profit to statutory reserve *(Note (b))*	–	3,464	–	3,464
At 31 March 2012	3,545	17,735	36,459	57,739

Notes:

(a) Capital reserve of the Group represents 71% equity interest in Innotech Advanced Products Limited ("Innotech"), 87% equity interest in Kingdom Innovative Storage Systems Limited ("KISS") and 100% equity interest in Kingdom Global Enterprises Limited ("KGE") invested by the Group before the Reorganisation as detailed in Note 1(b) of Section II, together with the share capital of KFM. Innotech, KISS and KGE are engaged in Other Businesses and are carved out from the Group for the presentation of the Financial Information.

(b) In accordance with the PRC laws and regulations, the PRC subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under PRC accounting regulations to statutory reserves before the corresponding PRC subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. In addition, the PRC subsidiaries may make further contribution to the statutory reserve using its post-tax profits in accordance with resolutions of the board of directors.

The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval of the corresponding subsidiaries' shareholders in general meetings, the subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to the existing owners in proportion to the existing ownership structure.

(c) On 30 March 2011, KFM disposed of 71% equity interest in Innotech, 87% equity interest in KISS and 100% equity interest in KGE at cost to Gold Joy (HK) Industrial Limited ("Gold Joy"), a related company held by Chow Suen, Christina; David Wong; Yau Lam Chuen; and Yung Ching Tak. Such transaction is treated as a deemed contribution from the equity holders and credited directly to the capital reserve.

13 OBLIGATIONS UNDER FINANCE LEASES

The Group's obligations under finance leases have maturity dates within five years and are repayable as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,664	–	–
Less: future charge on obligations under finance leases	(21)	–	–
Present value of obligations under finance leases	1,643	–	–

Obligations under finance leases are denominated in Hong Kong dollars. The carrying amounts of obligations under finance leases approximate their fair values.

The effective interest rate of the Group's obligations under finance leases was 5.2% per annum as at 31 March 2010.

Obligations under finance leases are effectively secured as the rights to the leased assets revert to the lessors in the event of default. The net book amount of the leased assets as at 31 March 2010 was HK$8,450,000.

14 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax liabilities			
– to be settled within 12 months	(482)	(371)	(1,153)
– to be settled after more than 12 months	(7,029)	(13,291)	(11,598)
	(7,511)	(13,662)	(12,751)

The movements on the net deferred income tax account are as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year	(5,369)	(7,511)	(13,662)
Charged to the combined statement of comprehensive income *(Note 23)*	(2,142)	(6,151)	(2,519)
Payment of withholding tax upon distribution of dividend	–	–	5,917
Acquisition of business *(Note 27)*	–	–	(2,487)
End of the year	(7,511)	(13,662)	(12,751)

The movements in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax losses *HK$'000*	**Accelerated accounting amortisation/ depreciation** *HK$'000*	**Total** *HK$'000*
Deferred income tax assets			
At 1 April 2009	143	39	182
(Charged)/credited to the combined statement of comprehensive income	(143)	34	(109)
At 31 March 2010	–	73	73
Charged to the combined statement of comprehensive income	–	(16)	(16)
At 31 March 2011	–	57	57
Charged to the combined statement of comprehensive income	–	(57)	(57)
At 31 March 2012	–	–	–

	Accelerated tax amortisation/ depreciation *HK$'000*	**Undistributed profits from subsidiaries** *HK$'000*	**Total** *HK$'000*
Deferred income tax liabilities			
At 1 April 2009	(3,009)	(2,542)	(5,551)
Credited/(charged) to the combined statement of comprehensive income	471	(2,504)	(2,033)
At 31 March 2010	(2,538)	(5,046)	(7,584)
Credited/(charged) to the combined statement of comprehensive income	423	(6,558)	(6,135)
At 31 March 2011	(2,115)	(11,604)	(13,719)
Charged to the combined statement of comprehensive income	(951)	(1,511)	(2,462)
Payment of withholding tax upon distribution of dividend	–	5,917	5,917
Acquisition of business *(Note 27)*	(2,487)	–	(2,487)
At 31 March 2012	(5,553)	(7,198)	(12,751)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 March 2012, the Group has unrecognised tax loss of HK$3,764,000. This tax loss will expire in 2017. The Group has no unrecognised tax losses as at 31 March 2010 and 2011.

15 TRADE AND OTHER PAYABLES

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables *(Note (b) and (c))*			
– third parties	79,716	85,514	87,276
– related companies	2,007	2,361	1,127
	81,723	87,875	88,403
Accrual, deposits and other payables	9,197	11,159	25,600
Considerations payable for acquisition of business *(Note 27)*	–	–	38,750
Advance from a customer for equipment purchase *(Note (d))*	25,724	1,440	–
Dividend payable	150	18,840	–
Amounts due to directors *(Note (e))*	275	221	–
Accrued remuneration to directors and senior management *(Note (e))*	23,006	–	–
	140,075	119,535	152,753

Notes:

(a) The fair values of trade and other payables approximate their carrying amounts.

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

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Up to 3 months	76,952	79,589	86,395
3 to 6 months	2,652	3,816	1,943
6 months to 1 year	2,084	1,476	13
1 to 2 years	35	2,994	52
	81,723	87,875	88,403

(c) The carrying amounts of the Group's trade payables are denominated in the following currencies:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Renminbi	23,661	31,026	48,301
United States dollars	18,478	20,645	23,068
Hong Kong dollars	39,440	36,199	16,987
Others	144	5	47
	81,723	87,875	88,403

(d) The amount represents an advance from a customer for equipment purchase on the customer's behalf. The amount is denominated in United States dollars, and is unsecured, non-interest bearing and repayable on demand.

(e) Amounts due to directors and accrued remuneration to directors and senior management were denominated in Hong Kong dollars. The amounts were unsecured, non-interest bearing and repayable on demand. These balances were fully settled by 31 March 2012.

16 BANK BORROWINGS

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Bank overdrafts	1,221	2,200	1,411
Short-term bank loans	–	5,950	40,000
Portion of long-term bank loans due for repayment within one year	4,333	9,428	46,154
Portion of long-term bank loans due for repayment after one year which contain a repayment on demand clause	361	19,155	25,542
	5,915	36,733	113,107

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

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

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	5,554	17,578	87,565
Between 1 and 2 years	361	9,066	21,742
Between 2 and 5 years	–	10,089	3,800
	5,915	36,733	113,107

The carrying amounts of the Group's bank borrowings approximate their fair values.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollars	5,915	30,783	60,567
Renminbi	–	5,950	52,540
	5,915	36,733	113,107

The effective annual interest rates of the Group's bank borrowings at the balance sheet date were as follows:

	As at 31 March		
	2010	2011	2012
Hong Kong dollars	2.5%	2.0%	2.2%
Renminbi	–	6.4%	4.7%

As at 31 March 2010, all bank borrowings were unsecured. As at 31 March 2011, bank borrowings of HK$28,222,000 were secured by certain land and buildings (Note 5) of the Group with an aggregate carrying amount of HK$20,724,000. As at 31 March 2012, bank borrowings of HK$113,107,000 were secured by bank deposit of HK$46,800,000 (Note 10).

17 REVENUE

Revenue represents sales of high precision metal products to external parties.

18 EXPENSES BY NATURE

	Year ended 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
Raw materials and consumables used	253,129	366,042	419,190
Changes in inventory of finished goods and work in progress	(11,340)	(29,518)	1,158
Employee benefit expenses *(Note 20)*	101,795	132,031	193,166
Processing fees	54,013	77,614	77,522
Depreciation of property, plant and equipment *(Note 5)*	16,870	20,463	25,381
Operating lease rental in respect of buildings	15,725	18,572	25,132
Research and development costs	9,007	13,353	20,108
Utilities expenses	11,026	14,466	17,232
Transportation, postage and courier expenses	13,959	17,726	16,388
Legal and professional fees			
– incurred for initial public offerings	–	–	14,986
– others	272	1,837	4,504
Auditor's remuneration	309	223	936
Others	29,030	35,681	44,897
Total cost of sales, distribution and selling expenses and general and administrative expenses	493,795	668,490	860,600
Represented by:			
Cost of sales	411,079	572,418	716,918
Distribution and selling expenses	9,814	12,236	19,391
General and administrative expenses	72,902	83,836	124,291
	493,795	668,490	860,600

19 OTHER (LOSSES)/GAINS, NET

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Gain/(loss) on derivative financial instruments			
– realised	363	1,009	646
– unrealised	(889)	806	329
(Loss)/gain on disposal of property, plant and equipment *(Note 5(d))*	(863)	627	26,373
Net exchange (loss)/gain	(1,295)	(491)	432
Cost of relocating a factory *(Note (a))*	(1,636)	–	–
Compensation receivable for relocating a factory *(Note (a))*	1,636	–	–
Others	862	192	1,272
	(1,822)	2,143	29,052

Note:

(a) As a result of the government's construction of a highway, the Group agreed with the local government to relocate KFM's factory situated in Xili, Shenzhen to Guan Lan, Shenzhen. The local government compensated the Group on the costs incurred during the relocation process. Costs of relocating a factory mainly represent the cost of transportation and re-installment of the equipment, and employees compensations.

20 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Short-term employee benefits *(Note (a))*	94,849	120,262	172,472
Post-employment benefits – defined contribution plans	6,422	9,917	16,469
Other long-term benefits	524	1,852	4,225
	101,795	132,031	193,166

Note:

(a) Short-term employee benefits represent salary, wages and bonus paid to employees of the Group, and insurance premium for staff insurance schemes.

21 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

The remuneration of the directors for the years ended 31 March 2010, 2011 and 2012 are set out below:

	Short-term employee benefits	Post-employment benefits – defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31 March 2010			
Executive Directors:			
Peter Sun	1,791	82	1,873
Banson Lam	711	12	723
David Wong	–	–	–
Chow Suen, Christina	729	34	763
	3,231	128	3,359
For the year ended 31 March 2011			
Executive Directors:			
Peter Sun	1,791	82	1,873
Banson Lam	763	12	775
David Wong	–	–	–
Chow Suen, Christina	729	34	763
	3,283	128	3,411
For the year ended 31 March 2012			
Executive Directors:			
Peter Sun	1,791	82	1,873
Banson Lam	1,167	12	1,179
David Wong	–	–	–
Chow Suen, Christina	996	34	1,030
	3,954	128	4,082

(b) Five highest paid individuals

The remuneration of the five highest paid individuals for the years ended 31 March 2010, 2011 and 2012 are set out below:

	Year ended 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
Short-term employee benefits	4,743	5,082	7,274
Post-employment benefits – defined contribution plans	173	155	117
	4,916	5,237	7,391

The five individuals whose remuneration were the highest in the Group include three, one and two directors for the years ended 31 March 2010, 2011 and 2012, respectively, whose remuneration are reflected in the analysis presented above.

The remuneration paid to the remaining individuals are as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Short-term employee benefits	1,511	3,291	4,316
Post-employment benefits – defined contribution plans	46	73	24
	1,557	3,364	4,340

The remuneration fell within the following bands:

	Year ended 31 March		
	2010	**2011**	**2012**
Remuneration bands			
HK$500,001 to HK$1,000,000	2	4	–
HK$1,000,001 to HK$2,000,000	–	–	3

(c) For the years ended 31 March 2010, 2011 and 2012, no remuneration were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which a director or the five highest paid individuals waived or agreed to waive any of the remuneration.

22 FINANCE COSTS, NET

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Finance income			
Interest income on bank deposits	210	222	470
Interest income on loans to related companies	30	–	–
	240	222	470
Finance costs			
Interest expense on:			
Bank borrowings wholly repayable within five years	(256)	(608)	(2,883)
Obligations under finance leases	(296)	(63)	–
	(552)	(671)	(2,883)
Finance costs, net	(312)	(449)	(2,413)

23 INCOME TAX EXPENSES

	Year ended 31 March		
	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*
Current income tax			
– Hong Kong	2,441	15,925	16,568
– The PRC	2,617	6,709	3,977
	5,058	22,634	20,545
Deferred income tax *(Note 14)*	2,142	6,151	2,519
	7,200	28,785	23,064

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 2010, 2011 and 2012.

(a) Hong Kong profits tax

The Group is subject to Hong Kong profits tax which is provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 March 2010, 2011 and 2012.

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

The PRC EIT is provided on the assessable income of the companies now comprising the Group derived from the PRC, adjusted for those items which are not taxable or deductible for the PRC EIT purpose.

The below table summarises the income tax rates applicable to the Group's PRC subsidiaries for the fiscal years ended 31 December 2009, 2010, 2011 and 2012.

	As at 31 December			
	2009	2010	2011	2012
KPP SU *(Note (i))*	12.5%	15%	15%	15%
KRP SZ *(Note (ii))*	0%	11%	12%	12.5%
KRP SH *(Note (iii))*	0%	12.5%	12.5%	12.5%

Notes:

(i) Kingdom Precision Product (Suzhou) Co., Ltd. ("KPP SU") was established in Suzhou, Jiangsu Province. It was entitled to exemption from the PRC EIT for the two years commencing from their first profit making year, after offsetting all unexpired tax losses carried forward from previous years, and thereafter, was entitled to a 50% relief from the enacted EIT rate for the next three years (the "5-Year Tax Concession").

The first profitable year after offsetting prior year tax losses of KPP SU was the fiscal year ended 31 December 2005. Under the 5-Year Tax Concession, KPP SU is exempted from the PRC EIT for the fiscal years ended 31 December 2005 and 2006. Starting from the fiscal year ended 31 December 2007, KPP SU enjoyed a 50% reduction in the PRC EIT for three year, and the enacted tax rate applicable to KPP SU for the fiscal years ended 31 December 2009 was 12.5% (being 50% of the enacted EIT rate for 2009).

On 22 September 2009, KPP SU was recognised by the PRC government as a "National High and New Technology Enterprise" and was therefore subject to a preferential tax rate of 15%. KPP SU applies for such preferential tax rate starting from 1 January 2010 after the expiry of the 5-Year Tax Concession.

(ii) Kingdom (Reliance) Precision Parts (Shenzhen) Manufactory Limited ("KRP SZ") was incorporated in Shenzhen Special Economic Zone and was entitled to 5-Year Tax Concession. The first year of profitable operation of KRP SZ was the fiscal year ended 31 December 2008.

Pursuant to the PRC EIT Law passed by the Tenth National People's Congress on 16 March 2007 (the "New PRC EIT Law"), the new EIT for domestic and foreign enterprises is unified at 25%, which is effective from 1 January 2008 onwards. The New PRC EIT Law also provides for a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the New PRC EIT Law and which were entitled to a preferential lower income tax rate under the then effective tax laws or regulations. On 26 December 2007, the State Council issued the "Circular to Implementation of the Transitional Preferential Policies for the Enterprise Income Tax". Pursuant to this Circular, the transitional income tax rates of companies established in Shenzhen Special Economic Zone before 31 March 2007 should be 20%, 22%, 24% and 25%, respectively for the fiscal years ended 31 December 2009, 2010, 2011 and 2012.

After promulgation of the New PRC EIT Law, the 5-Year Tax Concession enjoyed by KRP SZ continued to be applied. As the first profit making year of KRP SZ after offsetting of cumulative carry-forward losses is 2008, the enacted tax rate applicable to KRP SZ in 2009, 2010 and 2011 is 0%, 11% (being 50% of the enacted EIT rate for 2010), 12% (being 50% of the EIT rate for 2011) and 12.5% (being 50% of the enacted EIT rate for 2012), respectively.

(iii) Kingdom Reliance Mechatronic Components (Shanghai) Manufactory Limited ("KRP SH") was incorporated in Shanghai. KRP SH was entitled to 5-Year Tax Concession with their first year of profitable operation commenced on the fiscal year ended 31 December 2008. According to the 5-Year Tax Concession, KRP SH was exempted from the PRC EIT for the fiscal years ended 31 December 2008 and 2009 and enjoyed EIT rate at 12.5% (being 50% of the EIT rate for 2010, 2011 and 2012) for the fiscal years ended 31 December 2010, 2011 and 2012, respectively.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entities, as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	40,684	154,266	117,457
Tax calculated at the standard tax rate of the respective entities	8,007	30,896	22,208
Tax concession *(Note (i))*	(4,204)	(10,554)	(1,727)
Income not subject to tax	(1,175)	(4,680)	(5,613)
Expenses not deductible for tax purpose	1,724	6,565	5,857
Under-provision in prior years	344	–	828
Withholding income tax on undistributed profits	2,504	6,558	1,511
Income tax expenses	7,200	28,785	23,064
The effective tax rate	18%	19%	20%

Note:

(i) Tax concession represents corporate income tax waived/reduced under the 5-Year Tax Concession and preferential tax rate as being a "National High and New Technology Enterprises".

24 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the group reorganisation and the preparation of the results for Relevant Periods on a combined basis as disclosed in Note 1(c) of Section II above.

25 NOTE TO COMBINED STATEMENT OF CASH FLOWS

Reconciliation of profit before income tax to net cash generated from operations:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	40,684	154,266	117,457
Depreciation on property, plant and equipment	16,870	20,463	25,381
Unrealised loss/(gain) on derivative financial instruments	889	(806)	(329)
Loss/(gain) on disposal of property, plant and equipment	863	(627)	(26,373)
Finance income	(240)	(222)	(470)
Finance costs	552	671	2,883
Operating profit before changes in working capital	59,618	173,745	118,549
Increase in inventories	(13,945)	(33,012)	(1,270)
(Increase)/decrease in trade and other receivables	(59,930)	5,790	(9,134)
Increase/(decrease) in trade and other payables	50,550	(38,213)	12,308
Net cash generated from operations	36,293	108,310	120,453

26 DIVIDENDS

Dividends during each of the years ended 31 March 2010, 2011 and 2012 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

27 BUSINESS COMBINATION

On 29 March 2012, the Group acquired the product assembly business from a third party customer, who sourced precision metal part products from the Group, for a consideration of US$5,000,000 (equivalent to HK$38,750,000).

As a result of the acquisition, the Group is able to enter into the assembly business of the data storage automation integration business and secure the original orders from the third party customer. The goodwill of HK$24,540,000 arising from the acquisition is attributable to the future economic benefit and economies of scale from incorporating the operations of the product assembly business with the Group. The goodwill and the intangible asset recognised are not expected to be deductible for income tax purposes.

The following table summarises the consideration paid to the third party customer and the fair value of assets acquired at the acquisition date.

	HK$'000
Total consideration	
At 29 March 2012	
– Cash	38,750
Recognised amounts of identifiable assets and liabilities acquired	
Property, plant and equipment *(Note 5)*	1,623
Contractual customer relationship *(Note 6)*	15,074
Deferred tax liabilities *(Note 14)*	(2,487)
Goodwill *(Note 6)*	24,540
	38,750

Following the acquisition, service fee income would be generated by the Group from the provision of product assembly service. The nature of such service is different from the sales of high precision metal products. As such, the relevant service fee income would not be presented in the combined financial statements as "revenue".

During the year ended 31 March 2012, the product assembly business had not contributed any revenue or profit to the Group. Had the product assembly business been acquired on 1 April 2011, the combined income statement would show revenue of HK$951,418,000, other income of HK$9,243,000 and profit of HK$97,386,000 for the year ended 31 March 2012.

Acquisition-related cost of HK$53,000 has been charged to general and administrative expenses in the combined income statement for the year ended 31 March 2012.

28 COMMITMENTS

(a) Capital commitments

		As at 31 March	
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Authorised but not contracted for			
– Plant and machinery	–	–	37,710
Contracted but not provided for			
– Leasehold land and buildings	–	24,990	48,850

(b) Operating lease commitments

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

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	18,435	22,463	27,341
Later than 1 year and not later than 5 years	71,330	82,367	88,039
Later than 5 years	54,316	43,116	28,066
	144,081	147,946	143,446

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

29 CONTINGENT LIABILITIES

During the Relevant Periods, the Group had provided guarantee in respect of bank borrowings drawn by a related company of the Group as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Innotech Advanced Products Limited	6,000	19,700	12,500

These guarantees were subsequently released by 12 June 2012.

30 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Name and relationship with related parties

Name	**Relationship**
EuAuto International Limited	A company in which Peter Sun is a shareholder.
EuAuto Technology Limited	An entity in which EuAuto International Limited has equity interest.
Gold Joy (HK) Industrial Limited	A related company owned by Chow Suen, Christina; David Wong; Yau Lam Chuen; and Yung Ching Tak.
Innotech Advanced Products Limited	A subsidiary of Gold Joy (HK) Industrial Limited which was engaged in Other Businesses.
Kingdom Group Limited	A wholly owned subsidiary of KIG.

Name	Relationship
Kingdom International Group Limited ("KIG")	A company held by the Underlying Controlling Shareholders before the Reorganisation, and the ultimate holding company of the Group after the Reorganisation.
Peter Sun	One of the Underlying Controlling Shareholders.
Kingsway Investment (Group) Limited	A company in which Peter Sun, is a shareholder.
Dongguan Tech-in Electrical & Mechanical Products Limited	A subsidiary of Innotech Advanced Products Limited.

(b) Sales and purchase of products

During the Relevant Periods, the Group had the following material transactions with related companies, which were entered into at terms mutually agreed.

(i) Continuing transactions:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Sales of products to a related company:			
Innotech Advanced Products Limited	146	114	114
Purchase of products from related companies:			
Innotech Advanced Products Limited	6,848	7,620	3,869
Dongguan Tech-in Electrical & Mechanical Products Limited	1,892	2,456	3,833

(ii) Non-continuing transactions:

	2010	2011	2012
Interest income from a related company:			
Innotech Advanced Products Limited	30	–	–
Other income from related companies:			
Innotech Advanced Products Limited	15	–	–
Kingsway Investment (Group) Limited	12	12	12
EuAuto International Limited	36	36	33
	63	48	45

Interest income from a related company was derived from an advance provided to that related company. Other income from related companies represents accounting and secretarial cost recharged to related companies.

(c) Balances with ultimate holding company, fellow subsidiary and related companies

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable from a related company			
Innotech Advanced Products Limited	67	–	29
Other receivables from ultimate holding company, fellow subsidiary and related companies *(Note)*			
Innotech Advanced Products Limited	7,966	–	–
Gold Joy (HK) Industrial Limited	–	11,410	–
EuAuto International Limited	30,432	31,212	–
EuAuto Technology Limited	–	–	3
Kingdom Group Limited	11	14	19
Kingdom International Group Limited	41	41	58
Kingsway Investment (Group) Limited	3	–	–
	38,520	42,677	109
Trade payable to related companies			
Innotech Advanced Products Limited	(1,481)	(1,998)	(800)
Dongguan Tech-in Electrical & Mechanical Products Limited	(526)	(363)	(327)
	(2,007)	(2,361)	(1,127)

Note: Other receivables from ultimate holding company, fellow subsidiary and related companies were settled by 7 September 2012.

(d) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Short-term employee benefits	4,772	5,085	9,717
Post-employment benefits – defined contribution plans	172	175	130
Other long-term benefits	40	44	25
	4,984	5,304	9,872

(e) Others

During the year ended 31 March 2012, the Group completed the disposal of its leasehold land and buildings in Hong Kong to Peter Sun. Please refer to note 5(d) for details.

31 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the shareholders management of the Group. The shareholders management reviews the Group's internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports.

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

(i) Office automation

(ii) Medical and test equipment

(iii) Finance equipment

(iv) Consumer electronics

(v) Network and data storage

The shareholders management assess the performance of the operating segments based on revenue and gross profit percentage of each segment.

(a) The segment information provided to the shareholders management for the reportable segments for the year ended 31 March 2010 is as follows:

	Office automation	**Medical and test equipment**	**Finance equipment**	**Consumer electronics**	**Network and data storage**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	183,805	119,283	44,861	78,746	43,397	66,521	536,613
Cost of sales	(173,255)	(84,405)	(31,071)	(42,459)	(32,313)	(47,576)	(411,079)
Gross profit	10,550	34,878	13,790	36,287	11,084	18,945	125,534
Gross profit %	5.7%	29.2%	30.7%	46.1%	25.6%	28.5%	23.4%
Other losses, net							(1,822)
Distribution and selling expenses							(9,814)
General and administrative expenses							(72,902)
Operating profit							40,996
Finance income							240
Finance costs							(552)
Profit before income tax							40,684
Income tax expenses							(7,200)
Profit for the year							33,484

(b) The segment information provided to the shareholders management for the reportable segments for the year ended 31 March 2011 is as follows:

	Office automation	Medical and test equipment	Finance equipment	Consumer electronics	Network and data storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	233,844	161,519	60,760	217,571	49,480	97,888	821,062
Cost of sales	(215,136)	(93,358)	(33,114)	(110,526)	(38,594)	(81,690)	(572,418)
Gross profit	18,708	68,161	27,646	107,045	10,886	16,198	248,644
Gross profit %	8.0%	42.2%	45.5%	49.2%	22.0%	16.5%	30.3%
Other gains, net							2,143
Distribution and selling expenses							(12,236)
General and administrative expenses							(83,836)
Operating profit							154,715
Finance income							222
Finance costs							(671)
Profit before income tax							154,266
Income tax expenses							(28,785)
Profit for the year							125,481

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

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

(d) Revenue from external customers in the PRC, Singapore, North America, Japan, Europe, Oceania, South America and other Asian countries is as follow:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
The PRC	289,283	381,018	514,185
Singapore	59,852	192,148	192,330
North America	71,307	86,994	100,720
Japan	49,119	62,209	70,389
Europe	41,336	71,988	55,750
Oceania	2,292	3,619	2,607
South America	712	688	494
Other Asian countries excluding the PRC, Singapore and Japan	22,712	22,398	14,943
	536,613	821,062	951,418

(e) The total of non-current assets, other than intangible asset and goodwill of the Group as at 31 March 2010, 2011 and 2012 are as follows:

	As at 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
The PRC	111,604	151,655	176,832
Hong Kong	29,925	26,629	5,041
	141,529	178,284	181,873

(f) During each of the years ended 31 March 2010, 2011 and 2012, revenue derived from three, one and three customers, respectively, accounted for 10% or more of the Group's total revenue. These customers were in the consumer electronics, medical and test equipment and office automation segments. The revenue attributed from these customers are as follows:

	Year ended 31 March		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Segment of which these customers belong to			
Consumer electronics	57,299	181,466	181,919
Medical and test equipment	58,287	–	97,617
Office automation	59,134	–	108,640
	174,720	181,466	388,176

32 SUBSEQUENT EVENT

On 13 September 2012, the Group completed the Reorganisation in preparing for the Listing (Note 1(b)).

On 22 September 2012, the Company's Share Option Scheme was approved by the board of directors. The board of directors may, under the Share Option Scheme, grant options to the employees, directors or other selected participants of the Group. The implementation of the Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options in accordance with the terms and conditions of the Share Option Scheme. No options have been granted up to the date of this report.

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 13 July 2011 and has not been involved in any business as at 31 March 2012.

IV SUBSEQUENT FINANCIAL STATEMENTS

On 2 May 2012 and 26 June 2012, the Group declared dividends of HK$53,646,000 and HK$31,582,000 respectively to its then shareholders. As of the date of this report, the dividend has been fully paid by the Group. Save of these dividends, no dividend or distribution has been declared or made by the Company or any of its companies comprising the Group in respect of any period subsequent to 31 March 2012.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong