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 2011

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 2011 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
REVENUE	*3*	**1,722,788**	1,445,904
Cost of sales		**(1,439,827)**	(1,106,586)
Gross profit		**282,961**	339,318
Other income and gains, net	*3*	**31,719**	23,038
Selling and distribution expenses		**(44,900)**	(38,137)
Administrative expenses		**(130,064)**	(134,943)
Finance costs		**(1,052)**	(1,001)
Share of profits and losses of associates		**(135)**	(148)
PROFIT BEFORE TAX	*4*	**138,529**	188,127
Income tax expense	*5*	**(28,072)**	(30,655)
PROFIT FOR THE YEAR		**110,457**	157,472
ATTRIBUTABLE TO:			
Owners of the Company		**114,381**	158,567
Non-controlling interests		**(3,924)**	(1,095)
		110,457	157,472
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK27.34 cents**	HK38.52 cents
Diluted		**HK27.29 cents**	HK38.32 cents

Details of the dividends are disclosed in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	Note	**2011**	2010
	Note	***HK$'000***	*HK$'000*
PROFIT FOR THE YEAR		**110,457**	157,472
OTHER COMPREHENSIVE INCOME:			
Revaluation surplus, net		**16,082**	3,730
Deferred tax debited to revaluation reserve		**(2,251)**	(669)
		13,831	3,061
Exchange differences on translation of foreign operations		**32,113**	72
Realisation of exchange fluctuation reserve upon deregistration of subsidiaries	*4*	**–**	(4,806)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**156,401**	155,799
ATTRIBUTABLE TO:			
Owners of the Company		**160,705**	156,839
Non-controlling interests		**(4,304)**	(1,040)
		156,401	155,799

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	**31 March 2011 HK$'000**	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**618,610**	518,097	553,679
Investment properties		**42,169**	37,727	36,591
Prepaid land lease payments		**14,147**	14,009	14,286
Goodwill		**4,650**	4,650	4,650
Interests in associates		**(7,439)**	(7,199)	(7,028)
Deferred development costs		**6,470**	5,158	7,429
Deposits	9	**38,735**	–	–
Total non-current assets		**717,342**	572,442	609,607
CURRENT ASSETS				
Inventories		**357,577**	155,519	154,842
Accounts receivable	8	**185,742**	132,932	120,866
Prepayments and deposits	9	**84,838**	35,800	19,594
Financial assets at fair value through profit or loss		**17,193**	–	–
Time deposits		**86,803**	114,219	50,131
Cash and bank balances		**127,724**	245,801	129,032
Total current assets		**859,877**	684,271	474,465
CURRENT LIABILITIES				
Accounts and bills payable, accrued liabilities and other payables	10	**332,405**	226,910	146,585
Derivative financial instruments		**–**	–	798
Interest-bearing bank borrowings	11	**171,419**	72,361	86,944
Tax payable		**23,294**	16,169	8,377
Total current liabilities		**527,118**	315,440	242,704
NET CURRENT ASSETS		**332,759**	368,831	231,761
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,050,101**	941,273	841,368

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 March 2011

	Notes	**31 March 2011** **HK$'000**	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,050,101**	941,273	841,368
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**14,334**	13,692	12,698
NET ASSETS		**1,035,767**	927,581	828,670
EQUITY				
Equity attributable to owners of the Company				
Issued share capital		**41,875**	41,785	40,882
Reserves		**1,002,535**	890,560	768,416
		1,044,410	932,345	809,298
Non-controlling interests		**(8,643)**	(4,764)	19,372
TOTAL EQUITY		**1,035,767**	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 land and buildings, investment properties, derivative financial instruments and financial assets at fair value through profit or loss, 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

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are 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. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Basis of consolidation from 1 April 2009

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

1.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Basis of consolidation prior to 1 April 2009

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 April 2009, were accounted for using the parent entity extension method, whereby the differences 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 was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2009 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 April 2009 has not been restated.

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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

During the year ended 31 March 2010, the Group has early adopted HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*. Other than as further explained below regarding the impact of amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  Upon the adoption of the amendments, the classification of leases in Mainland China remained as operating leases. As the lease in Hong Kong cannot be allocated reliably between land and building elements before the adoption of the amendments, in which case, the entire lease was generally treated as finance lease and accounted for as property, plant and equipment.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(b) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

HK Interpretation 5 requires that a loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement.

Prior to the adoption of this interpretation, the Group's term loans were classified in the statement of financial position as non-current liabilities separately as to the current and non-current liability portions based on the maturity dates of repayment. Upon the adoption of the interpretation, the term loans have been reclassified as current liabilities. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include statements of financial position as at 1 April 2009.

Further details of the loans are disclosed in note 11.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

Group	**31 March 2011** ***HK$'000***	31 March 2010 *HK$'000*	1 April 2009 *HK$'000*
Current liabilities			
Increase in interest-bearing bank borrowings	**5,207**	38,819	72,361
Non-current liabilities			
Decrease in interest-bearing bank borrowings	**(5,207)**	(38,819)	(72,361)

There was no impact on the net assets of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [3]
HKFRS 9	*Financial Instruments* [5]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [4]
HKAS 24 (Revised)	*Related Party Disclosures* [2]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 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 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 resource development segment consists of the manufacture and sale of materials primarily for use in liquid crystal display and mine exploration; and

(d) other manufacturing activities segment consists of the manufacture and sale of feature plush, wooden toys and encoder film.

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.

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.

2. SEGMENT INFORMATION (Continued)

(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 2011 and 2010.

Group	Electrical and electronic products		Motors		Resource development		Other manufacturing activities		Eliminations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**1,105,982**	1,020,387	**554,567**	378,262	**10,171**	3,807	**52,068**	43,448	**–**	–	**1,722,788**	1,445,904
Intersegment sales	**2,678**	2,317	**36,875**	60,460	**–**	–	**211**	–	**(39,764)**	(62,777)	**–**	–
Other income and gains, net	**6,590**	9,589	**19,472**	8,302	**114**	1,354	**493**	222	**–**	–	**26,669**	19,467
Total	**1,115,250**	1,032,293	**610,914**	447,024	**10,285**	5,161	**52,772**	43,670	**(39,764)**	(62,777)	**1,749,457**	1,465,371
Segment results	**167,045**	194,670	**6,175**	28,878	**(16,902)**	(29,314)	**(3,223)**	4,497	**–**	–	**153,095**	198,731
Interest and unallocated gains											**5,050**	3,571
Unallocated expenses											**(18,429)**	(13,026)
Finance costs											**(1,052)**	(1,001)
Share of profits and losses of associates											**(135)**	(148)
Profit before tax											**138,529**	188,127
Income tax expense											**(28,072)**	(30,655)
Profit for the year											**110,457**	157,472
Segment assets	**1,201,001**	769,443	**453,182**	285,077	**123,974**	28,524	**53,076**	30,401	**(539,022)**	(263,233)	**1,292,211**	850,212
Unallocated assets											**285,008**	406,501
Total assets											**1,577,219**	1,256,713
Segment liabilities	**270,297**	130,146	**353,344**	268,037	**211,453**	84,170	**28,683**	4,526	**(539,022)**	(263,233)	**324,755**	223,646
Unallocated liabilities											**216,697**	105,486
Total liabilities											**541,452**	329,132
Other segment information:												
Depreciation and amortisation	**46,604**	45,984	**31,435**	31,046	**856**	729	**1,746**	1,077	**–**	–	**80,641**	78,836
Unallocated amounts											**606**	445
											81,247	79,281
Impairment/(write-back of impairment) of accounts receivable	**(175)**	(41)	**(508)**	234	**–**	–	**–**	–	**–**	–	**(683)**	193
Capital expenditure	**52,533**	27,659	**47,189**	18,097	**11,022**	3,170	**33,014**	1,019	**–**	–	**143,758**	49,945
Surplus on revaluation of land and buildings, net	**(4,149)**	(28)	**–**	(15)	**–**	–	**–**	–	**–**	–	**(4,149)**	(43)
Unallocated amounts											**(2,105)**	(1,136)
											(6,254)	(1,179)
Deficit/(surplus) on revaluation recognised directly in equity	**(7,733)**	(811)	**(334)**	(633)	**(471)**	2	**(4,697)**	–	**–**	–	**(13,235)**	(1,442)
Unallocated amounts											**(2,847)**	(2,288)
											(16,082)	(3,730)

2. SEGMENT INFORMATION (Continued)

(b) *Geographical information*

Group	United States of America		Europe		Asia		Others		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**499,682**	487,821	**385,395**	375,014	**697,896**	454,793	**139,815**	128,276	**1,722,788**	1,445,904

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

	Hong Kong		Elsewhere in the PRC		Malaysia		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:	**44,706**	34,157	**643,171**	545,484	**36,904**	–	**724,781**	579,641

Non-current assets for the segment information consist of property, plant and equipment, investment properties, prepaid land lease payments, intangible assets and deposits.

(c) *Information about major customers:*

Revenue of HK$998,802,000 (2010: HK$928,875,000) 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$369,993,000 (2010: HK$464,526,000) was derived from sales of electrical and electronic products and other manufacturing activities 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$628,809,000 (2010: HK$464,349,000) 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:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical and electronic products	**1,105,982**	1,020,387
Motors	**554,567**	378,262
Materials from resource development	**10,171**	3,807
Other manufacturing activities	**52,068**	43,448
	1,722,788	1,445,904
Other income and gains, net		
Bank interest income	**1,357**	687
Gross rental income	**4,797**	6,364
Sale of scrap materials	**23,073**	7,962
Gain on deregistration of subsidiaries	**–**	4,806
Gain on a bargain purchase	**278**	–
Gain/(loss) on disposal of items of property, plant and equipment, net	**(2,081)**	136
Fair value gain on derivative financial instruments, net	**–**	28
Fair value gain on financial assets at fair value through profit or loss, net	**435**	–
Others	**3,860**	3,055
	31,719	23,038

4. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Auditors' remuneration	**2,550**	1,500
Depreciation	**74,544**	72,607
Amortisation of prepaid land lease payments	**359**	315
Research and development costs:		
Amortisation of deferred development costs*	**6,344**	6,359
Current year expenditure	**–**	2,307
Minimum lease payments under operating leases in respect of land and buildings	**4,487**	4,783
Gain on deregistration of subsidiaries	**–**	(4,806)
Gain on a bargain purchase	**(278)**	–
Loss/(gain) on disposal of items of property, plant and equipment, net	**2,081**	(136)
Write-off of items of property, plant and equipment **	**–**	12,317
Impairment/(write-back of impairment) of accounts receivable	**(683)**	193
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**331,478**	237,872
Equity-settled share option expense	**2,458**	1,303
Pension scheme contributions	**2,121**	1,994
	336,057	241,169
Surplus on revaluation of land and buildings and investment properties, net**	**(6,254)**	(1,179)
Fair value gain on derivative financial instruments, net	**–**	(28)
Fair value gain on financial assets at fair value through profit or loss, net	**(435)**	–
Foreign exchange differences, net	**(399)**	2,748
Bank interest income	**(1,357)**	(687)
Net rental income	**(4,352)**	(5,797)

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 surplus on revaluation of 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.*

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**16,022**	21,037
Underprovision in prior years	**4,476**	2,649
Current – Elsewhere		
Charge for the year	**9,434**	6,644
Deferred tax	**(1,860)**	325
Total tax charge for the year	**28,072**	30,655

No share of tax attributable to associates (2010: Nil) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

6. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2010 – HK8 cents per ordinary share (2009: final dividend of HK4 cents per ordinary share, in respect of the financial year ended 31 March 2009)	**33,501**	16,353
Interim – HK4.5 cents (2010: HK5 cents) per ordinary share	**18,844**	20,768
	52,345	37,121
Proposed final dividend		
Final – HK4.5 cents (2010: HK8 cents) per ordinary share	**18,844**	33,428

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$114,381,000 (2010: HK$158,567,000) and the weighted average of 418,402,795 (2010: 411,683,529) ordinary shares in issue during the year.

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$114,381,000 (2010: HK$158,567,000) and 419,124,229 (2010: 413,805,477) 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.

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

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

	2011	2010
Weighted average number of ordinary shares used in calculating the basic earnings per share	**418,402,795**	411,683,529
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**721,434**	2,121,948
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**419,124,229**	413,805,477

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.

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

	Group	
	2011	2010
	HK\$'000	*HK\$'000*
0 – 30 days	**135,636**	100,107
31 – 60 days	**31,383**	21,868
61 – 90 days	**15,194**	8,367
Over 90 days	**4,382**	4,158
	186,595	134,500
Less: Impairment allowance	**(853)**	(1,568)
	185,742	132,932

9. PREPAYMENTS AND DEPOSITS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Deposits for mining projects	**35,120**	–
Deposit for land lease payment	**3,615**	–
Prepayments	**82,502**	34,347
Other deposits	**1,977**	1,138
Prepaid land lease payments	**359**	315
	123,573	35,800
Less: Current portion	**(84,838)**	(35,800)
Non-current portion	**38,735**	–

10. 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	
	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**106,611**	62,864
31 – 60 days	**41,846**	25,854
61 – 90 days	**22,136**	22,390
Over 90 days	**9,190**	6,121
Accounts and bills payable	**179,783**	117,229
Accrued liabilities	**123,282**	94,278
Other payables	**29,340**	15,403
	332,405	226,910

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 2011, included in other payables, an amount of RMB5,200,000 (2010: RMB5,200,000), approximately HK$6,265,000 (2010: HK$5,909,000) received since 2009 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.

11. INTEREST-BEARING BANK BORROWINGS

Group

	Effective interest rate	Maturity	31 March 2011	31 March 2010	1 April 2009
		(Note)	***HK$'000***	*HK$'000*	*HK$'000*
				(restated)	(restated)
Current					
Bank loan – unsecured	Hong Kong Interbank Offered Rate ("HIBOR")+1.5%	On demand	**–**	3,612	6,944
Bank loans – unsecured	HIBOR+1%	On demand	**171,419**	68,749	80,000
			171,419	72,361	86,944

The Group's banking facilities are supported by corporate guarantees given by the Company and certain subsidiaries of the Company.

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

All bank borrowings are in Hong Kong dollars and United States dollars.

Note: Due to the adoption of HK Interpretation 5 in the current reporting period, the Group's term loans in the amount of HK$171,419,000 (2010: HK$72,361,000) containing an on-demand clause have been reclassified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loan repayable on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$166,212,000 payable within one year or on demand (2010: HK$33,542,000); HK$5,207,000 payable in the second year (2010: HK$33,612,000); and nil payable in the third to fifth years, inclusive (2010: HK$5,207,000).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is delighted to report another resilient performance at a time when the manufacturing sector in the PRC is faced with rising raw material costs, wage increases and labor shortages, and in respect of our resources development business a demanding yet productive year laying the foundation for its sustained contributions to the Group's revenue and profitability going forward. During the year ended 31 March 2011 ("FY2011"), the Group's manufacturing businesses continued to grow on the back of strong sales for its robotic cleaner and motor product lines, while momentum of our resources development business took a great leap with the pursuit of new activities that would enhance the depth, breadth and capability of the operations.

During FY2011, the Group has been operating four major business segments, including the three research-and-development-based industrial disciplines of electrical and electronic products, motors and other manufacturing activities, as well as the resources development operations as an additional driver of growth.

Despite the mounting challenges, the Group has sustained relentless efforts to improve competitiveness and to deliver growth as its designated goals. Through furtherance of production automation, product and product mix upgrading, research and development, and business re-engineering, the Group consistently enhances efficiency and increases the proportion of higher-value-added products within its portfolio. As regards its resources development business, which is in investment mode, the Group has been diligently continuing to invest to enhance its business capability.

Amidst the challenges the Group faces particularly in manufacturing businesses, the Group's strategy is to continue efforts in furthering productivity and expertise, and expanding business horizons in order to move up the value chain. Our multi-year initiative to evolve into a well-balanced portfolio of business activities, which best leverages our strengths and helps us exploit further opportunities as they arise, also helps us to ride out market turbulence. The Group is also committed to constantly advancing management capabilities and business dimensions with the aim of creating and delivering long-term value for shareholders. To facilitate the Group's achievement of the designated objectives, the Group maintains a healthy financial position in support of its continued business development initiatives.

CONSOLIDATED RESULTS

During FY2011, the Group's consolidated turnover increased 19.1% year on year to a record high of HK$1,722,788,000 (Year ended 31 March 2010 ("FY2010"): HK$1,445,904,000). The respective segmental external turnover contribution of the various business streams to the Group's total turnover, together with a percentage breakdown, are set out below:

- HK$1,105,982,000 from the electrical and electronic products business, representing 64.2% of the consolidated turnover of the Group for the year (FY2010: HK$1,020,387,000, 70.6%);

- HK$554,567,000 from the motors business, contributing 32.2% of the total (FY2010: HK$378,262,000, 26.1%);

- HK$52,068,000 from the other manufacturing activities, or 3.0% of the total (FY2010: HK$43,448,000, 3.0%); and

- HK$10,171,000 from the resources development business, accounting for 0.6% of the total (FY2010: HK$3,807,000, 0.3%).

During the year under review, profit attributable to owners of the Company was HK$114,381,000 (FY2010: HK$158,567,000), 27.9% lower year on year. Basic earnings and diluted earnings per share for the year were HK27.34 cents and HK27.29 cents respectively (FY2010: HK38.52 cents and HK38.32 cents respectively), reducing year on year by 29.0% and 28.8% respectively.

The Group's earnings in FY2011 were mainly generated by manufacturing businesses, which have been contending with ballooning labor, raw materials and power costs, as well as a strengthening Renminbi against the US Dollar and weakened consumption. The profitability of the Group was inevitably affected. Overall, the second half of FY2011 was especially affected by lingering economic and political uncertainties, which have weighed on the pace of global recovery and demand in the western economies.

During the reporting year, the electrical and electronic products and motors delivered segment profits of HK$167,045,000 (FY2010: HK$194,670,000) and HK$6,175,000 (FY2010: HK$28,878,000) respectively, whereas the segment comprising other manufacturing activities reported a loss of HK$3,223,000 (FY2010: segment profit of HK$4,497,000). The resources development segment, which reported satisfactory progress with its business development, recorded a segment loss of HK$16,902,000 (FY2010: loss of HK$29,314,000) mainly due to the exploration activities.

OPERATIONAL REVIEW

Electrical and Electronic Products Business Segment

The segment is engaged in the development, design and manufacture of (i) electronic and electrical toys; (ii) electrical appliances, with a niche in artificial intelligence (AI) products; and (iii) small home electrical appliances.

Segment external turnover advanced 8.4% to HK$1,105,982,000 during FY2011 (FY2010: HK$1,020,387,000) on the back of strong demand for its AI line of cleaners and food blenders. The segment profit declined by 14.2% to HK$167,045,000 (FY2010: HK$194,670,000).

The order book for the line of vacuum-cleaning robots remained robust with further advances into the European Union and Asian markets. Further, the Group is delighted to report that a new series of vacuum cleaning robot has gone into production in May 2011. The new series will surely have a positive impact on the performance of this segment for the year ending 31 March 2012 (“FY2012”).

To capture the growth prospects arising from the new collection of robotic cleaners in the coming year, the Group has committed resources and investments to expand both its capacity and capability in this respect.

Despite the positive picture in the robotics sector, the faltering economic recovery of the United States has presented a growing challenge for the electronic toys business. This business line's sales were restrained by the decrease in orders associated with blockbuster movies during the year, as well as postponement of shipments in the light of weak consumer demand. Sales of the Group's premium products were also affected, as the lower-priced items dominated the marketplace amidst soft market sentiment.

At the same time, inflationary pressure and appreciation of the Renminbi continued to build, causing margin shrinkage for many mainland manufacturers. Despite this, the management is encouraged to report that, having taken proactive steps to upgrade our entire industrial base to make higher-value-added products, and to improve productivity through automation and product re-engineering, we were able to partly offset higher wage, material, electricity and other production costs.

The newly established business of domestic sales of small home electrical appliances under our own house brand in the PRC continued to progress smoothly. The Group intends to diversify the product offerings further in order to drive sales.

Overall, the management is confident of delivering a stable ongoing performance for this segment.

Motors Business Segment

The Group is pleased to report strong performance for the motors segment, which has achieved substantial scale and capability advancements following the successful incorporation of the acquired productive assets into the existing motors operation. The segment now develops, designs and manufactures a wide range of micro-electric motors and related products, ranging from direct-current ("DC"), alternative-current ("AC") motors and brushless motors to motor encoder systems.

Segment external turnover during the year was 46.6% higher year on year at HK$554,567,000 (FY2010: HK$378,262,000), delivering a segment profit of HK$6,175,000 (FY2010: HK$28,878,000), a 78.6% decrease.

The decrease in segment profit was partly caused by the AC motor business, which was still in its investment phase to develop towards a more significant capacity to achieve economies of scale. The segment will continue to optimise its scale in the coming year. In addition, the segment is not shielded from the operational difficulties faced by mainland manufacturers. Whilst the wage and material price hikes, which intensified during the second half of FY2011, had a negative impact on the segment's margin, the management has responded proactively by gearing up its research-and-development competence.

After years of effort and investments in business development, research and development, tests and trial production, the segment's client base has continued to broaden. The segment now serves a wider range of clients in the toy, precision instrument, office automation and household appliance sectors.

A breakthrough has also been achieved in the automotive sector business. Being one of the sizeable motor producers in mainland China equipped with the capability to manufacture automotive motors, the Group commands a strong niche in this sector. We aim to tap further into the sector's demand by furthering business development efforts targeting South Korean and Japanese clients.

The order book for the toys and precision instrument sectors also remains healthy for the coming year. We look forward to deriving stable sales from these sectors. Meanwhile, the Group is expanding its sales force for the AC motors line to drive sales in the small household appliances sector.

In line with the Group's core value proposition built on quality and expertise, the segment plans to build a new research-and-development centre based in its Shenzhen plant to facilitate the development of newer and more advanced models for existing and prospective clients.

The Group maintains an optimistic outlook for the ongoing prospects of the motors business in long run.

Other Manufacturing Activities

This segment comprises the development, design, manufacture and sales of a broad range of feature plush, wooden and educational toys, on both original design manufacturing ("ODM") and original equipment manufacturing ("OEM") bases, and under the Group's house brand, as well as a newly acquired line of encoder film manufacturing business based in Malaysia.

The segment's external turnover increased by 19.8% year on year during FY2011 to HK$52,068,000 (FY2010: HK$43,448,000) with a segment loss of HK$3,223,000 (FY2010: Segment profit of HK$4,497,000) recorded mainly due to initial set up costs for the newly acquired Malaysian business.

The ODM business line reported encouraging growth in turnover during the year as business from a world-leading vendor has been engaged for the feature plush product line. Efforts have also been expended on strengthening the design edge of the plush products. These, coupled with marketing activities including exhibitions, are expected to help expand sales in the PRC.

For the wooden line of products, the Group is in negotiation with a retail chain in the United States for the sale of its OEM products on its network beginning in the second half of FY2012.

The acquisition in Malaysia was completed during the year. This new unit has been incorporated into the segment with a focus on film encoders. As a part of the segment's sales effort, this unit will provide a different product offering to help expand sales from existing clients.

Resources Development Business Segment

The resources development business segment continued to serve as the strategic platform for the Group to achieve long-term growth and performance. This is also part of the Group's long-term strategy to maintain a stable and broad-based business structure by expanding into non-manufacturing businesses, which can help mitigate the cyclical fluctuations of its industrial operations.

During the year, the segment was engaged in (i) materials development business – the development, manufacture and sale of Indium Tin Oxide ("ITO") Targets; and (ii) natural resources development business with respect to non-ferrous metals.

The segment external turnover in FY2011 increased by 2.7 times year on year to HK$10,171,000 (FY2010: HK$3,807,000). The segment reported a loss of HK$16,902,000 (FY2010: loss of HK$29,314,000).

Although segment revenues were modest and were entirely generated from the materials development business, the segment has taken major steps to enhance the product quality and production capacity of the ITO Target business, while working to expand its natural resources development business horizon to span from exploration, exploitation, ore processing and refining to downstream processing and from the PRC to Southeast Asia, in a bid to pave the way for enhancing results. Having given due consideration to the attractiveness and availability of similar projects in various locations, we have been investigating projects strategically located beyond the PRC, to Southeast Asia. In particular, the Group has expanded its natural resources development business to the Lao People's Democratic Republic ("Laos").

The Group is confident about the potential of the segment and its significant contributions to the Group's revenue and profitability in future.

Materials Development Business

Having spent more than eight years in building strong credentials in our ITO Target business, this first development stage of the business has also helped us gain rich experience and construct a solid foundation for expanding into the next stage of development.

Our achievements so far included the building of a seasoned team of professionals in research and development and production know-how and expertise, the critical technology breakthroughs with improved density and purity of product, and the improvement of production technology enabling the Group to produce larger size ITO Targets of any shape.

With such breakthroughs and positive developments, the business is poised to expand into more advanced product offerings including, inter alia, ITO Targets used in touch screen panels, solar power panels and flat panel displays. The Group also endeavours to capture the first-mover advantage of growing into a large-scale manufacturer in the PRC, an industry opening which is currently untapped.

To this end, the Group is setting up tailor-made new ITO Powder and Target production lines with advanced and improved designs and production technologies. With an estimated investment of not more than HK$100 million, the segment has moved forward plans for multifold expansion of its production capacity.

Proprietary production lines equipped with advanced and improved production technologies began to be set up within the Group's Shaoguan factory site during the second half of FY2011. The facilities and equipment have been partly installed by the date of this report.

The business is currently at the final preparatory stage for pre-trial run, with the trial run expected to be completed in the next three months. Commissioning of the new production lines is scheduled for the end of 2011.

With the establishment of the new advanced lines, we expect to embark on new market and product development activities in an effort to boost sales and achieve higher margins. The management is confident of achieving its goal of becoming one of the first large-scale production manufacturers in the PRC with capabilities in high standard Function Material Targets and nano-films.

With satisfactory growth in sales and recognition of our products by our customers, we maintain an optimistic outlook for the development of this business.

Natural Resources Development Business

During the year under review, the business was engaged mainly in exploration activities in the polymetallic ore mine in Xian, the PRC. Led by an expert in-house geological team, the Group continues to identify new potential exploitation projects and reports positive progress towards expanding its mining portfolio.

Exploration

During the year under review, exploration works were undertaken at an aggregate exploration area of approximately 27 square kilometres (the "Jinshi Exploration Area") in relation to the lead and zinc polymetallic ore mine located in Jiangjuncha, Lantian County, Xian City, Shaanxi Province, the PRC (the "Xian Polymetallic Mine"). An additional 18 square kilometres of exploration area in relation to the lead, zinc and iron ore mine located in Xin Jiang Town, Wengyuan County, Shaoguan City, Guangdong Province, the PRC (the "Wengyuan Polymetallic Mine") has been secured.

In addition to the existing exploration works carried out in the Jinshi Exploitation Area (as defined below), new works were undertaken in three other strategic locations within the Jinshi Exploration Area in order to better control and enhance the amount of reserves. Such works have yielded satisfactory and encouraging results – polymetallic samples with principally gold contents of 3.89 g/t and 4% lead in average in location I, polymetallic samples with principally gold contents of 2 g/t in average (ranging from 0.74 g/t to 20.01 g/t) in location II, and polymetallic samples with principally lead contents of 5 to 10% in location III.

The acquisition of the Wengyuan Polymetallic Mine was finalised by entering into the sale and purchase agreement between the Group and the vendor in January 2011, pursuant to which, the Group shall acquire 100% of the equity interest in the exploration right with respect to the Wengyuan Polymetallic Mine. The said acquisition constituted a non-disclosable transaction for the Company. The Group has been preparing the required documentation for obtaining approvals to complete the subject acquisition in the PRC and expects to complete the acquisition in the second half of 2011.

Sufficient exploration works had however been carried out in the Wengyuan Polymetallic Mine enabling the Group to apply for an exploitation licence thereof.

Plans to expand the segment further into Southeast Asia are also underway. After giving due consideration to the potential of natural resources development business in Laos, a formal application was submitted in May 2011 to the relevant government bodies in relation to the exploration rights for copper in an area of 194 square kilometres and for iron in an area of 208 square kilometres. Approval for the exploration rights is expected in the second half of 2011.

Exploitation

Management resources have been focused on the obtaining of the relevant exploitation licences with respect to the Xian Polymetallic Mine and the Wengyuan Polymetallic Mine.

Regarding the Xian Polymetallic Mine, all required documentations were submitted in accordance with the procedures to obtain the exploitation licence in relation to an area of 2.2 square kilometres (the "Jinshi Exploitation Area"), exclusive of the Jinshi Exploration Area, with an aim of obtaining the exploitation licence at a later expected time, before the end of 2011, given that the approval process has been longer than expected.

As regards the Wengguan Polymetaillic Mine, in accordance with the approval document issued by the Land and Resources Bureau of Guangdong Province, the PRC, in September 2010 the granting of the exploitation licence for extracting lead, zinc and iron metals was approved for an area of approximately 5 square kilometres (inside of the Wengyuan Polymetallic Mine) for a planned production capacity of 66,000 metric tonnes of lead and zinc per year and 120,000 metric tonnes of iron per year. The Group is in the process of preparing the required documentation for obtaining the subject exploitation licence with an expected completion date by late 2011 or early 2012.

The Group has also been engaged in negotiations with sellers with respect to the acquisition of certain tin mines in Laos with existing exploitation licences, in an effort to accelerate revenue and profitability contribution from our natural resources development business to the Group.

Ore Processing

The conditional sale and purchase agreement entered into by the Group in September 2010 with respect to the acquisition of an ore processing plant in Xian has not been completed since the conditions to be fulfilled by the seller for the Group to complete the transaction has not been satisfied. The Group intends to acquire this ore processing plant for the support of the processing of the ores from the Group's Wengyuan Polymetallic Mine. In the event that the acquisition of such processing plan could not be completed after the obtaining of the relevant exploitation licence in respect of the Wengyuan Polymetallic Mine, appropriate alternative arrangements will be made for the processing production thereof so as to expedite the contribution to the Group's revenues and profitability in relation to the Group's operation in the Wengyuan Polymetallic Mine.

The Group continues to pursue downstream development opportunities and has been engaged in feasibility studies in relation to the establishment of an independent antimony ore processing plant with a capacity of processing 200 metric tonnes of ores per day in Dushan County, Guizhou Province, the PRC, of which the Group intends to own as to 60% in the operations. The Group plans to use antimony ore from sources surrounding the location of the processing plant, and from other sources in the PRC as well as overseas as the main raw material for the processing operations.

Refining

In line with the defined strategies of the Group to engage in various operations along the value chain of natural resources development, the Group has been engaged in the negotiation with a relevant party in the PRC in an effort of owning an equity interest of 60% in a smelting plant with an annual capacity of producing 2,000 to 3,000 metric tonnes of ingots in Dushan County, Guizhou Province, the PRC, for the refining of antimony ingots.

The Group intends to utilise mainly the supply of antimony ores and also the output of antimony concentrate from the independent antimony ore processing plant in Dushan County, Guizhou Province, the PRC, to be established by the Group therein as raw material for our refining operations.

Downstream Processing

To further leverage on the intended ore processing and refining operations of the Group, we are prepared to establish a medium-sized downstream processing plant in Dushan County, Guizhou Province, the PRC, using antimony ingots as raw materials for production. The subject products are antinomy oxides including but not limited to antimony trioxide and antimony pentoxide which are widely used for flame retardants, flocculants and in the production of glass, paint and adhesives. Progresses have been made in the land use right acquisition, and the preparation of a feasibility study and a design proposal with completion expected to be in next year.

The Group is strongly encouraged by the solid progress achieved by the segment to take forward plans to capture the value-adding prospects of different key sectors in the natural resources industry, including but not limited to exploration, exploitation, ore processing, refining and downstream processing.

PROPOSED DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK4.5 cents (FY2010: HK8.0 cents) per share for the FY2011, representing HK$18,844,000 (FY2010: HK$33,428,000). The final dividend is expected to be paid on or before 9 September 2011 to those shareholders whose names appear on the Company's register of members on 23 August 2011, subject to the approval in the annual general meeting of the Company to be held on 15 August 2011. Based on the aforesaid recommended final dividend and the interim dividend of HK4.5 cents per share paid by the Company during the FY2011, the yearly dividend distributed by the Company during the FY2011 was HK9.0 cents (FY2010: HK13.0 cents), representing 33.0% (FY2010: 33.9%) 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 2011, the Group had time deposits of HK$86,803,000 (FY2010: HK$114,219,000), cash and bank balances of HK$127,724,000 (FY2010: HK$245,801,000), and net current assets of HK$332,759,000 (FY2010 (restated): HK$368,831,000). As at 31 March 2011, shareholders' equity was HK$1,035,767,000 (FY2010: HK$927,581,000). Currently, total consolidated banking facilities of the Group from all banks as at 31 March 2011 amounted to approximately HK$209,580,000 (FY2010: HK$169,200,000), of which HK$171,419,000 (FY2010: HK$72,361,000) was utilized.

As at 31 March 2011, current ratio of the Group (current assets divided by current liabilities) was 1.6 times and maintained at a healthy position (FY2010 (restated): 2.2 times), and gearing ratio (interest bearing bank borrowings divided by total shareholders' equity) was 16.5% and maintained at a relatively low level (FY2010: 7.8%). Based on the above, the Group continued to enjoy a healthy financial position with sufficient financial resources to support its future development.

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 2011 except for the deviation from provision A.2.1 of the CG Code as described in the section "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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). 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 and the code of conduct regarding securities transactions by directors adopted by the Company throughout the accounting period covered by the annual report.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the financial results of the Group for the year ended 31 March 2011, 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 Register of Members of the Company will be closed from Friday, 12 August 2011 to Monday, 15 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11 August 2011.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 23 August 2011. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 19 August 2011 to Tuesday, 23 August 2011, both days inclusive, during which period no transfer of share will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Thursday, 18 August 2011. The payment of final dividend will be made on Friday, 9 September 2011.

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 2011 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, 27 June 2011

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