



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Financial Statements for the financial year ended 31 March 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (HK\$'000)		Change %
	Year ended 31/3/15 ("FY2015")	Year ended 31/3/14 ("FY2014")	
<u>Continuing operations</u>			
Revenue	206,247	218,426	(5.6)
Cost of sales	(173,738)	(202,459)	(14.2)
Gross profit	32,509	15,967	103.6
Other items of income			
Interest income (Note 1)	702	1,025	(31.5)
Other income (Note 2)	22,510	1,883	n.m.
Other items of expense			
Selling and distribution expenses	(9,596)	(11,175)	(14.1)
General and administrative expenses	(17,597)	(23,760)	(25.9)
Finance costs	-	-	n.m.
Other credits/(expenses) (Note 3)	237	(16,743)	n.m.
Profit/(Loss) before tax from continuing operations (Note 4)	28,765	(32,803)	n.m.
Income tax credit/(expense) (Note 5)	5,249	(603)	n.m.
Profit/(Loss) from continuing operations, net of tax	34,014	(33,406)	n.m.
<u>Discontinued operations</u>			
Loss from discontinued operations, net of tax	(4,697)	(51,736)	(90.9)
Profit/(Loss) for the year	29,317	(85,142)	n.m.
Attributable to:			
Owners of the Company			
-Profit/(Loss) from continuing operations, net of tax	29,311	(24,916)	n.m.
- Loss from discontinued operations, net of tax	(4,888)	(48,177)	(89.9)
Profit/(Loss) for the year attributable to owners of the Company	24,423	(73,093)	n.m.
Non-controlling interests			
- Profit/(Loss) from continuing operations, net of tax	4,703	(8,490)	n.m.
- Profit/(Loss) from discontinued operations, net of tax	191	(3,559)	n.m.
Profit/(Loss) for the year attributable to non-controlling interests	4,894	(12,049)	n.m.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	FY2015 HK\$'000	FY2014 HK\$'000	Change %
<u>Profit & Loss analysis</u>			
Profit/(Loss) before tax from continuing operations excluding impairment losses, reversal of impairment loss and gains arising from disposal of subsidiaries	7,311	(16,913)	n.m.
Impairment loss on doubtful trade and other receivables	(408)	(832)	(51.0)
Reversal of impairment loss/(Impairment loss) on inventories	645	(1,825)	n.m.
Impairment loss on property, plant and equipment	-	(14,150)	n.m.
Gain on disposal of subsidiaries	14,041	655	n.m.
Foreign currency translation gain reclassified to profit or loss upon disposal of subsidiaries	7,176	262	n.m.
Sub-total	21,454	(15,890)	n.m.
Profit/(Loss) before tax from continuing operations	28,765	(32,803)	n.m.
Income tax credit/(expenses)	5,249	(603)	n.m.
Profit/(Loss) from continuing operations, net of tax	34,014	(33,406)	n.m.
Loss from discontinued operation, net of tax	(4,697)	(51,736)	(90.9)
Profit/(Loss) for the year	29,317	(85,142)	n.m.
Profit/(Loss) for the year	29,317	(85,142)	n.m.
Other comprehensive income:			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation (Note 6)	3,466	1,430	142.4
Other comprehensive income for the year, net of tax	3,466	1,430	142.4
Total comprehensive income for the year	32,783	(83,712)	n.m.
Attributable to:			
Owners of the Company	27,699	(71,822)	n.m.
Non-controlling interests	5,084	(11,890)	n.m.
Total comprehensive income for the year	32,783	(83,712)	n.m.
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax	32,403	(25,529)	n.m.
Total comprehensive income from discontinued operations, net of tax	(4,704)	(46,293)	(89.8)
Total comprehensive income for the year attributable to owners of the Company	27,699	(71,822)	n.m.

n.m. - not meaningful

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	FY2015 HK\$'000	FY2014 HK\$'000	Change %
Note 1 – Interest income			
Interest income from bank and other receivables	702	1,025	(31.5)
Note 2 – Other income			
Sale of raw materials/ scrap materials	478	158	n.m.
Gain on disposal of property, plant and equipment	562	516	8.9
Gain on disposal of subsidiaries	14,041	655	n.m.
Net foreign exchange gain	7,421	255	n.m.
Government grants related to income	8	191	(95.8)
Others	-	108	n.m.
	<u>22,510</u>	<u>1,883</u>	n.m.
Note 3 – (Other credits)/Other expenses			
Collection of previously impaired trade receivables	-	(64)	n.m.
Impairment loss on doubtful trade and other receivables	408	832	(51.0)
(Reversal of impairment loss)/Impairment loss on inventories	(645)	1,825	n.m.
Impairment loss on property, plant and equipment	-	14,150	n.m.
	<u>(237)</u>	<u>16,743</u>	n.m.
Note 4 – Profit/(Loss) before tax from continuing operations			
This is determined after charging the following:			
Depreciation of property, plant and equipment	1,687	4,287	(60.6)
Amortisation of intangible assets	-	2	n.m.
Research expenses	660	2,250	(70.7)
Note 5 – Income tax (credit)/expense			
Current income taxation	1	-	n.m.
(Over)/Underprovision in respect of prior years	(5,250)	603	n.m.
Income tax (credit)/expense	<u>(5,249)</u>	<u>603</u>	n.m.
Note 6 - Other comprehensive income - Foreign currency translation			
The foreign currency translation gain arises mainly from the translation of our financial statements denominated in Renminbi to Hong Kong dollars when consolidating the financial statements of the Group. As compared to the closing exchange rate in FY2014, the average and closing exchange rate of Renminbi against Hong Kong dollars in FY2015 had appreciated by about 0.3% (FY2014: appreciated by 1.5%) and 0.2% (FY2014: depreciated by 0.1%) respectively.			

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group As at 31-Mar-15 HK\$'000	Group As at 31-Mar-14 HK\$'000	Company As at 31-Mar-15 HK\$'000	Company As at 31-Mar-14 HK\$'000
<u>Non-current assets</u>				
Investment in subsidiaries	-	-	48,864	66,156
Property, plant and equipment	10,984	24,063	-	-
Land use rights	-	6,464	-	-
Prepayments	1,214	4,792	-	-
Total non-current assets	12,198	35,319	48,864	66,156
<u>Current assets</u>				
Inventories (Note 1)	26,682	60,024	-	-
Trade and other receivables (Note 2)	44,148	89,003	-	-
Prepayments	22,561	14,469	222	149
Amount due from subsidiary companies	-	-	34,388	43,488
Cash and bank balances	27,494	38,621	279	64
	120,885	202,117	34,889	43,701
Assets of disposal group classified as held for sale	-	42,062	-	-
Total current assets	120,885	244,179	34,889	43,701
Total Assets	133,083	279,498	83,753	109,857
<u>Current liabilities</u>				
Trade and other payables	49,264	112,542	-	-
Other liabilities	10,659	34,339	1,774	2,839
Amount due to related parties	889	924	-	1,072
Borrowings	-	29,136	-	-
Deferred government grants	1,876	6,370	-	-
Provision for taxation	355	4,883	-	-
	63,043	188,194	1,774	3,911
Liabilities directly associated with disposal group classified as held for sale	-	19,550	-	-
Total current liabilities	63,043	207,744	1,774	3,911
Net current assets	57,842	36,435	33,115	39,790
<u>Non-current liabilities</u>				
Deferred government grants	-	6,613	-	-
Total non-current liabilities	-	6,613	-	-
Total liabilities	63,043	214,357	1,774	3,911
Net assets	70,040	65,141	81,979	105,946

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Group As at 31-Mar-15 HK\$'000	Group As at 31-Mar-14 HK\$'000	Company As at 31-Mar-15 HK\$'000	Company As at 31-Mar-14 HK\$'000
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Equity attributable to owners of the Company

Share capital	145,057	145,057	145,057	145,057
Accumulated losses	(48,559)	(32,765)	(80,007)	(55,702)
Restructuring reserve	(74,397)	(106,937)	-	-
Statutory reserve	-	2,928	-	-
Foreign currency translation reserve	22,660	26,560	16,929	16,591
	44,761	34,843	81,979	105,946
Non-controlling interests	25,279	30,298	-	-
Total equity	70,040	65,141	81,979	105,946
Total equity and liabilities	133,083	279,498	83,753	109,857

Group As at 31-Mar-15 HK\$'000	Group As at 31-Mar-14 HK\$'000
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Note 1 – Inventories

Raw materials	4,071	5,561
Work in progress	2,913	40,501
Finished goods	19,698	13,962
	26,682	60,024

Note 2 – Trade and other receivables

Trade receivables	37,916	63,830
Bill receivables	853	1,937
Other receivables	5,379	23,236
	44,148	89,003

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

(In HK\$'000)

As at 31 March 2015		As at 31 March 2014	
Secured	Unsecured	Secured	Unsecured
-	-	29,136	-

Amount repayable after one year

(In HK\$'000)

As at 31 March 2015		As at 31 March 2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Following the completion of disposal of certain subsidiaries, the Group do not have any bank borrowings or debt securities as at 31 March 2015.

As at 31 March 2014, the Group's secured borrowings comprised short term bank loans of approximately HK\$ 29.1 million. The short-term bank loans were secured by the Group's property, plant and equipment of HK\$2.9 million, land use rights of HK\$6.5 million, trade receivables of HK\$10.5 million and guarantees from our Executive Chairman and CEO, Cai Kaoqun and Shenzhen Precision ⁽¹⁾. No consideration is paid to Mr Cai or Shenzhen Precision for the guarantees.

(1) Shenzhen Kunda Precision Mould Co., Ltd – 深圳市群达行精密模具有限公司, a company incorporated in China. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Directors, Yang Jinbiao and Cai Kaobing. As disclosed in our prospectus dated 30 September 2008, the Group had entered into the outsourcing arrangement, technical fee arrangement and purchase of raw materials arrangement with the company and all the above arrangements had ceased.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	(HK\$'000)	
	FY2015	FY2014
Operating activities		
Profit/(Loss) before tax from continuing operations	28,765	(32,803)
Loss before tax from discontinued operations	(4,697)	(51,736)
Profit/(Loss) before tax, total	<u>24,068</u>	<u>(84,539)</u>
Adjustments for:		
Depreciation of property, plant and equipment (Note A)	2,977	14,441
Amortisation of intangible assets	-	69
Amortisation of land use rights (Note B)	571	1,743
Impairment loss on intangible assets	-	434
(Reversal of impairment loss)/Impairment loss on inventories (Note C)	(30)	3,024
Impairment loss on doubtful trade and other receivables (Note D)	520	2,849
Impairment loss on property, plant and equipment (Note E)	-	37,671
Gain on disposal of property, plant and equipment	(562)	(516)
Gain on disposal of subsidiaries	(14,041)	(655)
Interest income	(702)	(1,025)
Translation differences	(6,451)	1,012
Operating cash flows before working capital changes	<u>6,350</u>	<u>(25,492)</u>
(Increase)/decrease in:		
Trade and other receivables	27,798	10,031
Inventories	1,755	(5,600)
Prepayments	(12,072)	(10,676)
Amount due from related parties, net	(35)	44,217
Increase/(decrease) in:		
Trade and other payables	(18,496)	25,669
Other liabilities	(11,587)	2,965
Cash flows (used in)/from operations	<u>(6,287)</u>	<u>41,114</u>
Interest received	702	1,025
Income tax paid	(1,308)	(3,708)
Net cash flows (used in)/from operating activities	<u>(6,893)</u>	<u>38,431</u>
Investing activities		
Purchase of property, plant and equipment (Note F)	(8,898)	(12,922)
Proceeds from disposal of property, plant and equipment	562	997
Government grants received	595	7,171
Net cash flow on disposal of subsidiaries (Note G)	22,118	2,723
Net cash flows used in investing activities	<u>14,377</u>	<u>(2,031)</u>

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (HK\$'000)	
	FY2015	FY2014
Financing activities		
Repayment of finance lease obligations	-	(405)
Proceeds from short term borrowings	1,690	37,611
Repayment of short term borrowings	(20,466)	(56,172)
Net cash flows used in financing activities	(18,776)	(18,966)
Net (decrease)/increase in cash and cash equivalents	(11,292)	17,434
Effect of unrealised foreign currency difference	99	(282)
Cash and cash equivalents at beginning of financial year	38,687	21,535
Cash and cash equivalents at end of financial year	27,494	38,687

	Group (HK\$'000)	
	FY2015	FY2014
Note A:		
Depreciation of property, plant and equipment:		
Depreciation of property, plant and equipment from continuing operations	1,687	4,287
Depreciation of property, plant and equipment from discontinued operations	1,290	10,154
Total depreciation of property, plant and equipment	2,977	14,441

Note B:		
Amortisation of land use rights:		
Amortisation of land use rights from discontinued operations	571	1,743
Total amortisation of land use rights	571	1,743

Note C:		
(Reversal of impairment loss)/Impairment loss on inventories:		
(Reversal of impairment loss)/Impairment loss on inventories from continuing operations	(645)	1,825
Impairment loss on inventories from discontinued operations	615	1,199
Total (reversal of impairment loss)/impairment loss on inventories	(30)	3,024

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group (HK\$'000)	
FY2015	FY2014

Note D:

Impairment loss on doubtful trade and other receivables:

Impairment loss on doubtful trade and other receivables from continuing operations	408	832
Impairment loss on doubtful trade and other receivables from discontinued operations	112	2,017
Total impairment loss on doubtful trade and other receivables	520	2,849

Note E:

Impairment loss on property, plant and equipment:

Impairment loss on property, plant and equipment from continuing operations	-	14,150
Impairment loss on property, plant and equipment from discontinued operations	-	23,521
Total impairment loss on property, plant and equipment	-	37,671

Note F:

Cash outflow on purchase of property, plant and equipment:

Aggregate cost of property, plant and equipment acquired	12,735	8,159
Add: Payment for prior years acquisitions	115	532
Less: Outstanding payments	(374)	(115)
(Less)/Add: Movement of prepayments made	(3,578)	4,346
Cash payments made to acquire property, plant and equipment	8,898	12,922

Note G:

Net cash flow on disposal of subsidiaries:

Sale proceed on disposal of subsidiaries	30,737	3,297
Less: Cash and bank balances of the subsidiaries	(8,619)	(574)
Net cash inflow on disposal of subsidiaries	22,118	2,723

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							Non-controlling interests
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Statutory reserve	Foreign currency translation reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group								
FY2015								
Opening balance at 1 April 2014	65,141	34,843	145,057	(32,765)	(106,937)	2,928	26,560	30,298
Profit for the year	29,317	24,423	-	24,423	-	-	-	4,894
Other comprehensive income for the year	3,466	3,276	-	-	-	-	3,276	190
Total comprehensive income for the year	32,783	27,699	-	24,423	-	-	3,276	5,084
<u>Others</u>								
Acquisition of non-controlling interests	(7,606)	248	-	248	-	-	-	(7,854)
Increase in share of subsidiary's loss	-	(7,925)	-	(7,925)	-	-	-	7,925
Disposal of subsidiaries	(20,278)	(10,104)	-	(32,540)	32,540	(2,928)	(7,176)	(10,174)
Total others	(27,884)	(17,781)	-	(40,217)	32,540	(2,928)	(7,176)	(10,103)
Closing balance at 31 March 2015	70,040	44,761	145,057	(48,559)	(74,397)	-	22,660	25,279

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							Non-controlling interests HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated profit/(losses) HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency	
							translation reserve HK\$'000	
Group								
FY2014								
Opening balance at 1 April 2013	152,040	107,118	145,057	40,019	(106,937)	3,391	25,588	44,922
Loss for the year	(85,142)	(73,056)	-	(73,056)	-	-	-	(12,086)
Other comprehensive income for the year	1,430	1,234	-	-	-	-	1,234	196
Total comprehensive income for the year	(83,712)	(71,822)	-	(73,056)	-	-	1,234	(11,890)
<u>Others</u>								
Disposal of a subsidiary	(3,187)	(453)	-	-	-	(191)	(262)	(2,734)
Appropriation to reserve	-	-	-	272	-	(272)	-	-
Total others	(3,187)	(453)	-	272	-	(463)	(262)	(2,734)
Closing balance at 31 March 2014	65,141	34,843	145,057	(32,765)	(106,937)	2,928	26,560	30,298

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company				
FY2015				
Opening balance at 1 April 2014	105,946	145,057	(55,702)	16,591
Loss net of tax	(24,305)	-	(24,305)	-
Other comprehensive income for the year	338	-	-	338
Total comprehensive income for the year	(23,967)	-	(24,305)	338
Closing balance at 31 March 2015	81,979	145,057	(80,007)	16,929
FY2014				
Opening balance at 1 April 2013	153,224	145,057	(7,795)	15,962
Loss net of tax	(47,907)	-	(47,907)	-
Other comprehensive income for the year	629	-	-	629
Total comprehensive income for the year	(47,278)	-	(47,907)	629
Closing balance at 31 March 2014	105,946	145,057	(55,702)	16,591

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Resultant issued and Paid-up share capital (HK\$,000)
Share capital as at 31 March 2014 and 31 March 2015	352,000,000	145,057

The Company has no outstanding convertibles or treasury shares as at the end of the current financial year reported on and as at the end of the immediately preceding financial year.

On 11 May 2015, the Company allotted and issued 57.8 million ordinary shares pursuant to a share placement exercise.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2015	31 March 2014
Total number of issued shares excluding treasury shares	352,000,000	352,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There is no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2014, except for the adoption of certain new or revised FRS and Interpretations to FRS which became mandatory from 1 April 2014. The adoption of these FRS and INT FRS has no significant impact to the Group.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please see explanation in note 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group	
		FY2015	FY2014
Profit/(Loss) of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	24,423	(73,093)
Earnings/(Loss) per share Basic	HK cents	6.9	(20.8)

Basic earnings per share are calculated based on weighted average number of shares issued of 352,000,000 (FY2014: 352,000,000) ordinary shares.

Diluted earnings per share are not presented as there are no potential dilutive shares in existence as at balance sheet date.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Net asset per ordinary share less non-controlling interest, based on 352 million shares as at 31 March 2015 and 31 March 2014	HK cents	HK cents	HK cents	HK cents
	12.7	9.9	23.3	30.1

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Completion of disposal of subsidiaries

On 10 June 2014, the Group announced the entry into a conditional sale and purchase agreement with Mr Yu Jiahong (the "Purchaser") relating to the disposal of three subsidiaries, namely, Kunda Mould (International) Company Limited ("KMI"), Kunda Mould (Shenzhen) Co. Ltd. ("KMS") and Changchun FAW-Sihuan Lida Pressed Component Co. Ltd. ("CCL") (collectively "Sale Entities") through the sale of all the shares in KMI to the Purchaser (herein referred to as "Proposed Disposal"). The above transaction had been approved by shareholders of the Company during an Extraordinary General Meeting held on 25 July 2014.

On 9 February 2015, the Company and the Purchaser had agreed that the Benchmark Date for the Proposed Disposal is fixed at 31 July 2014 at a consideration of HK\$30,737,000. The Proposed Disposal was completed on 10 February 2015.

Under the terms of the conditional sale and purchase agreement, the risk and rewards associated with the Sale Shares are transferred to the Purchaser with effect from the Benchmark Date. As such, the Disposal is deemed to have been completed on 31 July 2014.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit & loss overview

After the completion of the Proposed Disposal, the Group's principal businesses are:

- (i) the manufacture and sale of In-Mould-Decoration ("IMD") and other plastic components; and
- (ii) the manufacture and sale of plastic automobile components in Beijing.

Following the Disposal, the Group relies significantly on Beijing-Hyundai related sales for its revenue. In FY2015, revenue for Beijing-Hyundai related sales accounts for approximately 86.3% of the post-disposal revenue of the Group.

The Group is actively seeking to:

- (i) diversify the customer base of our existing businesses; and
- (ii) seeking new business ventures to reduce the dependency on Beijing-Hyundai related sales.

In FY2015, the Group recorded a 5.6% decline in revenue to HK\$206.2 million due to decrease in revenue from our both IMD and plastic injection part segment and Automobile component segment. Despite the decline in revenue, overall gross profit increased by 103.6%. The improvement on overall gross profit was mainly from our Automobile component segment, mainly as a result of production cost savings after the shift of our automobile component operation to new factory in Beijing in April 2014 and favorable price revisions from our customers and suppliers in FY2015.

As compared to the past comparative year, other items of income (excluding gain on disposal of subsidiaries and foreign currency translation gain reclassified to profit or loss upon disposal of subsidiaries) increased by 0.2% in FY2015. Other items of expense (excluding impairment losses and reversal of impairment loss) decreased by 22.0% in FY2015 due to lower selling and administrative expenses.

Referring to the Table on page 2 of this announcement, before accounting for impairment losses, reversal of impairment loss and gains arisen from disposal of subsidiaries, the Group recorded a profit before tax from continuing operations of HK\$7.3 million as compared to a loss before tax of HK\$16.9 million in FY2014.

Upon the Completion of the Proposed Disposal, the Group recorded both a HK\$14.0 million gain on disposal of subsidiaries and a HK\$7.2 million net foreign exchange translation gain in FY2015.

Arising from the above and coupled with decreases in impairment losses, income tax expenses and loss from discontinued operations, the Group recorded a net profit of HK\$29.3 million in FY2015 compared to a net loss of HK\$85.1 million in FY2014.

Revenue and Gross Profit

(HK\$'000)	IMD and plastic injection parts	Automobile component	Total
FY2015 Revenue	27,547	178,700	206,247
FY2014 Revenue	32,271	186,155	218,426
% change	(14.6)	(4.0)	(5.6)
FY2015 Sales mix	13.4	86.6	100.0
FY2014 Sales mix	14.8	85.2	100.0
FY2015 Gross profit	3,007	29,502	32,509
FY2014 Gross profit	1,020	14,947	15,967
% change	194.8	97.4	103.6
FY2015 Gross profit margin	10.9%	16.5%	15.8%
FY2014 Gross profit margin	3.2%	8.0%	7.3%
Percentage point difference	7.7	8.5	8.5

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

In FY2015, Group revenue declined by 5.6% from HK\$218.4 million in FY2014 to HK\$206.2 million in FY2015. The decrease in revenue is mainly due to decrease in sales from our IMD and plastic injection part segment and Automobile component segment. Despite the decline in revenue, gross profit had doubled from HK\$16.0 million in FY2014 to HK\$32.5 million in FY2015. Gross margin also doubled from 7.3% in FY2014 to 15.8% in FY2015. The increase in gross profit margin in FY2015 is attributed to the improvements from both segments.

In FY2015, our IMD revenue decreased by 14.6% from HK\$32.3 million in FY2014 to HK\$27.5 million in FY2015. The decrease in IMD revenue was mainly due to decrease in domestic sales to customers in electronics industry. However, gross profit and gross margin of our IMD and Plastic Injection Parts segment improved from HK\$1.0 million and 3.2% in FY2014 to HK\$3.0 million and 10.9% in FY2015 respectively. The improvement was mainly due to the implementation of cost cutting measures, in particular reductions in workforce and rented space while the production base is low. The division also focuses on products with higher margins which resulted in a more favourable sales mix in FY2015 as compared to FY2014. We will continue to improve operational efficiency as well as to seek for new sales channel or business opportunities in this business segment.

Our automobile component revenue decreased by 4.0% from HK\$186.2 million in FY2014 to HK\$178.7 million in FY2015. The slight decrease in revenue was mainly due to lower contributions from automobile components used in certain older models of Hyundai vehicles in FY2015. However, gross profit and gross margin of our Automobile component part segment had doubled from HK\$14.9 million and 8.0% in FY2014 to HK\$29.5 million and 16.5% in FY2015 respectively. The improvement was mainly due to the following:

- i) Production cost savings after our automobile component operation in Beijing ("Beijing Baiju") had completed the shift to its new factory in April 2014, which also allowed us to streamline production flow and layout to reduce material wastage and workforce while improving product quality;
- ii) A HK\$3.1 million decrease in depreciation charges in FY2015, following the impairment loss on plant and equipment recognised in FY2014; and
- iii) Beijing Baiju received a mould subsidy of HK\$1.0 million and achieved sub-contracting charges reduction of HK\$3.3 million in FY2015. In addition, Beijing Baiju also incurred a sales rebate of HK\$1.9 million and mould design and technical fee of HK\$3.8 million in FY2014, which are absent in FY2015.

Other items of income

The decrease in interest income in FY2015 is mainly due to decrease in interest income charged on advances given to the minority shareholder of one of our subsidiaries following full repayment in November 2014.

The increase in other income in FY2015 was mainly due to significantly higher gain on disposal of subsidiaries and net foreign exchange translation gain reclassified from foreign currency translation reserve to profit or loss recognised following the disposal of the three subsidiaries as described above.

Other items of expense

In tandem with the decline in revenue, our selling and distribution expenses also decreased from HK\$11.2 million in FY2014 to HK\$9.6 million in FY2015. The decrease in selling and distribution expenses in FY2015 was also attributed to the cost-cutting measures through reductions of customer service team and leasing of third-party warehouses from our Automobile component segment.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

General and administrative expenses of the Group decreased from HK\$23.8 million in FY2014 to HK\$17.6 million in FY2015 mainly due to:

- Decrease in employee benefit expenses by HK\$2.8 million mainly due to reduction in headcount particularly at the managerial level;
- Decrease in research expenses by HK\$1.6 million in FY2015 as compared to FY2014. The research is carried out mainly in the development of new products for the IMD and plastic injection parts;
- Decrease in professional fee expenses of HK\$0.8 million in FY2015 by our Singapore office due to expenses to ratify interested person transaction in FY2014 which is absent in FY2015; and
- Decrease in general and administrative expenses of HK\$0.7 million by our Hong Kong office due to downsizing measures taken after the decline in business volume.

Please refer to Note 3 on page 3 of this announcement for the composition of "other expenses". This item was a net credit in FY2015, The significant decline was due to impairment loss recognised in previous year FY2014.

Taxation

In FY2015, the Group does not have significant income tax expenses due to the utilisation of prior year losses carried forward and disposal related gains which are non-taxable. In addition, the Group recorded income tax credits of HK\$5.3 million, mainly due adjustment and finalisation of certain income tax provision for FY2004 to FY2010.

Discontinued operation

The financial results of Changchun Kunda-Guoan Automobile Plastic Mould Company Limited ("CKG"), Shenzhen Qunxinda Wu Jin Company Limited ("QXD") and the Sale Entities are presented separately in the statement of comprehensive income within one line item, "Loss from discontinued operation, net of tax".

The results of discontinued operations for the financial year ended 31 March 2015, in accordance with the requirements of FRS 105 are as follows:

Income statement for discontinued operations	Apr-Jul 2014 ("4M2015")	Apr 2014 - Mar 2015 ("FY2014")	%
Revenue	35,076	97,029	(63.8)
Expenses	(38,005)	(119,039)	(68.1)
Loss from operations	(2,929)	(22,010)	(86.7)
Interest income	42	3,163	(98.7)
Finance costs	(1,083)	(6,096)	(82.2)
Impairment loss on trade and other receivables	(112)	(2,018)	(94.4)
Impairment loss on inventories	(615)	(1,199)	(48.7)
Impairment loss on property, plant and equipment	-	(23,521)	n.m.
Loss before tax from discontinued operations	(4,697)	(51,681)	(90.9)
Taxation	-	(55)	n.m.
Loss from discontinued operation, net of tax	(4,697)	(51,736)	(90.9)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

QXD was disposed on 31 March 2014 while CKG and the Sales Entities had been deemed to be disposed on 31 July 2014. As such, the revenue and expenses of discontinued operations had declined in 4M2015 as compared to FY2014. Following decreases in loss from operations, finance costs and impairment losses, offset by decrease in interest income and significant reduction in impairment losses, net loss from discontinued operations decreased by 90.9% from HK\$51.7 million in FY2014 to HK\$4.7 million in 4M2015.

Non-current assets

The decrease in property, plant and equipment is mainly due to:

- Disposal of plant and equipment through disposal of the Sale Entities, amounting to HK\$23.0 million; and
- Current year depreciation charges of HK\$3.0 million (including depreciation charges from Sale Entities); offset by
- Additions of HK\$12.7 million mainly relating to acquisition of plant and equipment and renovations in relation to the shift of our automobile component production facilities to the new factory in Beijing.

The decrease in land use rights was mainly due to the disposal of land use rights through disposal of Sale Entities, amounting to HK\$5.9 million and current period amortisation charges of HK\$0.6 million.

The decrease in non-current prepayment is mainly due to decrease in prepayments of HK\$3.8 million made for the renovation of the new factory of Beijing Baiju, following the completion of the renovation. The HK\$1.2 million prepayments as at 31 March 2015 relates to prepayments for moulds and other equipment made by Beijing Baiju.

Current assets and current liabilities

Inventories had decreased by 55.5% as compared to 31 March 2014. This was mainly due to:

- Disposal of Sale Entities which holds HK\$39.9 million of inventory as at 31 March 2014; and
- Decrease in inventories by HK\$1.6 million from our IMD and plastic injection part segment as a result of decline in production volume; offset by
- Increase in inventories by HK\$8.1 million from our Automobile Component segment following increase in automobile moulds used in the production of automobile components in Beijing, which will be reimbursed from our main customer, Beijing Hyundai.

Bill receivables of our Group relates to bank bills received from customers for the sale of products, the amount of bank bills held at any point in time is mainly dependent on the maturity period of the bank bills. Combined trade receivables and bill receivables of our Group as at 31 March 2015 had decreased by 41.1% as compared to 31 March 2014. This was mainly due to:

- Disposal of Sale Entities which holds HK\$23.9 million of combined trade receivable and bill receivables as at 31 March 2014; and
- Decrease in combined trade receivable and bill receivables of HK\$2.7 million from our IMD and plastic injection part segment following the decline in our IMD revenue.

As such, the combined bill and trade receivable turnover days had improved from 79 days in FY2014 to 69 days in FY2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Other receivables decreased by 76.9% as compared to 31 March 2014. This was mainly due to:

- Decrease in advances given to the minority shareholder of one of our subsidiaries by HK\$10.0 million;
- Decrease in receivables from the provision of raw materials to sub-contractors for further processing of our automobile component products, from HK\$10.1 million as at 31 March 2014 to HK\$4.8 million as at 31 March 2015. After the delivery of the final products to our customers, these raw material receivables will generally be offset against the final subcontracting charges which will be inclusive of the cost of raw materials. The transaction is structured in such a manner for better control over raw material wastage incurred by the sub-contractors. The corresponding accrued subcontracting charges payable to these sub-contractors had also decreased from HK\$16.0 million as at 31 March 2014 to HK\$14.7 million as at 31 March 2015. The Group do not expect any significant credit risk arising from these receivables as the Group is generally in a net payable position to these sub-contractors after taking into consideration the sub-contracting costs payable to them. On the whole, the net payable position of the Group to these sub-contractors had increased from HK\$5.9 million as at 31 March 2014 to HK\$9.9 million as at 31 March 2015;
- Decrease in VAT and other tax receivables of HK\$1.5 million; and
- Disposal of Sale Entities which holds HK\$1.1 million of other receivables as at 31 March 2014.

Current prepayments increased by 55.9% as compared to 31 March 2014. The increase was mainly due to:

- A HK\$16.3 million deposit made for acquisition of electronic components and touch screen components for the trading activities to be carried out by our IMD and plastic injection part segment; offset by
- Disposal of Sale Entities which holds HK\$6.0 million of prepayments as at 31 March 2014; and
- Decrease in prepayments of HK\$2.0 million made to the raw material suppliers and sub-contractors of our automobile components segment.

Assets and liabilities of disposal group classified as held for sale

Upon the Completion of the Proposed Disposal, the assets and liabilities of CKG had been de-consolidated from the group's financial statement with effect from 31 July 2014.

Non-current and Current Liabilities

Trade and other payables decreased by 56.2% as compared to 31 March 2014. This was mainly due to:

- Disposal of Sale Entities which holds HK\$34.3 million of trade and other payables as at 31 March 2014;
- Decrease in trade and other payables of our IMD operation by HK\$8.5 million as a result of decline in sales and production volume; and
- Decrease in trade and other payables of our automobile component business of approximately HK\$18.4 million (including the accrued sub-contracting charges mentioned above) mainly due to timing difference of settlements made to the suppliers. The decrease is in line with the decrease in costs of goods sold of our Automobile component segment.

Other liabilities comprise mainly advances from customers, accruals of operating expenses and VAT and other tax payables. The decrease in other liabilities was mainly due to disposal of Sale Entities which holds HK\$23.3 million of other liabilities as at 31 March 2014.

Amount due to related parties relates to HK\$0.4 million advances given by a director and an HK\$0.5 million amount owing to Shenzhen Precision.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The decreases in borrowings and deferred government grants were mainly due to disposal of Sale Entities which holds HK\$29.1 million and HK\$11.1 million of short-term bank loans and deferred government grants as at 31 March 2014 respectively.

The decline in provision for taxation is mainly due to reversal of income tax expense provided in prior years no longer required and income tax payment made during the financial year.

Cash flow

In FY2015, overall cash and cash equivalent decreased by HK\$11.3 million. It was mainly due to operating cash outflow of HK\$6.9 million (from operating activities), capital expenditure of HK\$8.9 million (from investing activities) and net repayment of borrowings of HK\$18.8 million (from financing activities). The net operating cash outflow arises mainly from adjustment of the gain on disposal of subsidiaries to cash inflow from investing activities, increase in prepayments made and decrease in trade and other payables and other liabilities.

The cash outflows were offset by government grants of HK\$0.6 million received in FY2015 (from investing activities), proceeds from disposal of property, plant and equipment of HK\$0.6 million in FY2015 (from investing activities) and net cash inflow on disposal of a subsidiary of HK\$22.1 million (from investing activities).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously issued.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With continuing uncertainties over the strength and sustainability of the economic recovery of the major global economies and continuing weakness in the China and Europe economy, the Group expects overall business condition to remain challenging and volatile in this unstable global environment.

For our Beijing automobile component factory, we will continue to focus on improving production and operational efficiency following the shift to the new factory. We would also focus on increasing and diversifying our customer base, but this will require more time to materialise.

On 31 March 2015, the Company entered into a placement agreement in relation to the proposed placement of 57,800,000 new ordinary shares at an issue price of \$0.0106. Please refer to the announcement on the same day for more details. The placement had been completed on 11 May 2015. The net proceeds from the proposed placement will be utilised for expansion in the Group's business, involving either investment in new businesses or widening the Group's current business activities or product range. The Company will make periodic announcements on the use of proceeds.

On 11 May 2015, the Company announced the entry into a non-binding Memorandum of Understanding ("MOU") with Mr. Yang Jincheng ("YJC") for strategic business cooperation and investment opportunity in the internet applications and internet related businesses. Please refer to the announcement on the same day for details. The non-binding MOU only sets out the cooperation intention of the Company and YJC and does not constitute substantive rights and obligations of the parties hereto. The Company will make further announcements on any material developments.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended.

13. Interested person transactions

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the Company discloses the aggregate value of interested person transactions as follows:

	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
Shenzhen Kunda Precision Mould Co., Ltd ("Shenzhen Precision")		
Rental of factory premise at Bao Long Yi Road	1,434	-
Total	1,434	-

Referring to Note 10 of this announcement, the financial statements of the disposal group, including KMS, had been de-consolidated from the Group's financial statements with effect from 31 July 2014. The interested person transaction, presented above, covers the rental of factory premise at Bao Long Yi Road between KMS and Shenzhen Precision for the period from 1 April 2014 to 31 July 2014.

The lease of the Bao Long Industrial Park factory is based on independent market valuation. Under Rule 916 of the Listing Manual, the lease is not required to comply with Rule 906.

No interested person transaction mandate had been obtained from shareholders.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:-

- 1) In-Mould Decoration (“IMD”) and Plastic Injection Parts
The IMD and Plastic Injection Parts segment provides specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

IMD is the simultaneous injection moulding of a product with a formable plastic film. The formed film is inserted into the mould and then injected with the molten plastic resin to surround it, forming a finished integral part.

- 2) Automobile Component Parts
The Automobile Component Parts segment provides plastic and metal component parts used in the manufacture of automobiles.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the Executive Chairman and Chief Executive Officer solely based on gross profit or loss. Certain expenses, other income, financial income/expense and income taxes are managed on a group basis and are not allocated to operating segments

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Geographic segment

The Group's sales to external customers and non-current assets disclosed in geographic segments are based on the geographic location of its customers and assets respectively.

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment
FY2015 (HK\$'000)**

	Moulds	IMD and Plastic Injection Parts	Automobile Component Parts	Adjustments	Note	Total
Revenue						
Sales to external customers	26,771	29,025	185,527	(35,076)	A	206,247
Segment results:						
Segment gross profit	6,140	3,101	29,929	(6,661)	A	32,509
Depreciation of property, plant and equipment	(136)	(672)	(2,169)	1,290	A	(1,687)
Amortisation of land use rights	-	-	(574)	574	A	-
Impairment loss on doubtful trade and other receivables	(112)	(375)	(33)	112	A	(408)
Impairment loss on inventories	(560)	(156)	746	615	A	645
Gain on disposal on property, plant and equipment	-	562	-	-		562
Research expenses	(1,190)	(660)	-	1,190	A	(660)
Unallocated expenses, net						(2,196)
Profit before tax						<u>28,765</u>

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment
FY2014 (HK\$'000)**

	Moulds	IMD and Plastic Injection Parts	Automobile Component Parts	Others	Adjustments	Note	Total
Revenue							
Sales to external customers	56,277	32,716	213,484	12,978	(97,029)	A	218,426
Segment results:							
Segment gross profit	8,273	1,485	18,538	1,881	(14,210)	A	15,967
Depreciation of property, plant and equipment	(6,254)	(228)	(7,426)	(533)	10,154	A	(4,287)
Amortisation of intangible assets	(67)	-	(2)	-	67	A	(2)
Amortisation of land use rights	-	-	(1,743)	-	1,743	A	-
Impairment loss on intangible assets	(434)	-	-	-	434	A	-
Impairment loss on doubtful trade and other receivables	(1,248)	(920)	(681)	-	2,017	A	(832)
Impairment loss on inventories	(1,197)	(1,711)	(116)	-	1,199	A	(1,825)
Impairment loss on property, plant and equipment	(23,521)	-	(14,150)	-	23,521	A	(14,150)
Gain on disposal of property, plant and equipment	-	426	90	-	-		516
Research expenses	(4,461)	(2,250)	-	-	4,461	A	(2,250)
Unallocated expenses, net							<u>(25,940)</u>
Loss before tax							<u><u>(32,803)</u></u>

Note A - The financial results of Changchun Kunda, Sales Entities and Shenzhen Qunxinda are presented in the statement of comprehensive income in the single line item, "Loss from discontinued operations, net of tax."

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Geographic segment
FY2015 (HK\$'000)**

	Asia except for PRC	PRC	North America	Europe	Discontinued operation	Total
Revenue						
Sales to external customers	466	221,400	3,147	11,404	(30,170)	206,247
Non-current assets**	-	12,198	-	-	-	12,198

**Geographic segment
FY2014 (HK\$'000)**

	Asia except for PRC	PRC	North America	Europe	Discontinued operation	Total
Revenue						
Sales to external customers	669	305,064	3,941	5,781	(97,029)	218,426
Non-current assets**	-	70,314	-	-	(34,995)	35,319

**Non-current assets information presented above consist of property, plant and equipment, intangible assets, land use rights and prepayments as presented in the consolidated balance sheet.

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Business segment

Please see note 8 for factors leading to material changes in turnover and earnings by business segments.

Geographic segment

The decreases in sales in Asia except for PRC, PRC and North America are mainly due to the decrease in revenue from discontinued operations which had been disposed of with effect from 31 July 2014. In addition, the revenue from continuing operations had also declined by 5.6% in FY2015. The increase in sales in Europe is attributed to the increase in export sales of moulds to Europe from the discontinued mould operation during the period 1 April 2014 to 31 July 2014.

16. A breakdown of sales.

	Group		
	FY2015 HK\$'000	FY2014 HK\$'000	% (Decrease)/ Increase
<u>First Half</u>			
Revenue reported for the first half year	99,729	100,095	(0.4)
Net profit/(loss) after tax and non-controlling interest	12,902	(19,778)	n.m.
<u>Second Half</u>			
Revenue reported for the second half year	106,518	118,331	(10.0)
Net profit/(loss) after tax and non-controlling interest	11,521	(53,315)	n.m.

Despite the increase in 2H2015 revenue, net profit of the Group had decreased in 2H2015 as compared to 1H2015. The decrease was mainly due to:

- Gain on disposal of subsidiaries of HK\$14.0 million and realised foreign currency translation gain of HK\$7.2 million recorded in 1H2015, which was absent in 2H2015;
- Decrease in interest income of HK\$0.4 million in 2H2015 following full repayment of advances given to the minority shareholder of one of our subsidiaries in November 2014.;
- Increase in selling and distribution expenses of HK\$0.5 million in 2H2015 as a result of increase in revenue; offset by
- Decrease in loss from discontinued operation of HK\$4.7 million which had been disposed of in 1H2015 and thus absent in 2H2015;
- Income tax credit of HK\$5.2 million arising from reversal of prior year overprovision, recorded in 2H2015;
- Increase in 2H2015 gross profit by HK\$9.0 million mainly due to increase in revenue, progressive cost savings after the implementation of cost cutting measures (in particular cost savings related to the shift of Beijing Baiju production facility) and favorable price revisions from the customers and the suppliers as mentioned above;
- Increase in other income mainly due to net foreign exchange gain of HK\$0.8 million; and
- Decrease in other expenses mainly due to reversal of impairment loss on inventories of HK\$0.9 million, recorded in 2H2015.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

None.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yin Gaoxi	36	The brother-in-law of Cai Kaoqun, Executive Chairman and CEO	General Manager for IMD Department from April 2013 to April 2015	Mr Yin had resigned from the Group and his last day of service was 30 April 2015

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
28 May 2015