KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: http://www.kinyat.com.hk

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors (the "Board") of Kin Yat Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2010 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	*3*	**1,445,904**	1,574,220
Cost of sales		**(1,106,586)**	(1,309,528)
Gross profit		**339,318**	264,692
Other income and gains, net	*3*	**23,038**	12,668
Selling and distribution expenses		**(38,137)**	(40,344)
Administrative expenses		**(134,943)**	(105,028)
Other expenses	*4*	**–**	(29,247)
Finance costs		**(1,001)**	(1,790)
Share of profits and losses of associates		**(148)**	(133)
PROFIT BEFORE TAX	*4*	**188,127**	100,818
Income tax expense	*5*	**(30,655)**	(9,766)
PROFIT FOR THE YEAR		**157,472**	91,052
ATTRIBUTABLE TO:			
Owners of the Company		**158,567**	89,238
Non-controlling interests		**(1,095)**	1,814
		157,472	91,052
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK38.52 cents**	HK21.83 cents
Diluted		**HK38.32 cents**	HK21.82 cents

Details of the dividends are disclosed in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
PROFIT FOR THE YEAR		**157,472**	91,052
OTHER COMPREHENSIVE INCOME/ (EXPENSE):			
Revaluation surplus/(deficit), net		**3,730**	(2,411)
Deferred tax credited/(debited) to revaluation reserve		**(669)**	454
		3,061	(1,957)
Exchange differences on translation of foreign operations		**72**	(9,989)
Realisation of exchange fluctuation reserve upon deregistration of subsidiaries		**(4,806)**	(604)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**155,799**	78,502
ATTRIBUTABLE TO:			
Owners of the Company		**156,839**	77,305
Non-controlling interests		**(1,040)**	1,197
		155,799	78,502

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**518,097**	553,679
Investment properties		**37,727**	36,591
Prepaid land lease payments		**14,009**	14,286
Goodwill		**4,650**	4,650
Interests in associates		**(7,199)**	(7,028)
Deferred development costs		**5,158**	7,429
Total non-current assets		**572,442**	609,607
CURRENT ASSETS			
Inventories		**155,519**	154,842
Accounts receivable	*8*	**132,932**	120,866
Prepayments and deposits		**35,800**	19,594
Time deposits		**114,219**	50,131
Cash and bank balances		**245,801**	129,032
Total current assets		**684,271**	474,465
CURRENT LIABILITIES			
Accounts and bills payable, accrued liabilities and other payables	*9*	**226,910**	146,585
Derivative financial instruments		**–**	798
Interest-bearing bank borrowings		**33,542**	14,583
Tax payable		**16,169**	8,377
Total current liabilities		**276,621**	170,343
NET CURRENT ASSETS		**407,650**	304,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**980,092**	913,729
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**38,819**	72,361
Deferred tax liabilities		**13,692**	12,698
Total non-current liabilities		**52,511**	85,059
NET ASSETS		**927,581**	828,670
EQUITY			
Equity attributable to owners of the Company			
Issued share capital		**41,785**	40,882
Reserves		**890,560**	768,416
		932,345	809,298
Non-controlling interests		**(4,764)**	19,372
TOTAL EQUITY		**927,581**	828,670

NOTES:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment properties and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 April 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All significant intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interests (formerly known as minority interests) even if that results in a deficit balance.

1.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Basis of consolidation from 1 April 2009 (Continued)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Company's share of components previously recognised in other comprehensive income to profit or loss.

Basis of consolidation prior to 31 March 2009

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interests represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the Company. Acquisitions of non-controlling interests were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance reduced to nil. Any further excess losses were attributable to the Group, unless the non-controlling interest had a binding obligation to cover these.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date that control was lost.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary,* which are effective for accounting period beginning on 1 April 2010.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and the HKFRS 7 Amendments, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separate owner and non-owner changes in equity. The statement of changes in equity include only details of transaction with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The fair value measurement disclosures are presented in the financial statements.

The Group had early adopted HKFRS 8 *Operating Segments* with effect from 1 April 2008. In addition, the Group has early adopted HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements* on 1 April 2009.

HKFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by HKFRS 3 (Revised) and HKAS 27 (Revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[1]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[1]
HKFRS 9	*Financial Instruments*[3]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for the Group's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

The amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKFRS 1, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Group's accounting period beginning on 1 April 2011.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

In addition, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out a collection of amendments to HKFRSs in response to the International Accounting Standards Board's accounting improvements project. The amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for the Group's accounting period beginning on 1 April 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for accounting beginning on 1 April 2010
[2] Effective for accounting beginning on 1 April 2011
[3] Effective for accounting beginning on 1 April 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKAS 24 (Revised) may result in new or amended disclosures; and the adoption of HKFRS 9 may result in new or amended disclosures and changes in accounting policies; these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

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

(a) the electrical and electronic products segment consists of the manufacture and sale of electrical appliances, electronic toys and related products;

(b) the motors segment consists of the manufacture and sale of motors;

(c) the feature plush and wooden toys segment consists of the manufacture and sale of feature plush and wooden toys; and

(d) the resource development segment consists of the manufacture and sale of materials primarily for use in liquid crystal display and mine exploration.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

2. SEGMENT INFORMATION (Continued)

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

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

(a) Operating segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2010 and 2009.

Group	Electrical and electronic products		Motors		Feature plush and wooden toys		Resource development		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue												
Revenue from external customers	**1,020,387**	1,145,893	**378,262**	315,677	**43,448**	109,314	**3,807**	3,336	**–**	–	**1,445,904**	1,574,220
Intersegment sales	**2,317**	–	**60,460**	3,159	**–**	–	**–**	–	**(62,777)**	(3,159)	**–**	–
Other income and gains, net	**9,589**	(989)	**8,302**	8,673	**222**	687	**1,354**	7	**–**	–	**19,467**	8,378
Total	**1,032,293**	1,144,904	**447,024**	327,509	**43,670**	110,001	**5,161**	3,343	**(62,777)**	(3,159)	**1,465,371**	1,582,598
Segment results	**194,670**	143,425	**28,878**	515	**4,497**	7,299	**(29,314)**	(11,050)	**–**	–	**198,731**	140,189
Interest and unallocated gains											**3,571**	4,290
Unallocated expenses											**(13,026)**	(12,491)
Other expenses *(note 4)*											**–**	(29,247)
Finance costs											**(1,001)**	(1,790)
Share of profits and losses of associates											**(148)**	(133)
Profit before tax											**188,127**	100,818
Income tax expense											**(30,655)**	(9,766)
Profit for the year											**157,472**	91,052
Segment assets	**769,443**	731,004	**285,077**	250,997	**30,401**	30,690	**28,524**	28,907	**(263,233)**	(177,233)	**850,212**	864,365
Unallocated assets											**406,501**	219,707
Total assets											**1,256,713**	1,084,072
Segment liabilities	**130,146**	114,698	**268,037**	150,120	**4,526**	1,896	**84,170**	54,647	**(263,233)**	(177,233)	**223,646**	144,128
Unallocated liabilities											**105,486**	111,274
Total liabilities											**329,132**	255,402
Other segment information:												
Depreciation and amortisation	**45,984**	46,364	**31,046**	15,953	**1,077**	455	**729**	2,086	**–**	–	**78,836**	64,858
Unallocated amounts											**445**	416
											79,281	65,274
Capital expenditure	**27,659**	68,095	**18,097**	77,909	**1,019**	1,390	**3,170**	6,146	**–**	–	**49,945**	153,540
Deficit/(surplus) on revaluation of leasehold land and buildings, net	**(28)**	2,392	**(15)**	15	**–**	–	**–**	–	**–**	–	**(43)**	2,407
Unallocated amounts											**(1,136)**	(1,364)
											(1,179)	1,043
Deficit/(surplus) on revaluation recognised directly in equity	**(811)**	2,144	**(633)**	856	**–**	–	**2**	(173)	**–**	–	**(1,442)**	2,827
Unallocated amounts											**(2,288)**	(416)
											(3,730)	2,411

2. SEGMENT INFORMATION (Continued)

(b) Geographical information

Group	United States of America		Europe		Asia		Others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Revenue from external customers	**487,821**	764,658	**375,014**	322,445	**454,793**	361,963	**128,276**	125,154	**–**	–	**1,445,904**	1,574,220

The revenue information above is based on the location of the customers.

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**34,157**	36,067	**545,484**	580,568	**–**	–	**579,641**	616,635

Non-current assets for this purpose consist of property, plant and equipment, investment properties, prepaid land lease payments and intangible assets.

(c) Information about major customers

Revenue of HK$928,875,000 (2009: HK$1,122,609,000) was derived from sales to the following two major customers individually accounted for over 10% of the Group's total revenue.

(i) Revenue of HK$464,526,000 (2009: HK$681,064,000) was derived from sales of electrical and electronic products and feature plush and wooden toys to a major customer. The amount includes sales to a group of entities which are known to be under common control.

(ii) Revenue of HK$464,349,000 (2009: HK$441,545,000) was derived from sales of electrical and electronic products to a major customer.

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts but excluding intra-group transactions. An analysis of revenue, other income and gains, net is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical and electronic products	**1,020,387**	1,145,893
Motors	**378,262**	315,677
Feature plush and wooden toys	**43,448**	109,314
Materials from resource development	**3,807**	3,336
	1,445,904	1,574,220
Other income and gains, net		
Bank interest income	**687**	1,531
Gross rental income	**6,364**	5,842
Sale of scrap materials	**7,962**	9,126
Gain on deregistration of subsidiaries	**4,806**	604
Gain/(loss) on disposal of items of property, plant and equipment, net	**136**	(331)
Fair value gain/(loss) on derivative financial instruments, net	**28**	(5,582)
Others	**3,055**	1,478
	23,038	12,668

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	**1,500**	1,810
Depreciation	**72,607**	57,322
Amortisation of prepaid land lease payments	**315**	353
Research and development costs:		
Amortisation of deferred development costs*	**6,359**	7,599
Current year expenditure	**2,307**	–
Minimum lease payments under operating leases in respect of land and buildings	**4,783**	6,193
Gain on deregistration of subsidiaries	**(4,806)**	(604)
Loss/(gain) on disposal of items of property, plant and equipment, net	**(136)**	331
Write-off of items of property, plant and equipment**	**12,317**	–
Impairment of accounts receivable	**193**	2,652
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**237,872**	234,850
Equity-settled share option expense	**1,303**	2,226
Pension scheme contributions	**1,994**	1,455
	241,169	238,531
Deficit/(surplus) on revaluation of leasehold land and buildings and investment properties, net**	**(1,179)**	1,043
Fair value loss/(gain) on derivative financial instruments, net	**(28)**	5,582
Foreign exchange differences, net	**2,748**	924
Bank interest income	**(687)**	(1,531)
Net rental income	**(5,797)**	(5,257)
Other expenses***	**–**	29,247

4. PROFIT BEFORE TAX (Continued)

At the end of the reporting period, the Group did not have any material forfeited contributions to reduce its contributions to the pension scheme in future years.

* *The amortisation of deferred development costs is included in "Cost of sales" on the face of the consolidated income statement.*

** *The deficit/(surplus) on revaluation of leasehold land and buildings and investment properties, net, and write-off of items of property, plant and equipment are included in "Administrative expenses" on the face of the consolidated income statement.*

*** *Other expenses represented a one-off cost incurred in the acquisition of productive assets from independent third parties of the Group, which were involved in the motor business, during the year ended 31 March 2009.*

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates.

Pursuant to the Enterprise Income Tax Law (the "New PRC Tax Law") of the PRC being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law, enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the "CIT rate") granted by the relevant tax authorities. The new CIT rate would be gradually increased from the preferential rate to 25% within 5 years after the effective date of the New PRC Tax Law on 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**21,037**	17,277
Underprovision/(overprovision) in prior years	**2,649**	(332)
Current – Elsewhere		
Charge for the year	**6,644**	275
Overprovision in prior years	**–**	(3,007)
Deferred tax	**325**	(4,447)
Total tax charge for the year	**30,655**	9,766

5. INCOME TAX (Continued)

No share of tax attributable to associates (2009: Nil) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2009 – HK4 cents per ordinary share (2008: final dividend of HK5.5 cents per ordinary share, in respect of the financial year ended 31 March 2008)	**16,353**	22,485
Interim – HK5 cents (2009: HK4.5 cents) per ordinary share	**20,768**	18,397
	37,121	40,882
Proposed final dividend		
Final – HK8 cents (2009: HK4 cents) per ordinary share	**33,428**	16,353

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$158,567,000 (2009: HK$89,238,000) and the weighted average of 411,683,529 (2009: weighted average of 408,816,000) ordinary shares in issue during the year.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Continued)

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$158,567,000 (2009: HK$89,238,000) and 413,805,477 (2009: 408,931,656) ordinary shares, being the number of shares outstanding during the year, adjusted for the effects of the dilutive potential ordinary shares outstanding during the year.

A reconciliation of the weighted average number of ordinary shares used in calculating basic and diluted earnings per share is as follows:

	2010	2009
Weighted average number of ordinary shares used in calculating basic earnings per share	**411,683,529**	408,816,000
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**2,121,948**	115,656
Weighted average number of ordinary shares used in calculating diluted earnings per share	**413,805,477**	408,931,656

8. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where cash on sale or payment in advance is normally required. The credit period is generally for a period of one month, extending up to two months for certain well-established customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable mainly relate to recognised and creditworthy customers, there is no significant credit risk. Accounts receivable are non-interest-bearing.

8. ACCOUNTS RECEIVABLE (Continued)

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**100,107**	84,606
31 – 60 days	**21,868**	27,232
61 – 90 days	**8,367**	7,519
Over 90 days	**4,158**	5,982
	134,500	125,339
Less: Impairment allowance	**(1,568)**	(4,473)
	132,932	120,866

9. ACCOUNTS AND BILLS PAYABLE, ACCRUED LIABILITIES AND OTHER PAYABLES

An ageing of the Group's accounts and bills payable as at the end of the reporting period, based on the invoice date, and the balance of accrued liabilities and other payables are as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**62,864**	45,032
31 – 60 days	**25,854**	22,988
61 – 90 days	**22,390**	4,406
Over 90 days	**6,121**	1,716
Accounts and bills payable	**117,229**	74,142
Accrued liabilities	**94,278**	51,989
Other payables	**15,403**	20,454
	226,910	146,585

9. ACCOUNTS AND BILLS PAYABLE, ACCRUED LIABILITIES AND OTHER PAYABLES (Continued)

The accounts and bills payable and other payables are non-interest-bearing and are normally settled within credit terms of two months, extending up to three months.

As at 31 March 2010, included in other payables, an amount of RMB5,200,000 (approximately HK$5,909,000) (2009: RMB3,700,000 (approximately HK$4,205,000)), was received in respect of subsidies from the Department of Information Industry of Guangdong Province, the PRC, for the research and development costs incurred by the Group for its resource development project.

10. EVENT AFTER THE REPORTING PERIOD

On 21 May 2010, the Group through certain of its wholly-owned subsidiaries, entered into the conditional sale and purchase agreements dated 21 May 2010 (the ”S&P Agreements“) with a Malaysian company (in receivership and in liquidation) (the ”Seller“) acting by and through the relevant receiver and manager and liquidator. Pursuant to the S&P Agreements, the Group has agreed to purchase and the Seller has agreed to dispose of the manufacturing/productive assets including all machineries and equipment and land and buildings situated in Johor Bahru, Malaysia, for the production of microelectric encoder system/film and media at a consideration of approximately HK$30,797,000 (MYR12,800,000). Further details of the transaction are set in the voluntary announcement of the Company dated 10 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Leveraging our stringent management systems, relentless efforts of our staff and support from our valued customers, the Company achieved sustainable and stable satisfactory results in the FY2010. To conclude a brief summary of the Company's performance to the financial year ended 31 March 2010 ("FY2010") from a medium-term perspective – during the five financial years to the FY2010, the Company's turnover and profit attributable to owners of the Company achieved compounded annual growth rates of 16.4% and 27.6% respectively, and the five year average annual return on shareholders' equity was 13.7%. We understand that the record high profit attributable to owners of the Company achieved in FY2010 is not final, and yet, the Company believes that it is unveiling another stage where the Company will continue to strive unprecedentedly for stable growth by leveraging the solid foundation and financial strengths of the Group, stable client base and experienced and dedicated management team in order to bring fruitful returns to our shareholders.

Consolidated Results

During the year, the Company was principally engaged in four major business segments, namely the electrical and electronic products, motors, feature plush and wooden toys, and resources development businesses.

For the FY2010, the Group recorded a consolidated turnover of HK$1,445,904,000 (financial year ended 31 March 2009 ("FY2009"): HK$1,574,220,000), comprising segment external turnover of:

- HK$1,020,387,000 from the electrical and electronic products business, representing 70.6% of the consolidated turnover of the Group for the year (FY2009: HK$1,145,893,000, 72.8%);

- HK$378,262,000 from the motor business, representing 26.1% of the consolidated turnover of the Group for the year (FY2009: HK$315,677,000, 20.1%);

- HK$43,448,000 from the feature plush and wooden toys business, representing 3.0% of the consolidated turnover of the Group for the year (FY2009: HK$109,314,000, 6.9%); and

- HK$3,807,000 from the resources development business, representing 0.3% of the consolidated turnover of the Group for the year (FY2009: HK$3,336,000, 0.2%)

During the year under review, segment results of each of the electrical and electronic products business, motor business, feature plush and wooden toys business, and resources development business were HK$194,670,000 (FY2009: HK$143,425,000), HK$28,878,000 (FY2009: HK$515,000), HK$4,497,000 (FY2009: HK$7,299,000), and loss of HK$29,314,000 (FY2009: loss of HK$11,050,000), respectively.

The turnover and profit of the Group in the FY2010 were mainly derived from manufacturing businesses on original manufacturing equipment ("OEM") and original design manufacturing ("ODM") basis, namely the electrical and electronic products, motor, and feature plush and wooden toys businesses. During the year, the Group's motor business segment turnover increased on a year-on-year basis, primarily due to the fact that sales orders started filtering through following successful qualification and certification of the relevant newly invested production facilities of our motor business segment successively and as customers looked to re-build inventory levels commencing the second half of the FY2010. However, the decline in turnover of our electrical and electronic products as well as feature plush and wooden toys business segments, mainly attributable to the sluggish economic growth worldwide, outweighed the increase in our motor business segment turnover during the year. As a result, the consolidated turnover of the Group decreased by 8.2% on a year-on-year basis.

During the year under review, profit attributable to owners of the Company increased from HK$89,238,000 to HK$158,567,000, up 77.7%. Before inclusion of the one-off expense (incurred as a result of acquiring motor production assets) of HK$29,247,000 recorded in the FY2009, profit attributable to owners of the Company for the FY2010 represented a year-on-year growth of 33.8%. Basic earnings and diluted earnings per share for the year were HK38.52 cents and HK38.32 cents respectively (FY2009: HK21.83 cents and HK21.82 cents respectively), representing a year-on-year growth of 76.5% and 75.6%. Earnings per share increased in tandem with the profit attributable to owners of the Company as the funding needs of the Company during the year were mainly derived from its internal resources without any equity fund raising activities.

Electrical and Electronic Products Business Segment

During the FY2010, this business segment consisted of (i) the development, design and manufacture of electronic and electrical toys, (ii) the electrical appliances operations specialising in artificial-intelligence (AI) products, and (iii) the development, design, manufacture and sale of small home electrical appliances.

Segment external turnover slightly decreased 11.0% from HK$1,145,893,000 in FY2009 to HK$1,020,387,000 whilst the segment results improved 35.7% to HK$194,670,000 from the comparable figure of HK$143,425,000 in the last year.

During the year under review, sales orders were in general supported by the success of several blockbuster movies and the production volume of artificial-intelligence vacuum-cleaning robots, jointly developed by the Company and our customer, had remained relatively stable. These positive factors had helped mitigate the adverse impact of the global economic slowdown on the Group. However, even though the Group's actively pursued small home appliance products business had achieved higher turnover, the segment turnover still declined on a year-to-year basis.

The management was early aware of the potential adverse impact on the Group of the possible decline in turnover in the FY2010, and hence had been implementing simultaneously various measures which were proven to be successful in enhancing operating efficiency. These measures include (i) production automation enhancement to escalate production efficiency and production value per worker, (ii) sourcing and procurement procedures optimisation to improve supply chain efficiency and in turn more effectively to reduce material costs, and (iii) the more stringent production management to reduce consumption losses. In addition, the Company has scaled down operations with unsatisfactory performance, such as terminating the production of low margin products, to implement comprehensive cost controls during the period under review. Through such management efforts and effective strategies, the segment results were satisfying given the operating environment was affected by rising material prices and wages during the second half of the FY2010.

With the current somewhat complicated external operating environment for manufacturers in the PRC – facing pressure of possible ever-rising operating costs, the management is obligated to strive for sales orders in a more prudent manner. To this end, the management shall carry out constant analysis on and evaluation of the market environment such as the latest market trend and competitive prices for making the most appropriate business decision to seize business opportunities with due sensitivity. In response to the complicated operating environment, the management has to give focused attention to the diversification efforts to broaden customer base and product mix and enlarge segment sales, including the development of healthcare equipment products. The Group has already started to construct production facilities in our Shaoguan production site to add production equipment, preparing itself for potential orders. On the other hand, the domestic sales of small home electrical appliances under our own house brand in the PRC will continue to be actively pursued, by which the Group expects to expand the customer base of this business segment and increase the Renminbi income sources to partly offset the negative impact on the Group induced by possible Renminbi appreciation. With these strategies in place, the management expects to maintain the performance of this business segment in the ensuing financial year.

Motor Business Segment

During the year, this business segment comprised the development, design and manufacture of a wide range of micro-electric motors and their related products (including DC (direct current)/AC (alternative current) motors, brushless motors and motor encoder systems), through OEM and ODM arrangements.

The segment external turnover increased from HK$315,677,000 in the FY2009 to HK$378,262,000, representing a year-on-year growth of 19.8%, whilst the segment results for the year was HK$28,878,000, with a more than 50-fold increase over the HK$515,000 in the FY2009.

Following the completion of the acquisition of certain productive assets for motors by the Group in February 2009 from independent third party, not only had the production capacity with respect to DC motors been enlarged, but the acquisition had also facilitated the Group to broaden the product portfolio of this business segment – additional ability to produce AC motors and increased production capacity of moulds, components and parts. FY2010 was the first full financial year for operating the relevant acquired assets immediately after the completion of the acquisition. During the year, the Group has aggressively activated the operation of the acquired assets by smoothening and strengthening the operations of the operating entity – "Smart Motor". The management efforts have been paid off with external sales orders under the Group's brand of "Smart Motor" began to filter through following obtaining the quality assurance certificates which include ISO9001, ISO14001 and ISO/TS 16949 certifications and qualification of our production facilities and product samples having been examined and approved by customers successively commencing the second half of the FY2010.

Although this business segment's performance in the first two quarters of the FY2010 was confined by the adverse impact of the relatively weak global economic growth, sales orders had picked up tremendously around the third quarter of the FY2010. This was mainly induced by the needs of customers, the business of which was benefited from the economic recovery or the expected recovery, to replenish inventory. Furthermore, not only had this business segment started to produce AC motors and motor-related products – motor encoder systems in the second half of the year, years of efforts to follow and develop new customers in major industries, including office automatic equipment and automotive industries, began to pay off with motor sales orders coming in. Combining these favorable external and internal factors, turnover of this business segment in the second half year of the FY2010 began to ramp up, recording an overall growth in annual turnover, and the segment results had also improved on a year-on-year basis, mainly due to the expansion in the economies of scale and the absence of certain non-recurring expenses that have had incurred in the last year as a result of acquiring the said productive assets for motors.

Prior to the FY2010, the Group had been operating this business segment solely through "Standard Motor", which was 90% owned by the Company and manufactures DC motors only. As at the year-end date of the FY2010, the Group completed the acquisition of the 10% interest in Standard Motor, making it a wholly-owned subsidiary of the Company. Through this acquisition, the Group was able to implement strategies more effectively to integrate this business segment's operations of multiple production locations, products and operations, thereby accelerating the pace of development in this business segment. In this regard, the Group has leveraged the established Standard Motor to set up a motor business sub-group holding company, Standard Electric Holdings Limited ("Standard Electric"), to undertake and manage all motor and motor-related product businesses of the Group. Standard Electric also is endeavoured to provide one-stop services for its customers and establish closer business relationships with them, and in an effort to maximise the synergistic effects in respect of the production and sales aspects.

Looking forward, the Group is expected to experience pressure of potential continuing rising operating costs in the ensuing financial year, as mentioned before. Nevertheless, with the integration of the Group's motor businesses, Standard Electric is one of the largest manufacturers of motor and motor-related products in the market equipped with considerable established competitive strengths, the management considers our motor business to be able to stay competitive. Particularly, the expected synergistic effects in respect of the production and sales aspects are also becoming increasingly apparent. In light of this, the Group is expanding the motor business' production capacity in Shaoguan and Dongguan production sites by 30%, expecting to capitalise the favourable market sentiments extended from the FY2010 and to seize the additional business opportunities. Subsequent to the end of the reporting period, the Company entered into an agreement in relation to the acquisition of the productive assets for motor encoder systems and film/media located in Johor Bahru, Malaysia. The Company had been diligently preparing for the completion of such acquisition, through which the competitive strengths of Standard Electric is expected be enhanced.

Based on the analysis of the current situation, the management considers this business segment potentially to be able to improve its results performance in the ensuing financial year.

Resources Development Business Segment

Resources development business segment is the strategic platform for the Group to achieve long-term growth and performance. For years, the management has strived to adjust the macro-business structure of the Group and to expand into the non-manufacturing businesses so as to balance the impact on the Group caused by cyclical economic and industry fluctuations. The development of this business segment plays an important role in allowing the Group to achieve such goal.

During the year under review, this business segment comprised the development, manufacture and sales of Indium Tin Oxide ("ITO") target and the exploration operations of the lead and zinc polymetallic ore mine located in Jiangjuncha, Lantian County, Xian City, Shaanxi Province, the PRC, through Xian Jinshi Mining Company Limited ("Xian Jinshi"), a 70% owned entity of the Company. The segment external turnover in the FY 2010, which was entirely generated from the sales of ITO target, increased 14.1% on a year-on-year basis from HK$3,336,000 in FY2009 to HK$3,807,000, mainly due to the sales of small-sized ITO target to new customer leads and the increase in the market prices of ITO target. Given that during the period under review (i) HK$11,286,000 for ITO target equipment was duly provided for, (ii) the entire exploration costs of HK$10,472,000 incurred by Xian Jinshi was expensed, and (iii) the operations of the ITO target business with small production capacity resulted in a negative margin, segment loss increased to HK$29,314,000 from the comparable figure of HK$11,050,000 in the last year.

Our natural resources development business' geological expert team is headed by Mr. Xu Jianchao（許劍超先生）, leading five experienced geological engineers (in addition to the team of geological experts in Xian Jinshi). Mr. Xu, aged 68, has over 40 years of experience in reconnaissance survey and prospecting（普查找礦）and exploration（勘探）with respect to a wide range of metal minerals (precious metals, non-ferrous metals, rare metals, rare earth metals, etc.) in the PRC. He is a renowned professor-grade senior engineer in the PRC geological field and a PRC National-level Mineral Resources Reserve Appraiser（國家級礦產資源儲量評估師）. He is also one of the principal geological experts contributed to the discovery of a large-scale gold mine in Guangdong Province. Mr. Xu plays an important role in not only evaluating investment opportunities but also strategising exploration of the mine on hand in this business segment.

The Group's current strategy for the natural resources development business is to invest in potential exploration projects to develop resources and create returns through the exploration capabilities and expertise of the Group. The Group's geological expert team has been structured to look for development opportunities and the Group has studied more than 20 natural resources development opportunities during the year. Following the review on and investigation of development opportunities in the past, the Group expects to add, at least, one more exploration project in our portfolio of natural resources development business in the near future.

Materials Development Business

With the continuous efforts in the research and development of ITO target, the Group has achieved satisfactory results lately. ITO target is used in the production of transparent electricity conductive glue for liquid-crystal display. During the year, the Group successfully developed customers in "touch screen" industry for small-sized ITO target and had received certain medium-term small batch orders. However, since the production capacity is not able to cater for the potential orders, the Company is considering stepping up investment in production equipment in order to expand the product capacity of our ITO target business and other means to improve is performance.

Natural Resources Development Business

Following the acquisition of the 70% interest in Xian Jinshi in September 2007, the Group was awarded an exploration license for the relevant polymetallic mining area, conferring the rights to explore an area (the "Exploration Area") originally of approximately 39.23 square kilometers in Jiangjuncha, Lantian County, Xian City, Shaanxi Province (陝西省西安市藍田縣), containing primarily lead, zinc and gold deposits. The term of the exploration license has expired in April 2010, and the Group had renewed the exploration term to April 2012 upon its expiry. However, in accordance with the national relevant requirements in the PRC, the Exploration Area with respect to the renewal license has been reduced to approximately 27.44 square kilometers (excluding the Exploitation Area as defined below).

The reconnaissance survey work on the Exploration Area has led to the discovery of 21 mine vein, with the geologic features and mineral formation background basically outlined within there. There is also a fundamental understanding of the structure and formation of ore deposits in this polymetallic ore mine. From the results of chemical analysis of the ores, the average metal content ranges from 6.49% to 9.74% for lead, 0.42% to 0.63% for zinc, 0.25% to 0.38% for copper, 1.10 grams/tonne to 1.65 grams/tonne for gold and 36.41 grams/tonne to 54.62 grams/tonne for silver. Such findings point to the long-term potential of developing the mine into a medium-scale mine, with prospective metal reserves of approximately 100,000 metric tonnes.

During the reporting period, Xian Jinshi completed the submission of the exploration results of the relevant exploration area of approximately 2.2 square kilometers involving 4 mine vein discovered within the Exploration Area and had applied for the exploitation licence. In May 2010, the granting of the exploitation licence by the Land and Resources Bureau of Shaanxi Province（陝西省國土資源廳）to Xian Jinshi for extracting lead and zinc metals was approved, with a planned production capacity of 60,000 tonnes of ore per annum and an expected service term of approximately six years, in respect of the relevant area ("Exploitation Area") of approximately 2.2 square kilometers with a total resources/reserves of 363,000 tonnes of ores therein. The Group is accelerating progress of the relevant exploitation work on the Exploitation Area. According to the current situation, the management is of the opinion that it would take time to construct our own ore processing plant（選礦廠）. In light of this, the Group has been actively negotiating with relevant parties in respect of the acquisition of an existing ore processing plant without delaying the preparation of the construction of our own ore processing plant, so as to provide ore processing services for Xian Jinshi as soon as possible.

The Group is carrying out full geological exploration work for the remaining unexplored area in the Exploration Area to accelerate the progress of developing the mine. By leveraging the combined experience and expertise of our PRC partner, the Sixth Geological Team of the Shaanxi Province Bureau of Geological Minerals Exploration（西省地質礦產勘查開發局第六地質隊）, which owns the remaining 30% interest in Xian Jinshi, and our in-house geological expert team, the Group maintains a positive outlook for the ongoing development of this new upstream business initiative.

Feature Plush and Wooden Toys Business Segment

During the period under review, this business segment comprised the development, design, manufacture and sales of a broad range of feature plush, wooden and educational toys on OEM basis and under the Group's own house brand.

The feature plush and wooden toys business experienced a decrease in turnover due to the lack of blockbuster related products support and also the plush toys products, launched under our own house brand in the middle of the year, had not achieved satisfactory performance as anticipated, and as a result the segment external turnover decreased from HK$109,314,000 in the FY2009 to HK$43,448,000, declined 60.3% on a year-on-year basis. With a corresponding proportional decline, the segment results decreased from HK$7,299,000 in FY2009 to HK$4,497,000.

Amongst the Group's business segments, this business segment was most vulnerable to the global economic slowdown in the FY2010. The management has taken corresponding measures, including the potential appointment of suitable sales agents to broaden distribution channels in facilitating the promotion of the plush toys products under our own house brand and the initiatives to explore the U.S. market for wooden toys products. Some of these measures have seen the desired results, but yet the management will continue to explore business opportunities with a view to improve the performance of this business segment in the ensuing financial year.

Strategies and Outlook

Having adapted to and built upon the Group's competitive strengths and expertise (including but not limited to the modernised and advanced management method, years of accumulated multi-function mechanical design, production technology and research and development capabilities, as well as the geological expert team in the natural resources development sector), the management has all along been committed to implementing vertical and/or horizontal integration strategies and adjusting the Group's macro business mix and micro product mix through acquisitions, so as to balance the impact on the Group caused by cyclical economic and industry fluctuations, and thereby achieving the objective of achieving stable overall growth.

While exploring and developing new business, the Group strives to enhance its existing businesses to ensure that would continue to generate steady cash flows and earnings serving as the war-chest for the Group's future business expansion.

In the immediate term, it is expected that the Group's manufacturing businesses will experience pressure of potential rising operating costs in the ensuing financial year based on the available published economic data in the PRC and the situation that exporters in Guangdong Province have been facing very difficult business environment (including those issues such as increase in statutory minimum wage and escalating costs in human resources as a result of labour shortage, shortage of electricity and Remninbi appreciation) since the beginning of 2010. Going ahead, the Group will commit to implementing effective measures in improving production efficiency, including but not limited to automation enhancement, and to increase its turnover to mitigate the negative impact on the Group as much as possible that could be caused by the possible movements in the PRC cost structure dynamics. As a whole, the management's view regarding the Group's overall performance in the ensuing financial year remains conservative but optimistic.

PROPOSED DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK8.0 cents (FY2009: HK4.0 cents) per share for the FY2010, representing HK$33,428,000 (FY2009: HK$16,353,000). The final dividend is expected to be paid on or before 22 September 2010 to those shareholders whose names appear on the Company's register of members on 31 August 2010, subject to the approval in the annual general meeting of the Company to be held on 31 August 2010. Based on the aforesaid recommended final dividend and the interim dividend of HK5.0 cents per share paid by the Company during the FY2010, the yearly dividend distributed by the Company during the FY2010 was HK13.0 cents (FY2009: HK8.5 cents), representing 33.9% (FY2009: 39.0%) of the diluted earnings per share of the Company for the year.

FINANCIAL CONDITIONS, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily used its internally generated cash flow and banking facilities to finance its operations and business development. The Group has always been executing a prudent and conservative strategy in its financial management. As at 31 March 2010, the Group had time deposits of HK$114,219,000 (FY2009: HK$50,131,000), cash and bank balances of HK$245,801,000 (FY2009: HK$129,032,000), and net current assets of HK$407,650,000 (FY2009: HK$304,122,000). As at 31 March 2010, shareholders' equity was HK$927,581,000 (FY2009: HK$828,670,000). Currently, total consolidated banking facilities of the Group from all banks as at 31 March 2010 amounted to approximately HK$169,200,000 (FY2009: HK$252,000,000), of which HK$72,000,000 (FY2009: HK$87,000,000) was utilized. However, during the year, no asset was being pledged to the banks for obtaining such facilities.

As at 31 March 2010, current ratio of the Group (current assets divided by current liabilities) was 2.5 times and maintained at a healthy position (FY2009: 2.8 times), and gearing ratio (interest bearing bank borrowings divided by total shareholders' equity) was 0.08 times and maintained at a relatively low level (FY2009: 0.11 times). Based on the above, the Group continued to enjoy a healthy financial position with sufficient financial resources to support its future development.

INVESTMENT ACTIVITIES

As at 31 March 2010, the Company had completed the acquisition of the remaining 10%, in aggregate, equity interest in Standard Motor Co., Ltd. at a consideration of HK$30,000,000. After completion the acquisition, Standard Motor Co., Ltd. becomes an indirect wholly-owned subsidiary of the Company. Other than the above, the Group did not make any material acquisition or disposal of any of its subsidiaries or associated company during the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews its corporate governance guidelines and development. In the opinion of the Board, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2010 except for the deviation from provision A.2.1 of the CG Code as described in the paragraph entitled "Chairman and Chief Executive Officer" below.

Chairman and Chief Executive Officer

According to provision A.2.1 of the CG Code, the role of chairman and chief executive officer shall be separated and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The roles of the chairman and the chief executive officer of the Company are not separated and performed by the same individual, Mr. Cheng Chor Kit. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issue affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code on terms no less exacting than the required standard set out in the Model Code regarding securities transactions by the directors. Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the year. The relevant employees who, because of their office in the Group, are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the financial results of the Group for the year ended 31 March 2010, including the accounting principles and practices adopted by the Group, and has discussed with the management its internal controls and accounts.

CLOSURE OF REGISTER OF MEMBERS

The Company's share register will be closed between 26 August 2010 and 31 August 2010, both dates inclusive, during which, no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 25 August 2010.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and is available on the Company's website at www.kinyat.com.hk. An annual report for the year ended 31 March 2010 will be dispatched to the Company's shareholders and available on the said websites in due course.

On behalf of the Board
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 26 July 2010

As at the date of this announcement, the Board comprises four executive directors, namely Mr Cheng Chor Kit, Mr Fung Wah Cheong, Vincent, Mr Wong Weng Loong and Mr Liu Tat Luen, and three independent non-executive directors, namely Dr Chung Chi Ping, Roy JP, Mr Wong Chi Wai and Ms Sun Kwai Yu.