



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Financial Statements for the financial year ended 31 March 2014

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 31/3/14 ("FY2014")	Year ended 31/3/13 ("FY2013")	
Continuing operations			
Revenue	302,157	303,579	(0.5)
Cost of sales	(273,810)	(259,665)	5.4
Gross profit	28,347	43,914	(35.4)
Other items of income			
Interest income (Note 1)	4,233	3,648	16.0
Other income (Note 2)	2,876	1,398	105.7
Other items of expense			
Selling and distribution expenses	(15,135)	(15,975)	(5.3)
General and administrative expenses	(54,551)	(46,863)	16.4
Finance costs (Note 3)	(4,933)	(3,613)	36.5
Other expenses (Note 4)	(43,361)	(32,217)	34.6
Loss before tax from continuing operations (Note 5)	(82,524)	(49,708)	66.0
Income tax (expense)/credit (Note 6)	(603)	1,680	n.m.
Loss from continuing operations, net of tax	(83,127)	(48,028)	73.1
Discontinued operations			
Loss from discontinued operations, net of tax	(2,015)	(2,072)	(2.8)
Loss for the year	(85,142)	(50,100)	69.9
Attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax	(71,847)	(43,530)	65.1
- Loss from discontinued operations, net of tax	(1,209)	(1,244)	(2.8)
Loss for the year attributable to owners of the Company	(73,056)	(44,774)	63.2
Non-controlling interests			
- Loss from continuing operations, net of tax	(11,280)	(4,498)	150.8
- Loss from discontinued operations, net of tax	(806)	(828)	(2.7)
Loss for the year attributable to non-controlling interests	(12,086)	(5,326)	126.9

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

	Group		
	FY2014 HK\$'000	FY2013 HK\$'000	Change %
<u>Profit & Loss analysis</u>			
Loss after tax from continuing operations before impairment charges	(39,149)	(19,428)	101.5
Impairment loss on doubtful trade and other receivables	(2,849)	(3,461)	(17.7)
Impairment loss on inventories	(3,024)	(3,180)	(4.9)
Impairment loss on intangible assets	(434)	(4,459)	(90.3)
Impairment loss on property, plant and equipment	(37,671)	(17,500)	115.3
	<u>(43,978)</u>	<u>(28,600)</u>	53.8
Loss from continuing operations, net of tax	<u>(83,127)</u>	<u>(48,028)</u>	73.1
Loss for the year	(85,142)	(50,100)	69.9
Other comprehensive income:			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation (Note 7)	1,430	2,919	(51.0)
Other comprehensive income for the year, net of tax	<u>1,430</u>	<u>2,919</u>	(51.0)
Total comprehensive income for the year	<u>(83,712)</u>	<u>(47,181)</u>	77.4
Attributable to:			
Owners of the Company	(71,822)	(42,447)	69.2
Non-controlling interests	(11,890)	(4,734)	151.2
Total comprehensive income for the year	<u>(83,712)</u>	<u>(47,181)</u>	77.4
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax	(70,602)	(41,395)	70.6
Total comprehensive income from discontinued operations, net of tax	(1,220)	(1,052)	16.0
Total comprehensive income for the year attributable to owners of the Company	<u>(71,822)</u>	<u>(42,447)</u>	69.2

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		
	FY2014 HK\$'000	FY2013 HK\$'000	Change %
Note 1 – Interest income			
Late penalty charges and interest income from Shenzhen Precision	3,119	3,075	1.4
Interest income from bank and other receivables	1,114	573	94.4
Interest income from bank and receivables	<u>4,233</u>	<u>3,648</u>	16.0
Note 2 – Other income			
Sale of raw materials/ scrap materials	992	780	27.2
Gain on disposal of property, plant and equipment	517	-	n.m.
Gain on disposal of a subsidiary	655	-	n.m.
Government grants related to income	408	456	(10.5)
Others	304	162	87.7
	<u>2,876</u>	<u>1,398</u>	105.7
Note 3 – Finance costs			
Interest expense on borrowings	4,933	3,613	36.5
Note 4 – Other expenses			
Net foreign exchange loss	123	1,167	(89.5)
Loss on disposal of property, plant and equipment	-	438	n.m.
Property, plant and equipment written off	-	2,449	n.m.
Collection of previously impaired trade receivables	(740)	(437)	69.3
Impairment loss on doubtful trade and other receivables	2,849	3,461	(17.7)
Impairment loss on inventories	3,024	3,180	(4.9)
Impairment loss on intangible assets	434	4,459	(90.3)
Impairment loss on property, plant and equipment	37,671	17,500	115.3
	<u>43,361</u>	<u>32,217</u>	34.6
Note 5 – Loss before tax			
This is determined after charging the following:			
Depreciation of property, plant and equipment	13,637	19,836	(31.3)
Amortisation of intangible assets	69	1,806	(96.2)
Amortisation of land use rights	1,743	1,696	2.8
Research expenses	6,711	7,079	(5.2)
Note 6 – Income tax expense/(credit)			
Current income taxation	-	58	(100.0)
Overprovision in respect of prior years	603	(1,738)	n.m.
Income tax expense/(credit)	<u>603</u>	<u>(1,680)</u>	n.m.
Note 7 - Other comprehensive income - Foreign currency translation			
The foreign currency translation gain arises mainly from the translation of our financial results denominated in Renminbi to Hong Kong dollars when consolidating the financial statements of the Group. As compared to the closing exchange rate in FY2013, the average and closing exchange rate of Renminbi against Hong Kong dollars in FY2014 had appreciated by about 1.5% and depreciated by about 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-14 HK\$'000	Group As at 31-Mar-13 HK\$'000	Company As at 31-Mar-14 HK\$'000	Company As at 31-Mar-13 HK\$'000
<u>Non-current assets</u>				
Investment in subsidiaries	-	-	66,156	103,745
Property, plant and equipment	24,063	68,558	-	-
Intangible assets	-	717	-	-
Land use rights	6,464	8,187	-	-
Prepayments	4,792	446	-	-
Total non-current assets	35,319	77,908	66,156	103,745
<u>Current assets</u>				
Inventories (Note 1)	60,024	59,865	-	-
Trade and other receivables (Note 2)	89,003	109,001	-	-
Prepayments	14,469	3,854	149	164
Amount due from related parties	-	43,157	43,488	53,255
Cash and bank balances	38,621	21,518	64	16
	202,117	237,395	43,701	53,435
Assets of disposal group classified as held for sale	42,062	42,070	-	-
Total current assets	244,179	279,465	43,701	53,435
Total Assets	279,498	357,373	109,857	157,180
<u>Current liabilities</u>				
Trade and other payables	112,542	91,583	-	191
Other liabilities	34,339	34,172	2,839	3,765
Amount due to related parties	924	471	1,072	-
Borrowings	29,136	47,849	-	-
Deferred government grants	6,370	312	-	-
Provision for taxation	4,883	7,264	-	-
	188,194	181,651	3,911	3,956
Liabilities directly associated with disposal group classified as held for sale	19,550	18,066	-	-
Total current liabilities	207,744	199,717	3,911	3,956
Net current assets	36,435	79,748	39,790	49,479
<u>Non-current liabilities</u>				
Deferred government grants	6,613	5,616	-	-
Total non-current liabilities	6,613	5,616	-	-
Total liabilities	214,357	205,333	3,911	3,956
Net assets	65,141	152,040	105,946	153,224

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-14 HK\$'000	Group As at 31-Mar-13 HK\$'000	Company As at 31-Mar-14 HK\$'000	Company As at 31-Mar-13 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)/profits	(32,765)	40,019	(55,702)	(7,795)
Restructuring reserve	(106,937)	(106,937)	-	-
Statutory reserve	2,928	3,391	-	-
Foreign currency translation reserve	26,560	25,588	16,591	15,962
	<u>34,843</u>	<u>107,118</u>	<u>105,946</u>	<u>153,224</u>
Non-controlling interests	30,298	44,922	-	-
Total equity	<u>65,141</u>	<u>152,040</u>	<u>105,946</u>	<u>153,224</u>
Total equity and liabilities	<u>279,498</u>	<u>357,373</u>	<u>109,857</u>	<u>157,180</u>

Group As at 31-Mar-14 HK\$'000	Group As at 31-Mar-13 HK\$'000
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Note 1 – Inventories

Raw materials	5,561	6,488
Work in progress	40,501	37,070
Finished goods	13,962	16,307
	<u>60,024</u>	<u>59,865</u>

Note 2 – Trade and other receivables

Trade receivables	63,830	90,151
Bill receivables	1,937	6,209
Other receivables	23,236	12,641
	<u>89,003</u>	<u>109,001</u>

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 2014		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
29,136	-	47,849	-

Amount repayable after one year

(In HK\$'000)

As at 31 March 2014		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 March 2014, the Group's secured borrowings comprise short term bank loans of approximately HK\$ 29.1 million.

The short-term bank loans are secured by the Group's property, plant and equipment of HK\$2.9 million (31 March 2013: HK\$10.7 million), land use rights of HK\$6.5 million (31 March 2013: Nil), trade receivables of HK\$10.5 million (31 March 2013: HK\$25.4 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)	
	FY2014	FY2013
Operating activities		
Loss before tax from continuing operations	(82,524)	(49,708)
Loss before tax from discontinued operations	(2,015)	(1,651)
Loss before tax, total	(84,539)	(51,359)
Adjustments for:		
Depreciation of property, plant and equipment (Note A)	14,441	20,360
Amortisation of intangible assets	69	1,806
Amortisation of land use rights (Note B)	1,743	2,073
Impairment loss on intangible assets	434	4,459
Impairment loss on inventories (Note C)	3,024	3,256
Impairment loss on doubtful trade and other receivables (Note D)	2,849	3,717
Impairment loss on goodwill	-	-
Impairment loss on property, plant and equipment	37,671	17,500
(Gain)/loss on disposal of property, plant and equipment	(517)	438
Property, plant and equipment written off	-	2,449
Gain on disposal of a subsidiary	(655)	-
Finance costs	4,933	3,826
Interest income	(4,233)	(3,650)
Translation differences	731	2,087
Operating cash flows before working capital changes	(24,049)	6,962
(Increase)/decrease in:		
Trade and other receivables	10,031	(23,999)
Inventories	(5,600)	10,891
Prepayments	(10,676)	1,289
Amount due from related parties, net	44,217	(12,072)
Increase/(decrease) in:		
Trade and other payables	25,669	(9,853)
Other liabilities	2,965	2,843
Cash flows from/(used in) operations	42,557	(23,939)
Interest received	4,233	3,650
Interest paid	(4,933)	(3,826)
Income tax paid	(3,708)	(1,021)
Net cash flows from/(used in) operating activities	38,149	(25,136)
Investing activities		
Purchase of property, plant and equipment (Note E)	(12,922)	(2,421)
Proceeds from disposal of property, plant and equipment	997	364
Government grants received	7,171	5,860
Net cash flow on disposal of a subsidiary	2,723	-
Net cash flows (used in)/from investing activities	(2,031)	3,803

- 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)	
	FY2014	FY2013
Financing activities		
Repayment of finance lease obligations	(405)	(883)
Proceeds from short term borrowings	37,611	83,877
Repayment of short term borrowings	(56,172)	(74,022)
Capital contribution from non-controlling interests	-	2,961
Net cash flows used in financing activities	(18,966)	11,933
Net increase/(decrease) in cash and cash equivalents	17,152	(9,400)
Cash and cash equivalents at beginning of financial year	21,535	30,935
Cash and cash equivalents at end of financial year	38,687	21,535

	Group (HK\$'000)	
	FY2014	FY2013
Note A:		
Depreciation of property, plant and equipment:		
Depreciation of property, plant and equipment from continuing operations	13,637	19,836
Depreciation of property, plant and equipment from discontinued operations	804	524
Total depreciation of property, plant and equipment	14,441	20,360

Note B:		
Amortisation of land use rights:		
Amortisation of land use rights from continuing operations	1,743	1,696
Amortisation of land use rights from discontinued operations	-	377
Total amortisation of land use rights	1,743	2,073

Note C:		
Impairment loss on inventories:		
Impairment loss on inventories from continuing operations	3,024	3,180
Impairment loss on inventories from discontinued operations	-	76
Total impairment loss on inventories	3,024	3,256

- 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)	
FY2014	FY2013

Note D:

Impairment loss on doubtful trade and other receivables:

Impairment loss on doubtful trade and other receivables from continuing operations	2,849	3,461
Impairment loss on doubtful trade and other receivables from discontinued operations	-	256
Total impairment loss on doubtful trade and other receivables	2,849	3,717

Note E:

Cash outflow on purchase of property, plant and equipment:

Aggregate cost of property, plant and equipment acquired	8,159	2,667
Add: Payment for prior years acquisitions	532	837
Less: Outstanding payments	(115)	(532)
Add/(Less): Movement of prepayments made	4,346	(551)
Cash payments made to acquire property, plant and equipment	12,922	2,421

Note F:

Net cash flow on disposal of a subsidiary:

Sale proceed on disposal of a subsidiary	3,297	-
Less: Cash and bank balances of the subsidiary	(574)	-
Net cash inflow on disposal of a subsidiary	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 HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated profits 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 net of tax	(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>Contributions by and distributions to owners</u>								
Disposal of a subsidiary	(3,187)	(453)	-	-	-	(191)	(262)	(2,734)
Appropriation to reserve	-	-	-	272	-	(272)	-	-
Total transactions with the owners in their capacity as owners	(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	Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated profits HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Non- controlling interests HK\$'000
Group								
FY2013								
Opening balance at 1 April 2012	196,260	149,565	145,057	85,145	(106,937)	3,039	23,261	46,695
Loss net of tax	(50,100)	(44,774)	-	(44,774)	-	-	-	(5,326)
Other comprehensive income for the year	2,919	2,327	-	-	-	-	2,327	592
Total comprehensive income for the year	(47,181)	(42,447)	-	(44,774)	-	-	2,327	(4,734)
<u>Contributions by and distributions to owners</u>								
Contribution from non-controlling interests	2,961	-	-	-	-	-	-	2,961
Appropriation to reserve	-	-	-	(352)	-	352	-	-
Total transactions with the owners in their capacity as owners	2,961	-	-	(352)	-	352	-	2,961
Closing balance at 31 March 2013	152,040	107,118	145,057	40,019	(106,937)	3,391	25,588	44,922

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 profits/(losses) HK\$'000	Foreign currency translation reserve HK\$'000
Company				
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
FY2013				
Opening balance at 1 April 2012	173,936	145,057	14,951	13,928
Loss net of tax	(22,746)	-	(22,746)	-
Other comprehensive income for the year	2,034	-	-	2,034
Total comprehensive income for the year	(20,712)	-	(22,746)	2,034
Closing balance at 31 March 2013	153,224	145,057	(7,795)	15,962

- 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 2013 and 31 March 2014	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.

- 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 2014	31 March 2013
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 year as compared with the most recently audited annual financial statements for the financial year ended 31 March 2013, except for the adoption of certain new or revised FRS and Interpretations to FRS which became mandatory from 1 April 2013. 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	
		FY2014	FY2013
Loss of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	73,056	44,774
Loss per share Basic	HK cents	20.8	12.7

Basic earnings per share are calculated based on weighted average number of shares issued of 352,000,000 (FY2013: 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 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Net asset per ordinary share less non-controlling interest, based on 352 million shares as at 31 March 2014 and 31 March 2013	HK cents	HK cents	HK cents	HK cents
	9.9	30.4	30.1	43.5

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.

Profit & loss overview

In FY2014, the Group recorded a 0.5% decrease in revenue to HK\$302.2 million mainly due to decrease in revenue from our Moulds segment, offset by increases in revenue from our IMD and Plastic Injection Parts segment and Automobile Component Parts segment. Overall gross profit declined by 35.4% mainly due to declines in gross profits from our Moulds segment and Automobile Component Parts segment, offset by the improvement on gross profit from our IMD and Plastic Injection Parts segment.

Following the decrease in gross profit and increases in overall other items of expense and income tax expenses, offset by the increase in other items of income, the Group recorded a loss after tax from continuing operations before impairment charges of HK\$39.1 million in FY2014 as compared to HK\$19.4 million in FY2013. With the uncertainty in the global economy and continuing losses incurred by the Group, the Group made impairment charges of approximately HK\$44.0 million in FY2014 (FY2013: HK\$28.6 million), resulting in an overall net loss of HK\$85.1 million in FY2014 (FY2013: HK\$50.1 million).

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.**

On 12 March 2014, the Group announced the entry into a sale and purchase agreement with a group of independent third party purchasers in respect of the disposal of its 60% equity interest in a PRC subsidiary, Shenzhen Qunxinda Wu Jin Company Limited ("Shenzhen Qunxinda"). On 31 March 2014, the disposal of Shenzhen Qunxinda had been completed. As such, the results of Shenzhen Qunxinda had been shown separately in the consolidated income statement within one line item, "Loss from discontinued operations, net of tax".

Revenue and Gross Profit

Revenue and Gross profit	Moulds	IMD and Plastic Injection Parts	Automobile Component Parts	Total
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
FY2014 Revenue	55,957	32,716	213,484	302,157
FY2013 Revenue	92,033	28,642	182,904	303,579
% change	(39.2)	14.2	16.7	(0.5)
FY2014 Sales mix	18.5%	10.8%	70.7%	100%
FY2013 Sales mix	30.3%	9.4%	60.3%	100%
FY2014 Gross profit	8,324	1,485	18,538	28,347
FY2013 Gross profit	26,088	(2,790)	20,616	43,914
% change	(68.1)	n.m.	(10.1)	(35.4)
FY2014 Gross profit margin	14.9%	4.5%	8.7%	9.4%
FY2013 Gross profit margin	28.3%	(9.7%)	11.3%	14.5%
Percentage point difference	(13.4)	14.2	(2.6)	(5.1)

The revenue from our Moulds segment had decreased by 39.2% from HK\$92.0 million in FY2013 to HK\$56.0 million in FY2014. The decline in revenue is mainly due to strong competitive pressure leading to decline in sale orders from our foreign customers, particularly from the electronics and electrical appliances industries. The export sales to Europe and North America from our Moulds segment had decreased from HK\$41.8 million in FY2013 to HK\$9.6 million in FY2014. In addition, the decline in Mould sales is also due to the relocation of our mould production facility in June 2013 which was completed in July 2013. In anticipation of the relocation of production facility, the Group had decreased its order inflow, before the relocation, in order to ensure that production deadlines can be met. Although the relocation had been completed in July 2013, as our mould product has a longer production cycle, it had taken a longer period of time for production and delivery to normalise. As a result of lower economies of scale, gross profit margin of our Moulds segment had decreased from 28.3% in FY2013 to 14.9% in FY2014.

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.**

Our IMD revenue had increased by 14.2%, from HK\$28.6 million in FY2013 to HK\$32.7 million in FY2014. The increase in IMD revenue was mainly due to increase in domestic sales to the customers in the electronics industry. Following the increase in our IMD revenue, gross profit of our IMD and Plastic Injection Parts segment also improved from a gross loss of HK\$2.8 million in FY2013 to a gross profit of HK\$1.5 million in FY2014. The improvement was mainly due to decrease in depreciation charges of plant and machinery, following the impairment losses on plant and equipment of our IMD and Plastic Injection Parts segment which were recognised in FY2013 and improvement on production efficiency. We will continue to take measures to improve operational efficiency and increase the sales channel of the IMD and Plastic Injection Parts segment.

Our automobile component parts revenue had increased by 16.7%, from HK\$182.9 million in FY2013 to HK\$213.5 million in FY2014. The increase in sales from our automobile component segment was due to the increase in sale of automobile components used in Hyundai vehicles in our automobile component factory in Beijing, Beijing Baiju Automobile Component Co., Ltd ("Beijing Baiju"), from HK\$162.0 million in FY2013 to HK\$186.2 million in FY2014, which is consistent with the continuing strong sale performance of Hyundai vehicles in China. In addition, the sales from our automobile component factory in Changchun, Changchun Sihuan Lida Pressed Component Co., Ltd ("Changchun Lida") also increased from HK\$20.9 million in FY2013 to HK\$27.3 million in FY2014, following an increase in commercial vehicle production by the main customers of Changchun Lida.

Despite the increase in sales and production volume of our Automobile Component Parts segment in FY2014, the gross margin of our Automobile Component Parts segment declined from 11.3% in FY2013 to 8.7% in FY2014. The decline in gross margin of our Automobile Component Parts segment was mainly due to the incurrence of a once-off mould design and technical fee for services rendered by the minority partner of Beijing Baiju of HK\$3.8 million in relation to moulds that were provided by the minority partner. In addition, the gross margin was further diluted by a more unfavourable sales mix in FY2014 as compared to FY2013 with products of a lower margin accounting for a higher portion of sales.

Other items of income

The increase in interest income in FY2014 is mainly due to the increase in interest income charged on advances given to the minority shareholder of one of our subsidiaries, out of the excess cash holdings of the same subsidiary, at an interest rate of 12% per annum. The advances were granted on a reciprocal basis as the Group itself had also drawn down advances from the same subsidiary to finance the operations of the rest of the Group.

The increase in other income in FY2014 was mainly due to a HK\$0.5 million gain on disposal of property, plant equipment and a HK\$0.7 million gain on disposal of a subsidiary, Shenzhen Qunxinda, which were absent in FY2013.

Other items of expense

Following the decline in revenue, our selling and distribution expenses had also decreased from HK\$16.0 million in FY2013 to HK\$15.1 million in FY2014. The decrease was mainly attributed to the decreases in selling and distribution expenses from our mould segment as a result of decrease in mould revenue.

- 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 had increased from HK\$46.9 million in FY2013 to HK\$54.6 million in FY2014 mainly due to:

- Factory shifting costs of HK\$1.8 million for the shift of our mould and IMD production facility in FY2014, which was absent in the past comparative period. The expenses are mainly incurred for the transportation of our production equipment and inventory;
- Increase in office rental expenses of HK\$1.6 million in FY2014 due to increase in rental rates and the establishment of a separate research and development office following the shift of the mould and IMD factory to Bao Long Yi Road. The research and development office was previously attached to our mould factory. This new office is located near our old mould factory in Xinweizai Village and the Group needs to establish this new office to be closer to the relevant government authorities and research partners, following the shift of the mould factory to Bao Long Yi Road in FY2014.; and
- Increase in general administrative and employee benefit expenses from the increased business activity of our Automobile Components Parts segment) and IMD and Plastic Injection Parts segment by approximately HK\$6.2 million. This includes staff retrenchment cost of HK\$1.4 million arising from workers who will not be relocating with Beijing Baiju to its new factory; offset by
- Decrease in amortisation of intangible assets by HK\$1.7 million, following the impairment of development costs recognised in FY2013.

Finance costs comprised mainly interest expenses on the Group's bank loans and charges on the early redemption of bank bills receivable. The increase in finance costs in FY2014 is mainly due to a higher overall debt base in FY2014 compared to FY2013. In FY2014, the average monthly ending balance of Group's borrowings was RMB 45.9 million compared to RMB 31.3 million in FY2013. In addition, the Group also incurred additional interest charges levied on bill receivables issued by commercial banks during this financial year. These charges are levied when the bill receivables are redeemed before maturity. The early redemption arises from the need to finance the working capital of our automobile component operation in Changchun, following the increase in revenue.

Other expenses mainly comprised foreign exchange loss and impairment charges on the Group's assets. The increase in other expenses by HK\$11.1 million or 34.6% was mainly due to:

- Increase in impairment loss on property, plant and equipment by HK\$20.2 million. The impairment charge in FY2014 relates to the write-down in value of the plant and equipment of our Moulds segment (HK\$23.5 million) in Shenzhen and Automobile Component Parts segment in Beijing (HK\$14.2 million). The two business units were loss making in FY2014 and are expected to continue to face challenging market conditions and as such their plants and equipment were written-down on grounds of prudence; offset by
- Decrease in property, plant and equipment written-off by HK\$2.4 million, which was absent in FY2014;
- Decrease in impairment loss on doubtful trade and other receivables by HK\$0.6 million for certain long outstanding debts. The total impairment charge of HK\$2.8 million for FY2014 (FY2013: HK\$3.5 million) are from our IMD and Plastic Injection Parts segment (approximately HK\$0.9 million), Moulds segment (approximately HK\$1.2 million) and Automobile Component Parts segment (approximately HK\$0.7 million). The impairment charge had been made on grounds of prudence in light of their long outstanding nature and uncertain economic outlook, but the Group will continue to follow up on payments from these parties;

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.**
- Decrease in impairment loss on inventories by HK\$0.2 million. The total charge of HK\$3.0 million in FY2014 comprised mainly: i) Write down in value of moulds under construction and raw materials from our Moulds segment amounting to approximately HK\$1.2 million, the write down is mainly due to unforeseen increase in cost of production and uncertainty in securing price revision from the customer and stagnant materials which have limited usage; ii) Write down in value of inventories from our IMD Plastic Injection Parts segment amounting to approximately HK\$1.7 million, mainly for certain IMD moulds and stagnant materials which have limited usage; and iii) Write down in value of inventories from our Automobile Component Parts segment amounting to approximately HK\$0.1 million.
 - Decrease in impairment loss on intangible assets by HK\$4.0 million. In light of uncertain economic environment and challenging business environment, the Group had written off its computer software amounting to approximately HK\$0.4 million from our Moulds segment in FY2014.
 - Decline in net foreign exchange loss by HK\$1.0 million. The exchange loss arises mainly from non-trade, unrealised book translation of HK\$ denominated balances between companies within the Group. The lower loss is mainly due to a more stable exchange rates between HK\$ and Renminbi in FY2014 as compared to FY2013.

Taxation

In FY2014, the Group recorded an income tax expenses of HK\$0.6 million, mainly due to income tax underprovided in prior years.

Discontinued operation

The results of Changchun Kunda-Guoan Automobile Plastic Mould Company Limited ("Changchun Kunda") and Shenzhen Qunxinda for the financial years ended 31 March, in accordance with the requirements of FRS 105 are as follows:

Income statement disclosures	FY2014	FY2013	Change %
Revenue	13,299	16,878	(21.21)
Expenses	(14,051)	(16,949)	(17.10)
Loss from operations	(752)	(71)	959.15
Interest income	4	2	100.00
Finance costs	(1,212)	(1,250)	(3.04)
Taxation	(55)	(421)	(86.94)
Impairment loss on trade and other receivables	-	(256)	n.m.
Impairment loss on inventories	-	(76)	n.m.
Loss from discontinued operations, net of tax	(2,015)	(2,072)	(2.75)

The principal business activity of Changchun Kunda is the production and sale of plastic injection mould while Shenzhen Qunxinda is the production and sale of stamped metal parts.

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.**

On the whole, the loss from discontinued operations in FY2014 was fairly constant as compared to FY2013. The decrease in revenue and expenses of discontinued operations was in line with the fact that the Group had been progressively scaling down the business activity of Changchun Kunda which is to be disposed to Jilin Guo'an, while our wholly-owned subsidiary, Kunda Mould (Shenzhen) Company Limited ("Kunda Mould") is gradually taking over the sales and production orders for moulds in Changchun.

The Group is in the process of carrying out the legal transfer of ownership of Changchun Kunda and Kunda Mould will directly operate the Group's mould business in Changchun.

Balance sheet

Non-current assets

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

- Disposal of plant and equipment through disposal of Shenzhen Qunxinda, amounting to HK\$0.7 million;
- Current year depreciation charges of HK\$14.4 million (including depreciation charges from Shenzhen Qunxinda);
- Impairment charge of HK\$37.7 million for the plant and equipment of our Moulds segment and Automobile Component Parts operation in Beijing; and
- Disposal of plant and equipment with a net carrying value of HK\$0.5 million; offset by
- Additions of HK\$8.2 million mainly relating to acquisition of plant and equipment and renovations in relation to the shift of our mould and IMD production facilities to the new factory at Bao Long industrial Park, Shenzhen and acquisitions of plant and equipment by our Automobile Component segment; and
- Translation gains of HK\$0.7 million arisen from the translation of property, plant and equipment of our PRC subsidiaries.

The decrease in intangible assets is mainly due to disposal of goodwill through disposal of Shenzhen Qunxinda amounting to approximately HK\$0.2 million, impairment loss on computer software of HK\$0.4 million and current year amortisation charge of HK\$0.1 million.

The decrease in land use rights was also due to amortisation charge of HK\$1.7 million.

Non-current prepayments as at 31 March 2014 relate mainly to prepayments for production equipment and renovations. The increase in non-current prepayment is mainly due to prepayments of HK\$3.9 million made for the renovation of the new factory of Beijing Baiju (Please see para 10 of this announcement for more details).

Current assets and current liabilities

The overall inventories of the Group as at 31 March 2014 had remained fairly constant as compared to the balance sheet as at 31 March 2013 while the overall inventory turnover day had also remained fairly constant, with a slight decrease from 84 days in FY2013 to 80 days in FY2014. As compare to 31 March 2013, the inventories of our Moulds segment increased by HK\$ 1.8 million mainly as a result of increase in moulds under construction and the inventories of our IMD and Plastic Injection Parts segment also increased by HK\$ 2.2 million as a result of higher sales volume.

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 increase in moulds under construction is due to a higher stage of completion of the Group's mould order books as at 31 March 2014, the Group's mould order books as at 31 March 2014 stands at HK\$50.8 million which is comparable to the order book of HK\$51.4 million as at 31 March 2013. The increases were offset by the disposal of Shenzhen Qunxinda which holds HK\$2.1 million of inventory as at 31 March 2013 and the decrease in the inventories of our Automobile Component Parts segment by HK\$1.7 million, mainly due to efforts to reduce the inventory held to facilitate the shifting of the factory in April 2014.

Bill receivables of our Group relates to bank bills received from customers from 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 2014 had decreased by HK\$30.6 million or 31.7% as compared to 31 March 2013, mainly due to the decrease in trade receivables and bill receivables from our Moulds segment, Automobile Component Parts segment and Shenzhen Qunxinda which was disposed of in March 2014 by HK\$6.4 million, HK\$14.9 million and HK\$9.1 million respectively.

The collections from our mould customer are generally based on the contractual progressive payment at different milestones stated in the sales contracts. The decrease in trade receivable of our Moulds segment was mainly due to decrease in revenue of our mould products in FY2014.

The trade receivables of our Automobile Component Parts segment are normally settled on 60 days term after the invoices are issued. The decrease was mainly due to decline in sales of automobile component parts for the last 2 month of the financial year, from HK\$38.6 million in February and March 2013 to HK\$30.3 million in February and March 2014.

As a result of the above factors, the turnover day of the combined trade and bill receivable had decreased from 116 days in FY2013 to 79 days in FY2014.

Other receivables had increased from HK\$12.6 million as at 31 March 2013 to HK\$23.2 million as at 31 March 2014. This was mainly due to advances of RMB 8 million (equivalent to HK\$ 10.0 million) given to the minority shareholder of one of our subsidiaries, out of the excess cash holdings of the same subsidiary, at an interest rate of 12% per annum. This is a reciprocal arrangement and the Group itself had also drawn down similar loans from the same subsidiary from time to time.

In addition, the increase in other receivables was also due to increase in receivables from the provision of raw materials to sub-contractors for further processing of our automobile component products, from HK\$9.4 million as at 31 March 2013 to HK\$10.1 million as at 31 March 2014. 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 increase is mainly due to timing differences from the supply of raw materials to these sub-contractors and the settlement of sub-contracting costs and higher production volume in FY2014. The corresponding accrued subcontracting charges payable to these sub-contractors had also increased from HK\$12.6 million as at 31 March 2013 to HK\$16.0 million as at 31 March 2014. 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\$3.2 million as at 31 March 2013 to HK\$5.9 million as at 31 March 2014 which has the effect of improving the overall operational cash flow of the Group.

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.**

Current prepayments mainly comprised prepayments made to raw material suppliers and sub-contractors and prepaid lease rental for the lease of new factories for our Beijing operation and our Shenzhen operation (please see para 10 and para 13 of this announcement for more details). The increase in prepayments was mainly due to the HK\$9.2 million prepaid lease rental made for the leases of the new factories in Shenzhen and Beijing in FY2014. In addition, the increase in prepayments was also due to the increase in prepayments made to the raw material suppliers and sub-contractors of our automobile components segment by approximately HK\$1.5 million.

The amount due from related party as at 31 March 2013 related to trade receivables of HK\$31.0 million and a HK\$12.2 million loan disbursed to Shenzhen Precision in 4Q2013 (inclusive of interest accrued on the loan). The loans and the interest charged on the loans had been fully repaid on 14 June 2013 while the trade receivables and late penalty charges had been fully settled in March 2014. Please refer to our announcement dated 1 April 2014 and 14 June 2013 for details.

Assets and liabilities of disposal group classified as held for sale relate to the assets and liabilities of Changchun Kunda to be disposed to Jilin Guo'an. The major classes of assets and liabilities of Changchun Kunda classified as held for sale as at 31 March 2014 and its comparatives are as follows:

	31 March 2014	31 March 2013	Change
Assets:	HK\$'000	HK\$'000	%
Property, plant and equipment	16,681	16,695	(0.08)
Land use right	18,314	18,330	(0.09)
Inventories	1,418	1,693	(16.24)
Trade and other receivables	579	386	50.00
Prepayments in relation to construction of factories	4,378	4,382	(0.09)
Other prepayments	627	567	10.58
Cash and bank balances	66	17	288.24
Assets of disposal group classified as held for sale	42,063	42,070	(0.02)

	31 March 2014	31 March 2013	Change
Liabilities:	HK\$'000	HK\$'000	%
Trade and other payables	16,855	15,625	7.87
Other liabilities	2,696	2,441	10.45
Liabilities directly associated with disposal group classified as held for sale	19,551	18,066	8.22

On the whole, the assets of Changchun Kunda classified as held for sale as at 31 March 2014 had remained fairly constant as compared to its comparative as at 31 March 2013. The movement of the assets and liabilities of Changchun Kunda were mainly arisen from the mould contracts secured before the entry into the conditional sale and purchase agreement with Jilin Guo'an. Decrease in inventories and increase in trade and other receivable were mainly due to sales of moulds recorded during the financial year. Increase in cash and bank balances and other liabilities were mainly due to collections from its trade receivables and advances from customers for mould under constructions. Increase in prepayment was due to increase in prepayments made to the sub-contractors during the financial year. Increase in trade and other payables were mainly due to increase in the advances given by Jilin Guo'an.

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.**

Non-current and Current Liabilities

Trade and other payables increased from HK\$91.6 million as at 31 March 2013 to HK\$112.5 million as at 31 March 2014. This was mainly due to the increases in trade payables of our automobile component business of HK\$14.4 million (including the accrued sub-contracting charges mentioned above) and trade payables of our IMD business of HK\$8.2 million, which are in line with the increase in sales and production volume. The increase was offset by the decrease in trade and other payables of Shenzhen Qunxinda which had been disposed of in March 2014, by approximately HK\$3.3 million.

Other liabilities comprise mainly advances from customers and accruals of operating expenses.

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 which was mainly arisen from the rental payable for the month of March 2014.

As at 31 March 2014, the Group's secured borrowings comprise short-term bank loans of approximately HK\$29.1 million. In FY2014, the Group had secured the bank loans of HK\$37.6 million and repaid the bank loans and financial lease obligation of HK\$56.2 million and HK\$0.4 million respectively. As such, the Group's borrowings decreased from HK\$47.8 million as at 31 March 2013 to HK\$29.1 million as at 31 March 2014.

Deferred government grants were mainly for three development projects and will be recognised in the profit and loss account once the conditions attached have been fulfilled. The classification between long term and current grant is based on their estimated completion date. The overall increase in total deferred government grants is mainly due to government grants of RMB 5.7 million (equivalent to approximately HK\$7.1 million) received during the financial year.

The decline in provision for taxation is mainly due to income tax payment made during the financial year.

Cash flow

In FY2014, overall cash and cash equivalent had increased by HK\$17.2 million. The increase in FY2014 was mainly due to operating cash inflow of HK\$38.1 million in FY2014, government grants of HK\$7.2 million received in FY2014 (from investing activities), proceeds from disposal of property, plant and equipment of HK\$1.0 million in FY2014 (from investing activities) and net cash inflow on disposal of a subsidiary of HK\$2.7 million.

The increase in cash inflow from operating activities in FY2014 as compared to FY2013 is due to decrease in trade and other receivables, decrease in amount due from related parties, increase in trade and other payables, increase in other liabilities and increase in interest received, offset by the operating cash outflow before working capital, increase in inventories, increase in prepayments, increase in interest paid and increase in income tax paid.

The cash inflows were offset by capital expenditure of HK\$12.9 million (from investing activities) and net repayment of borrowings of HK\$19.0 million in FY2014 (from financing activities) in 3Q2014.

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 economy, the Group expects overall business condition to remain challenging and volatile in this unstable global environment.

On 27 September 2013, the Group had entered into a lease agreement for a new factory for the operations of Beijing Baiju. Beijing Baiju has completed the shift to the new factory in April 2014. The new factory is significantly closer to our main customer, Beijing Hyundai, as compared to our previous premise. Over the long term, the Group expects to achieve economies in transportation expenditure as well as more timely support services for our customer. In FY2015, the Group expects to incur shifting related expenses of RMB 0.8 million and capital expenditure of RMB 6.4 million mainly for the renovation and production infrastructure installation for the new factory.

Please also refer to our Quarterly Update Pursuant to Rule 1313(2) of the SGX-ST Listing Manual released on 29 May 2014.

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

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 Xinweizai Village (Note A)	1,009	-
Rental of factory premise at Bao Long Yi Road (Note A)	3,852	-
Prepayment of rental at Bao Long Yi Road (Note B)	4,305	-
Late penalty charges (Note C)	2,923	-
Interest charges on loan (Note D)	196	-
Total	12,285	-

Note A

The rental of Shenzhen Precision's Xinweizai village factory premise is based on independent market valuation. The lease on the Xinweizai village had ceased with effect from 30 June 2013 and the Group had commenced leasing a new factory at Bao Long Industrial Park from Shenzhen Precision with effect from 1 July 2013. The lease of the Bao Long Industrial Park factory is based on independent market valuation.

Under Rule 916 of the Listing Manual, the above Leases are not required to comply with Rule 906.

Note B

On 1 April 2014, the Company announced that the balance of trade receivable amounting to approximately RMB\$ 3.4 million has been repaid by way of an off-set against the rental payable by the Group to Shenzhen Precision for the lease of the Bao Long Industrial Park factory for the period from 1 April 2014 to 30 April 2015. For the 13 months period 1 April 2014 to 30 April 2015, aggregate rent under the Lease would amount to a gross value of RMB 4.4 million and a fair value of RMB 4.2 million using a discount rate of 9.495%. As such, the prepayment of the rental results in a discount of 21.4% and 17.0% against the gross and fair value of the above rental period respectively. The Board and Audit Committee is of the view that, as the prepayment is a variation of the terms of the Lease, and the Lease falls under Rule 916(1) of the Listing Manual, the prepayment does not constitute a separate interested person transaction falling outside the terms of the Lease. Please refer to our announcement dated 1 April 2014 for details.

Based on the prepayment of RMB 3.4 million, the Group will, from 1 April 2014 to 30 April 2015, recognise rental expenses of RMB 3.8 million and interest income of RMB 0.2 million.

13. Interested person transactions

Note C

With the current economic slowdown, Shenzhen Precision is facing delays in the collection of its own trade receivables to settle the technical fees due to the Group. Late penalty charges were imposed on the outstanding balances due from Shenzhen Precision and the interest is to be paid on a monthly basis, within 7 working days from the end of each month. The penalty rate is the higher of i) the Group's current borrowing rate plus 1.5% or ii) 6.5%. The trade receivable had been fully repaid on 31 March 2014 and the charging of interest will cease from 31 March 2014.

Note D

The loan to Shenzhen Precision bears interest at the rate of the higher of the Group's current borrowing rate plus 1.5% per annum and 6.5% per annum. The Loan and related interest had been fully repaid on 14 June 2013. The disbursement of the Loan had been ratified by shareholders during an Extraordinary General Meeting held on 22 October 2013.

The Group wishes to advise that there is no general mandate obtained from shareholders for IPTs.

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 four reportable operating segments as follows:-

- 1) **Moulds**
The Moulds segment provides moulds and other related technical services used in the production of plastic injection parts.
- 2) **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.

- 3) **Automobile Component Parts**
The Automobile Component Parts segment provides plastic and metal component parts used in the manufacture of automobiles.
- 4) **Others**
The Others segment comprises mainly the trading, production and sale of stamped metal parts.

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.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.

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
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	(13,298)	A	302,157
Segment results:							
Segment gross profit	8,273	1,485	18,538	1,881	(1,830)	A	28,347
Depreciation of property, plant and equipment	(6,254)	(228)	(7,426)	(533)	804	A	(13,637)
Amortisation of intangible assets	(67)	-	(2)	-	-		(69)
Amortisation of land use rights	-	-	(1,743)	-	-		(1,743)
Impairment loss on intangible assets	(434)	-	-	-	-		(434)
Impairment loss on doubtful trade and other receivables	(1,248)	(920)	(681)	-	-		(2,849)
Impairment loss on inventories	(1,197)	(1,711)	(116)	-	-		(3,024)
Impairment loss on property, plant and equipment	(23,521)	-	(14,150)	-	-		(37,671)
Gain on disposal on property, plant and equipment	-	426	91	-	-		517
Research expenses	(4,461)	(2,250)	-	-	-		(6,711)
Interest income							4,233
Finance costs							(4,933)
Unallocated expenses, net							(44,550)
Loss before tax							(82,524)

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
FY2013 (HK\$'000)**

	Moulds	IMD and Plastic Injection Parts	Automobile Component Parts	Others	Adjustments	Note	Total
Revenue							
Sales to external customers	93,454	28,642	182,904	15,456	(16,877)	A	303,579
Segment results:							
Segment gross profit/(loss)	26,094	(2,790)	20,616	3,336	(3,342)	A	43,914
Depreciation of property, plant and equipment	(8,067)	(2,880)	(8,990)	(423)	524	A	(19,836)
Amortisation of intangible assets	(1,778)	-	(28)	-	-		(1,806)
Amortisation of land use rights	(377)	-	(1,696)	-	377	A	(1,696)
Impairment loss on intangible assets	(4,459)	-	-	-	-		(4,459)
Impairment loss on doubtful trade and other receivables	(3,014)	(703)	-	-	256	A	(3,461)
Impairment loss on inventories	(1,305)	(1,244)	(707)	-	76	A	(3,180)
Impairment loss on property, plant and equipment	-	(11,373)	(6,127)	-	-		(17,500)
Loss on disposal of property, plant and equipment	(2,494)	(338)	(55)	-	-		(2,887)
Research expenses	(6,440)	(639)	-	-	-		(7,079)
Interest income							3,648
Finance costs							(3,613)
Unallocated expenses, net							(31,753)
Loss before tax							(49,708)

Note A - The amounts relating to the results of Changchun Kunda (classified in Moulds segment) and Shenzhen Qunxinda (classified in Others segment) has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the statement of comprehensive income within one line item, "Loss from discontinued operation, 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
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	(13,298)	302,157
Non-current assets**	-	70,314	-	-	(34,995)	35,319

**Geographic segment
FY2013 (HK\$'000)**

	Asia except for PRC	PRC	North America	Europe	Discontinued operation	Total
Revenue						
Sales to external customers	2,844	275,623	11,966	30,023	(16,877)	303,579
Non-current assets**	60	117,255	-	-	(39,407)	77,908

**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 the Asia except for PRC, Europe and North America are mainly due to the decrease in mould sales to the customers in these markets. The increase in sales in the PRC is attributed to the increase in sales of our IMD products and automobile component parts.

16. A breakdown of sales.

	Group		
	FY2014 HK\$'000	FY2013 HK\$'000	% (Decrease)/ Increase
<u>First Half</u>			
Revenue reported for the first half year	147,618	157,648	(6.4)
Net loss after tax and non-controlling interest	(19,778)	(7,309)	170.6
<u>Second Half</u>			
Revenue reported for the second half year	154,539	145,931	5.9
Net loss after tax and non-controlling interest	(53,278)	(37,465)	42.2

Despite the increase in revenue in 2H2014, net loss of the Group had increased in 2H2014 as compared to 1H2014 mainly due to a HK\$40.3 million increase in other expenses. The increase in other expenses are mainly from impairment loss on property, plant and equipment, impairment loss on trade and other receivables, impairment loss on intangible assets and impairment loss on inventories recorded in 2H2014.

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	35	The brother-in-law of Cai Kaoqun, Executive Chairman and CEO	General Manager for IMD Department from April 2013 onwards	No changes

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
29 May 2014