



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

(Company Registration Number 32514)

**Full Year Financial Statements And Dividend Announcement**  
**for the Year Ended 30 June 2013**

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

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

Group Income Statement for the year ended 30 June 2013. These figures have not been audited.

	Group		
	2013 HK\$'000	2012 HK\$'000 (Restated)	% increase/ (decrease)
REVENUE	3,825,591	3,232,279	18.4
Cost of sales	<u>(3,598,394)</u>	<u>(3,042,052)</u>	18.3
Gross profit	227,197	190,227	19.4
Other income and gains, net	8,851	13,718	( 35.5)
Selling and distribution costs	( 79,228)	( 59,057)	34.2
Administrative expenses	( 80,268)	( 71,607)	12.1
Other expenses, net	2,992	4,688	( 36.2)
Finance costs	( 1,616)	( 1,327)	21.8
Share of loss of an associate	<u>( 38)</u>	<u>( 49)</u>	( 22.4)
PROFIT BEFORE TAX	77,890	76,593	1.7
Income tax expense	<u>( 15,790)</u>	<u>( 12,227)</u>	29.1
PROFIT FOR THE YEAR	<u>62,100</u>	<u>64,366</u>	( 3.5)
Profit for the year attributable to:			
Owners of the Company	55,657	60,175	( 7.5)
Non-controlling interests	<u>6,443</u>	<u>4,191</u>	53.7
	<u>62,100</u>	<u>64,366</u>	( 3.5)

**Group statement of comprehensive income for the year ended 30 June 2013**

	Group		
	2013	2012	% increase/ (decrease)
	HK\$'000	HK\$'000 (Restated)	
PROFIT FOR THE YEAR	<u>62,100</u>	<u>64,366</u>	( 3.5)
OTHER COMPREHENSIVE INCOME:			
Item to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	3,060	1,684	81.7
Item not to be reclassified to profit or loss in subsequent periods:			
Revaluation of land and buildings, net of deferred tax	<u>66,945</u>	<u>28,022</u>	138.9
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>70,005</u>	<u>29,706</u>	135.7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>132,105</u></u>	<u><u>94,072</u></u>	40.4
Total comprehensive income attributable to:			
Owners of the Company	125,642	89,789	39.9
Non-controlling interests	<u>6,463</u>	<u>4,283</u>	50.9
	<u><u>132,105</u></u>	<u><u>94,072</u></u>	40.4

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

	Group	
	2013	2012
	HK\$'000	HK\$'000
Cost of inventories sold	3,533,682	2,969,088
Cost of services provided	61,513	71,182
Write-down of inventories to net realisable value and write-off of obsolete inventories	3,199	1,782
Depreciation	19,521	14,322
Operating lease rentals in respect of land and buildings	10,911	5,279
Auditors' remuneration	1,398	1,328
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	98,837	85,877
Pension scheme contributions	7,572	6,155
Expense recognised in respect of treasury shares awarded	1,984	3,398
	<u>108,393</u>	<u>95,430</u>
Reversal of impairment of trade receivables	( 2,690)	( 5,247)
Directors' remuneration:		
Fees	751	739
Other emoluments	8,435	7,787
	<u>9,186</u>	<u>8,526</u>
Bank interest income	( 989)	( 916)
Gross rental income	( 1,162)	( 808)
Fair value gains on investment properties	( 506)	( 2,900)
Fair value losses/(gains) on derivative financial instruments, net	( 787)	756
Foreign exchange difference, net	( 3,161)	( 7,176)
Loss/(gain) on disposal of items of property, plant and equipment	<u>( 240)</u>	<u>15</u>

The Group's tax charge is as follows:

	Group	
	2013	2012
	HK\$'000	HK\$'000 (Restated)
Current		
Charge for the year	14,460	13,058
Underprovision/(overprovision) in prior years	( 908)	70
	<u>13,552</u>	<u>13,128</u>
Deferred	2,238	( 901)
Total tax expense for the year	<u>15,790</u>	<u>12,227</u>

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

	<b>Group</b>			<b>Company</b>	
	30 June 2013 HK\$'000	30 June 2012 HK\$'000 (Restated)	1 July 2011 HK\$'000 (Restated)	30 June 2013 HK\$'000	30 June 2012 HK\$'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	358,685	260,624	183,804	-	-
Investment properties	23,295	22,149	37,342	-	-
Goodwill	2,098	2,098	2,098	-	-
Investments in subsidiaries	-	-	-	76,308	76,308
Investment in an associate	388	416	-	-	-
Deferred tax assets	476	1,462	1,618	-	-
Total non-current assets	<u>384,942</u>	<u>286,749</u>	<u>224,862</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>					
Inventories	171,844	173,615	130,110	-	-
Trade and bills receivables	359,510	313,506	290,005	-	-
Factored trade receivables	-	679	452	-	-
Prepayments, deposits and other receivables	47,323	43,655	32,789	-	-
Amounts due from subsidiaries	-	-	-	48,797	45,126
Forward currency contracts	2,027	1,240	1,996	-	-
Cash and cash equivalents	92,287	77,013	74,263	589	1,483
Total current assets	<u>672,991</u>	<u>609,708</u>	<u>529,615</u>	<u>49,386</u>	<u>46,609</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	197,410	214,813	256,343	-	-
Other payables and accruals	90,362	70,123	66,444	3,108	3,313
Income tax payable	15,168	15,477	10,415	18	36
Interest-bearing bank and other borrowings	153,354	108,633	24,334	-	-
Total current liabilities	<u>456,294</u>	<u>409,046</u>	<u>357,536</u>	<u>3,126</u>	<u>3,349</u>
NET CURRENT ASSETS	<u>216,697</u>	<u>200,662</u>	<u>172,079</u>	<u>46,260</u>	<u>43,260</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>601,639</u>	<u>487,411</u>	<u>396,941</u>	<u>122,568</u>	<u>119,568</u>
<b>NON-CURRENT LIABILITIES</b>					
Finance lease payables	-	68	291	-	-
Deferred tax liabilities	43,477	30,953	11,819	-	-
Total non-current liabilities	<u>43,477</u>	<u>31,021</u>	<u>12,110</u>	<u>-</u>	<u>-</u>
Net assets	<u>558,162</u>	<u>456,390</u>	<u>384,831</u>	<u>122,568</u>	<u>119,568</u>

	<b>Group</b>			<b>Company</b>	
	30 June 2013 HK\$'000	30 June 2012 HK\$'000 (Restated)	1 July 2011 HK\$'000 (Restated)	30 June 2013 HK\$'000	30 June 2012 HK\$'000
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Issued capital	21,221	21,143	20,683	21,221	21,143
Treasury shares	( 71)	( 1,525)	( 2,376)	( 71)	( 1,525)
Reserves	526,103	429,626	365,661	101,418	99,950
	547,253	449,244	383,968	122,568	119,568
Non-controlling interests	10,909	7,146	863	-	-
Total equity	558,162	456,390	384,831	122,568	119,568

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

#### **Amount repayable in one year or less, or on demand**

As at 30 June 2013		As at 30 June 2012	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
68	153,286	219	108,414

#### **Amount repayable after one year**

As at 30 June 2013		As at 30 June 2012	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
-	-	68	-

#### **Details of any collateral**

The above unsecured bank and other borrowings of HK\$153,286,000 and HK\$108,414,000 included bank borrowings of HK\$153,286,000 and HK\$108,031,000 which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 30 June 2013 and 30 June 2012 respectively.

The finance lease obligations of HK\$68,000 and HK\$287,000 were secured by the underlying assets acquired as at 30 June 2013 and 30 June 2012 respectively.

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

	Group	
	2013	2012
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	77,890	76,593
Adjustments for:		
Bank interest income	( 989)	( 916)
Fair value gains on investment properties	( 506)	( 2,900)
Write-down of inventories to net realisable value and write-off of obsolete inventories	3,199	1,782
Depreciation	19,521	14,322
Fair value losses/(gains) on derivative financial instruments, net	( 787)	756
Expense recognised in respect of treasury shares awarded	1,984	3,398
Reversal of impairment of trade receivables	( 2,690)	( 5,247)
Loss/(gain) on disposal of items of property, plant and equipment	( 240)	15
Finance costs	1,616	1,327
Share of loss of an associate	38	49
	<u>99,036</u>	<u>89,179</u>
Increase in inventories	( 1,428)	( 45,287)
Increase in trade and bills receivables	( 43,314)	( 18,254)
Decrease/(increase) in factored trade receivables	679	( 227)
Increase in prepayments, deposits and other receivables	( 3,668)	( 10,866)
Decrease in trade payables	( 17,403)	( 41,530)
Increase in other payables and accruals	20,239	3,679
Cash generated from/(used in) operations	54,141	( 23,306)
Interest on bank and other borrowings paid	( 1,605)	( 1,301)
Interest element on finance lease rental payments	( 11)	( 26)
Dividends paid to the owners of the company	( 30,213)	( 29,381)
Dividends paid to a non-controlling shareholder	( 6,000)	-
Income tax paid	( 13,875)	( 8,065)
Net cash flows from/(used in) operating activities	<u>2,437</u>	<u>( 62,079)</u>

	Group	
	2013	2012
	HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities	<u>2,437</u>	<u>( 62,079)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of items of property, plant and equipment	240	-
Purchases of items of property, plant and equipment	( 37,222)	( 23,235)
Interest received	989	916
Decrease/(increase) in time deposits with maturity of more than three months when acquired	22,955	( 13,273)
Capital injection to an associate	<u>-</u>	<u>( 465)</u>
Net cash flows used in investing activities	<u>( 13,038)</u>	<u>( 36,057)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee share options	667	3,972
Purchase of treasury shares	( 71)	( 2,502)
New bank and other borrowings	1,074,239	752,253
Repayment of bank and other borrowings	( 1,029,367)	( 667,905)
Capital element of finance lease rental payments	( 219)	( 272)
Capital contribution by non-controlling shareholders	<u>3,300</u>	<u>2,000</u>
Net cash flows from financing activities	<u>48,549</u>	<u>87,546</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	37,948	( 10,590)
Cash and cash equivalents at beginning of financial year	54,058	64,581
Effect of foreign exchange rate changes, net	<u>281</u>	<u>67</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u><u>92,287</u></u>	<u><u>54,058</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances other than time deposits	70,921	51,738
Time deposits	<u>21,366</u>	<u>25,275</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	92,287	77,013
Non-pledged time deposits with original maturity of more than three months when acquired	<u>-</u>	<u>( 22,955)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u><u>92,287</u></u>	<u><u>54,058</u></u>

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

The Group

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 July 2011:													
As previously reported	20,683	( 2,376)	36,227	898	2,802	104,463	2,752	6,562	209,729	381,740	863	382,603	
Prior year adjustment	-	-	-	-	-	-	-	-	2,228	2,228	-	2,228	
As restated	20,683	( 2,376)	36,227	898	2,802	104,463	2,752	6,562	211,957	383,968	863	384,831	
Total comprehensive income for the year, as restated	-	-	-	-	-	28,022	-	1,592	60,175	89,789	4,283	94,072	
Issue of shares under the Scheme	460	-	5,096	-	( 1,584)	-	-	-	-	3,972	-	3,972	
Purchase of own shares and held as treasury shares	-	( 2,502)	-	-	-	-	-	-	-	( 2,502)	-	( 2,502)	
Distribution of treasury shares	-	3,353	45	-	-	-	-	-	-	3,398	-	3,398	
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	( 35)	-	-	-	35	-	-	-	
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	2,000	2,000	
Final 2011 dividend paid	-	-	-	-	-	-	-	-	( 14,360)	( 14,360)	-	( 14,360)	
Interim 2012 dividend paid	-	-	-	-	-	-	-	-	( 7,511)	( 7,511)	-	( 7,511)	
Special 2012 dividend paid	-	-	-	-	-	-	-	-	( 7,510)	( 7,510)	-	( 7,510)	
At 30 June 2012, as restated	<u>21,143</u>	<u>( 1,525)</u>	<u>41,368</u>	<u>898</u>	<u>1,183</u>	<u>132,485</u>	<u>2,752</u>	<u>8,154</u>	<u>242,786</u>	<u>449,244</u>	<u>7,146</u>	<u>456,390</u>	



## The Group

	Attributable to owners of the Company											
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2012:												
As previously reported	21,143	( 1,525)	41,368	898	1,183	135,191	2,752	8,154	240,080	449,244	7,146	456,390
Prior year adjustment	-	-	-	-	-	( 2,706)	-	-	2,706	-	-	-
As restated	21,143	( 1,525)	41,368	898	1,183	132,485	2,752	8,154	242,786	449,244	7,146	456,390
Total comprehensive income for the year	-	-	-	-	-	66,945	-	3,040	55,657	125,642	6,463	132,105
Issue of shares under the Scheme	78	-	826	-	( 237)	-	-	-	-	667	-	667
Purchase of own shares and held as treasury shares	-	( 71)	-	-	-	-	-	-	-	( 71)	-	( 71)
Distribution of treasury shares	-	1,525	459	-	-	-	-	-	-	1,984	-	1,984
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	3,300	3,300
Final 2012 dividend paid	-	-	-	-	-	-	-	-	( 14,943)	( 14,943)	-	( 14,943)
Interim 2013 dividend paid	-	-	-	-	-	-	-	-	( 15,270)	( 15,270)	-	( 15,270)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	( 6,000)	( 6,000)
At 30 June 2013	<u>21,221</u>	<u>( 71)</u>	<u>42,653</u>	<u>898</u>	<u>946</u>	<u>199,430</u>	<u>2,752</u>	<u>11,194</u>	<u>268,230</u>	<u>547,253</u>	<u>10,909</u>	<u>558,162</u>

## The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2011	20,683	( 2,376)	36,227	36,311	2,802	21,270	114,917
Profit for the year and total comprehensive income for the year	-	-	-	-	-	29,164	29,164
Issue of shares under the Scheme	460	-	5,096	-	( 1,584)	-	3,972
Purchase of own shares and held as treasury shares	-	( 2,502)	-	-	-	-	( 2,502)
Distribution of treasury shares	-	3,353	45	-	-	-	3,398
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	( 35)	35	-
Final 2011 dividend paid	-	-	-	-	-	( 14,360)	( 14,360)
Interim 2012 dividend paid	-	-	-	-	-	( 7,511)	( 7,511)
Special 2012 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 7,510)</u>	<u>( 7,510)</u>
At 30 June 2012 and at 1 July 2012	21,143	( 1,525)	41,368	36,311	1,183	21,088	119,568
Profit for the year and total comprehensive income for the year	-	-	-	-	-	30,633	30,633
Issue of shares under the Scheme	78	-	826	-	( 237)	-	667
Purchase of own shares and held as treasury shares	-	( 71)	-	-	-	-	( 71)
Distribution of treasury shares	-	1,525	459	-	-	-	1,984
Final 2012 dividend paid	-	-	-	-	-	( 14,943)	( 14,943)
Interim 2013 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 15,270)</u>	<u>( 15,270)</u>
At 30 June 2013	<u>21,221</u>	<u>( 71)</u>	<u>42,653</u>	<u>36,311</u>	<u>946</u>	<u>21,508</u>	<u>122,568</u>

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

As at 1 July 2012, the Company held 965,000 (1 July 2011: 1,681,000) treasury shares. During the year ended 30 June 2013, pursuant to the 2009 Share Buyback mandate, the Company had purchased 40,000 (Year ended 30 June 2012: 1,664,000) of its own shares (the "Shares") and holds such Shares as treasury shares. All the 40,000 (Year ended 30 June 2012: 1,664,000) Shares were market purchases with the highest and lowest purchase price per share paid by the Company of S\$0.28 (Year ended 30 June 2012: S\$0.255) and S\$0.28 (Year ended 30 June 2012: S\$0.220), respectively, amounting to an aggregate purchase price of S\$11,000 (Year ended 30 June 2012: S\$404,000) equivalent to HK\$71,000 (Year ended 30 June 2012: HK\$2,502,000). As at 30 June 2013, the Company held 40,000 (Year ended 30 June 2012: 965,000) treasury shares.

During the year ended 30 June 2013, the Company issued 780,000 (Year ended 30 June 2012: 4,600,000) new shares, upon the exercise of options under the Karin Employee Share Option Scheme.

	During the year ended 30 June 2013			During the year ended 30 June 2012		
Exercise price per share	S\$0.1264	S\$0.1608	S\$0.1060	S\$0.1264	S\$0.1608	S\$0.1060
Number of new shares issued	500,000	230,000	50,000	700,000	2,600,000	1,300,000

As at 30 June 2013, the Company's share capital was HK\$21,221,000 (Year ended 30 June 2012: HK\$21,143,000) comprising 212,210,000 (Year ended 30 June 2012: 211,430,000) ordinary shares.

During the year ended 30 June 2012, rights to exercise 100,000 share options were lapsed due to resignation of staff before exercising the share options and no such item in current year. The share options outstanding as at 30 June 2013 was 2,550,000 (Year ended 30 June 2012: 3,330,000) which could be convertible to 2,550,000 (Year ended 30 June 2012: 3,330,000) ordinary shares of the Company upon exercise.

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

Total number of issued shares excluding treasury share as at 30 June 2013 was 212,170,000 (Year ended 30 June 2012: 210,465,000)

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

During the current year, the Company had distributed 965,000 (Year ended 30 June 2012: 1,800,000) treasury shares held to key executives other than Directors as extra bonus for achieving the Performance Target pursuant to the Karin Performance Share Plan (“Plan”). In additions, during the year ended 30 June 2012, the Company distributed 580,000 treasury shares held to certain staff pursuant to the Plan as long term service award, of which no such distribution in current year.

Save for these, there were no sales, transfers, disposal, cancellation nor use of treasury shares during the year under review.

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

The figures have not been audited nor reviewed by the auditors.

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

Not applicable.

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

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the year ended 30 June 2013 as compared with the audited financial statements of the Group for the year ended 30 June 2012.

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

The Group has adopted the following revised International Financial Reporting Standards (“IFRSs”) for the first time in the financial statements for the financial year ended 30 June 2013:

IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of items of Other Comprehensive Income</i>
IAS 12 Amendments	Amendments to IAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

- (a) The IAS 1 Amendments change the grouping of items presented in other comprehensive income within the consolidated statement of comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified (for example, revaluation of land and buildings). The amendments affected the presentation of the consolidated statement of comprehensive income only and had no impact on the financial position or performance.
- (b) The IAS 12 Amendments, which is applied retrospectively, clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis.

Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amounts will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of the IAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale, unless this presumption is rebutted.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amounts will be recovered through sale has been rebutted by the Group for its investment properties located in the Mainland China since these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the Group continues to measure deferred tax liabilities arising from the fair value changes of these investment properties using the tax rate that would apply on recovery of the assets through use.

For the investment properties located in Hong Kong before transferring to property, plant and equipment during the year ended 30 June 2012, it was expected that their carrying amounts would be recovered through sale. Therefore, no provision of deferred tax liabilities was required on any fair value changes of these investment properties as there was no tax consequence for the disposal of these investment properties in Hong Kong.

This change in the accounting policy is applied retrospectively and the effects of which on the consolidated financial statements of the Group for the year ended 30 June 2012 are as follows:

- (i) Income tax expense for the year ended 30 June 2012 has been decreased by HK\$478,000;
- (ii) Profit for the year ended 30 June 2012 has been increased by HK\$478,000;
- (iii) Other comprehensive income and total comprehensive income for the year ended 30 June 2012 have been decreased by HK\$2,706,000 and HK\$2,228,000, respectively;
- (iv) Deferred tax liabilities as at 1 July 2011 have been decreased by HK\$2,228,000;
- (v) Land and buildings revaluation reserve as at 30 June 2012 has been decreased by HK\$2,706,000; and
- (vi) Retained profits as at 1 July 2011 and 30 June 2012 have been increased by HK\$2,228,000 and HK\$2,706,000, respectively.

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

**The Group**

	30 June 2013	30 June 2012 (Restated)
Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>26.4</u>	<u>28.8</u>
- On a fully diluted basis (HK cents)	<u>26.2</u>	<u>28.6</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>55,657</u>	<u>60,175</u>

The calculation of basic earnings per share for the years ended 30 June 2013 and 2012 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 211,152,082 and 208,976,678 shares respectively.

The calculation of diluted earnings per share amount is based on the profit attributable to ordinary shareholders of the Company for the respective years and 212,382,387 (2012: 210,245,859) ordinary shares, which was the weighted average of 211,152,082 (2012: 208,976,678) ordinary shares in issue during the year ended 30 June 2013, and the weighted average of 1,230,305 (2012: 1,269,181) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the year under review.

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

	<u>Group</u>		<u>Company</u>	
	As at 30 June 2013	As at 30 June 2012 (Restated)	As at 30 June 2013	As at 30 June 2012
Net asset value per ordinary share (HK cents)	263.1	216.8	57.8	56.8

Net asset value per ordinary share as at 30 June 2013 and 30 June 2012 was calculated based on the issued share capital excluding treasury shares of 212,170,000 and 210,465,000 ordinary shares as at 30 June 2013 and 30 June 2012 respectively.

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

### **Profit and Loss**

#### Revenue

The Group recorded its best ever revenue for the year ended 30 June 2013. Revenue grew 18.4% to HK\$3,825.6 million from HK\$3,232.3 million for last year.

Revenue from our Components Distribution segment increased by HK\$168.7 million or 31.3%, from HK\$538.9 million for the year ended 30 June 2012 to HK\$707.6 million for the year under review. The encouraging increment was mainly due to increase in demand for electronic components which are used in the assembly of certain high demand consumers electronics products and home appliances.

Revenue from our Integrated Circuit Application Design ("ICAD") segment decreased by HK\$15.8 million or 10.4%, from HK\$152.4 million for the year ended 30 June 2012 to HK\$136.6 million for the current year. The decrease was mainly due to weakening in demand for toys, which have our application design solution embedded, as a result of continuing economic uncertainties in USA and Europe during the year under review.

Revenue from our Information Technology Infrastructure ("IT Infrastructure") segment increased by HK\$121.2 million or 14.8%, from HK\$820.5 million for the year ended 30 June 2012 to HK\$941.7 million for the current year. The growth was mainly due to increase in demand for enterprise software and hardware products and security products.

Revenue from our Consumer Electronics Products ("CEP") segment increased by HK\$319.2 million or 18.6%, from HK\$1,720.5 million for the year ended 30 June 2012 to HK\$2,039.7 million for the current year. Our retail store operations commenced in December 2011. As a result, in last year, retail stores contributed just over 6 months revenue while in current year, most retail stores contributed for full year revenue. Moreover, before operating our retail stores, the Group was only licensed to distribute a limited range of Apple products while the Group has been licensed to sell the full range of Apple products through our retail stores. On the other hand, no major new product released by Apple during the second half of the current year had limited the growth in revenue.

## Gross profit

Gross profit increased by HK\$37.0 million or 19.5%, from HK\$190.2 million for the year ended 30 June 2012 to HK\$227.2 million for the year ended 30 June 2013. The improvement was mainly due to the 18.4% increase in revenue during the year under review. The overall gross profit margin has been stable at 5.9% for both years.

## Other income and gains, net

The net other income and gains decreased by HK\$4.8 million or 35.0%, from HK\$13.7 million for the year ended 30 June 2012 to HK\$8.9 million for the year ended 30 June 2013. The decrease was mostly due to (1) decrease in fair value gains on investment properties of HK\$2.4 million; (2) decrease in foreign exchange gain of HK\$4.0 million; and these negative effects were set off with (3) fair value gain of HK\$0.8 million on derivative financial instruments (30 June 2012: fair value loss of HK\$0.8 million recorded under “Other expenses, net”); (4) HK\$0.4 million increase in rental income; and (5) HK\$0.2 million gain on disposal of items of property, plant and equipment.

## Selling and distribution costs

Selling and distribution costs increased by HK\$20.1 million or 34.0%, from HK\$59.1 million for the year ended 30 June 2012 to HK\$79.2 million for the year ended 30 June 2013. The increase was mainly attributed to (1) increase in rental and rates of HK\$8.0 million which was in turn due to (a) rental and rates of the retail shops of the consumer electronics products segment covered for the full year in current year while expenses for the same only commenced from December 2011; and (b) increase in the number of retail stores from last year; (2) increase in staff cost and sales commission paid to sales staff of HK\$8.0 million as a result of opening more retail stores during the year under review; (3) increase in bank charge of HK\$1.5 million; and (4) increase in freight out cost of HK\$1.5 million. The increase of the last 2 items was due to the increase in sales during the year under review.

## Administrative expenses

Administrative expenses increased by HK\$8.7 million or 12.2%, from HK\$71.6 million for the year ended 30 June 2012 to HK\$80.3 million for the year ended 30 June 2013. The increase was mainly due to (1) increase in depreciation charge of HK\$5.2 million which was based on the appreciated property value as at 30 June 2012 for leasehold land and buildings located in Hong Kong; and (2) HK\$4.0 million increase in administrative staff cost.

## Other expenses, net

The net other expenses decreased by HK\$1.7 million or 36.2%, from of HK\$4.7 million for the year ended 30 June 2012 to a net income of HK\$3.0 million income for the year ended 30 June 2013. The change was mainly due to (1) decrease in reversal of impairment of trade receivables by HK\$2.6 million; and (2) fair value loss of HK\$0.8 million on derivative financial instruments in last year turned into fair value gain of HK\$0.8 million for the year under review which was recorded under “Other income and gains, net” as explained above.



## Finance costs

Finance costs increased by HK\$0.3 million or 23.1%, from HK\$1.3 million for the year ended 30 June 2012 to HK\$1.6 million for the year ended 30 June 2013. The increase was due to higher level of bank borrowings at certain points of time during the current year to support the working capital requirement for the HK\$593.3 million increase in revenue.

## Profit for the year

Net profit attributable to owners of the Company decreased by HK\$4.5 million or 7.5%, from HK\$60.2 million for the year ended 30 June 2012 to HK\$55.7 million for the year ended 30 June 2013. The decrease was mainly attributable to the rise in operating expenses and increase in taxable profit in certain subsidiaries during the year under review.

## Non-controlling interests

Non-controlling interests represent the non-controlling shareholders' share of profit in our non-wholly owned subsidiaries.

## **Statement of financial position**

### Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million, investment properties, leasehold land and buildings, leasehold improvements, furniture and fixtures and motor vehicles amounting to HK\$382.0 million, deferred tax assets of HK\$0.5 million and investment in an associate of HK\$0.4 million. At 30 June 2013, non-current assets amounted to HK\$384.9 million, representing approximately 36.4% of the total assets. Increase in non-current assets from last year was mainly due to the appreciation of market value of and renovation made to self-owned office premises in Hong Kong during the year under review.

### Current assets

As at 30 June 2013, current assets amounted to HK\$673.0 million, an increase of HK\$63.3 million compared to the immediately preceding financial year end at 30 June 2012. The increase was mainly due to (1) increase in trade and bills receivables by HK\$46.0 million which was in turn due to the increase in sales towards the end of the current financial year; and (2) increase in cash and cash equivalents by HK\$15.3 million mainly due to cash flows generated through retail business.

## Current liabilities

As at 30 June 2013, current liabilities amounted to approximately HK\$456.3 million, an increase of HK\$47.2 million compared to the immediately preceding financial year end as at 30 June 2012. The increase was mainly due to (1) increase in interest-bearing bank and other borrowings by HK\$44.7 million in order to support the increase in sales towards the end of the current financial year; (2) increase in other payables and accruals of HK\$20.2 million for renovation of the whole office premises in Hong Kong; and (3) decrease in trade payables of HK\$17.4 million due to purchases from certain vendors reduced toward the current year end date.

## Non-current liabilities

Non-current liabilities amounted to HK\$43.5 million, representing 8.7% of the total liabilities as at 30 June 2013. The amount solely comprised of deferred tax liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of our land and buildings and investment properties.

## Liquidity and cash flow

As at 30 June 2013, cash and cash equivalents amounted to HK\$92.3 million (Year ended 30 June 2012 HK\$77.0 million). Total interest bearing loans and borrowings (all short-term) as at 30 June 2013 were HK\$153.4 million and the gearing ratio which is defined as total borrowings and finance leases to shareholders' funds excluding non-controlling interests, is 0.28 times (30 June 2012: 0.24 times).

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

Not applicable.

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

The Group sees continuing challenges ahead in the form of over capacity and over production in the PRC, and slow-down in corporate spending (particularly IT spending) as a result of uncertainty in the global economy.

However, management has put in place various initiatives to address these challenges amongst which are stringent credit controls and inventory management. Management has also been focusing on expanding the existing product lines to ensure that the Group can continue to target growth in both revenue and profitability in the future.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. At the Annual General Meeting (“AGM”) to be held, a tax not applicable final dividend of HK9.3 cents per share amounting to a total of HK\$19,732,000 will be recommended at the forthcoming AGM.

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	7.2 cents per share	9.3 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Interim	Special	Final
Dividend type	Cash	Cash	Cash
Dividend amount per share (in HK cents)	3.5 cents per share	3.5 cents per share	7.1 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable	Not applicable

### (c) Date payable

21 November 2013

### (d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 12 November 2013, for the purpose of determining Members’ entitlements to final dividend of HK9.3 cents per ordinary share for the financial year ended 30 June 2013. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 11 November 2013 by the Company’s Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members’ entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 11 November 2013 will be entitled to such dividend.

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

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained and there is no IPT during the period under review.

**14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement of full year results)**

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR  
ANNOUNCEMENT**

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

**SEGMENT INFORMATION**

**Business segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments for the years ended 30 June 2013 and 2012.

	Components distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2013</u></b>					
<b>Segment revenue:</b>					
Sales to external customers	707,583	136,535	941,737	2,039,736	3,825,591
Other revenue	1,315	(678)	2,317	3,114	6,068
Total	<u>708,898</u>	<u>135,857</u>	<u>944,054</u>	<u>2,042,850</u>	<u>3,831,659</u>
<i>Reconciliation:</i>					
Bank interest income					989
Fair value gains on investment properties					506
Others					1,288
Total revenue					<u>3,834,442</u>
<b>Segment results</b>	<b>7,584</b>	<b>10,518</b>	<b>33,166</b>	<b>27,285</b>	<b>78,553</b>
<i>Reconciliation:</i>					
Bank interest income					989
Fair value gains on investment properties					506
Fair value gains on derivative financial instruments, net					787
Finance costs					(1,616)
Share of loss of an associate					(38)
Corporate and other unallocated expenses					(1,291)
Profit before tax					<u>77,890</u>
<b>Segment assets</b>	<b>335,006</b>	<b>65,331</b>	<b>241,942</b>	<b>121,534</b>	<b>763,813</b>
<i>Reconciliation:</i>					
Investment in an associate					388
Deferred tax assets					476
Forward currency contracts					2,027
Cash and cash equivalents					92,287
Corporate and other unallocated assets					198,942
Total assets					<u>1,057,933</u>

	Components distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2013</u></b> (continued)					
<b>Segment liabilities</b>	<b>56,576</b>	<b>17,456</b>	<b>132,313</b>	<b>52,192</b>	<b>258,537</b>
<i>Reconciliation:</i>					
Income tax payable					15,168
Interest-bearing bank and other borrowings					153,354
Deferred tax liabilities					43,477
Corporate and other unallocated liabilities					29,235
Total liabilities					<u>499,771</u>
<b>Other segment information:</b>					
Depreciation					19,521
Other non-cash expenses, net	1,175	111	( 1,194)	417	509
Capital expenditure					<u>37,222</u>
<b><u>Year ended 30 June 2012</u></b>					
<b>Segment revenue:</b>					
Sales to external customers	538,921	152,344	820,513	1,720,501	3,232,279
Other revenue	<u>5,372</u>	<u>55</u>	<u>295</u>	<u>3,246</u>	<u>8,968</u>
Total	<u>544,293</u>	<u>152,399</u>	<u>820,808</u>	<u>1,723,747</u>	<u>3,241,247</u>
<i>Reconciliation:</i>					
Bank interest income					916
Fair value gains on investment properties					2,900
Others					934
Total revenue					<u>3,245,997</u>
<b>Segment results</b>	<b>4,413</b>	<b>5,686</b>	<b>37,808</b>	<b>29,147</b>	<b>77,054</b>
<i>Reconciliation:</i>					
Bank interest income					916
Fair value gains on investment properties					2,900
Fair value losses on derivative financial instruments, net					( 756)
Finance costs					( 1,327)
Share of loss of an associate					( 49)
Corporate and other unallocated expenses					( 2,145)
Profit before tax					<u>76,593</u>
<b>Segment assets</b>	<b>280,292</b>	<b>81,339</b>	<b>185,977</b>	<b>122,701</b>	<b>670,309</b>
<i>Reconciliation:</i>					
Investment in an associate					416
Deferred tax assets					1,462
Forward currency contracts					1,240
Cash and cash equivalents					77,013
Corporate and other unallocated assets					146,017
Total assets					<u>896,457</u>

	Components distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2012</u></b> (continued)					
<b>Segment liabilities</b>	<b>62,814</b>	<b>23,461</b>	<b>95,110</b>	<b>83,982</b>	<b>265,367</b>
<i>Reconciliation:</i>					
Income tax payable					15,477
Interest-bearing bank and other borrowings					108,701
Deferred tax liabilities					30,953
Corporate and other unallocated liabilities					19,569
Total liabilities					<u>440,067</u>
<b>Other segment information:</b>					
Depreciation					14,322
Other non-cash expenses, net	( 850)	702	( 3,242)	( 75)	( 3,465)
Capital expenditure					<u>23,235</u>

### Geographical information

The following tables present revenue and certain asset information for the Group's geographical segments for the years ended 30 June 2013 and 2012.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2013</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,240,520	391,898	193,173	3,825,591
Other revenue, excluding bank interest income	<u>6,230</u>	<u>1,535</u>	<u>97</u>	<u>7,862</u>
Total	<u>3,246,750</u>	<u>393,433</u>	<u>193,270</u>	<u>3,833,453</u>
<b>Non-current assets</b>	<u>264,769</u>	<u>119,860</u>	<u>313</u>	<u>384,942</u>

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2012</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,086,330	114,583	31,366	3,232,279
Other revenue, excluding bank interest income	<u>11,516</u>	<u>1,241</u>	<u>45</u>	<u>12,802</u>
Total	<u>3,097,846</u>	<u>115,824</u>	<u>31,411</u>	<u>3,245,081</u>
<b>Non-current assets</b>	<u>170,810</u>	<u>115,537</u>	<u>402</u>	<u>286,749</u>

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

Please refer to note 8.

**17. A breakdown of sales as follows:-**

	<b>Group</b>		
	2013 HK\$'000	2012 HK\$'000 (Restated)	% increase/ (decrease)
(a) Sales reported for the first half year	2,123,296	1,519,399	39.7
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	39,885	22,352	78.4
(c) Sales reported for the second half year	1,702,295	1,712,880	( 0.6)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	22,215	42,014	( 47.1)

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	2013 HK\$'000	2012 HK\$'000
Declared and paid during the year	15,270	15,021
Proposed final dividend	19,732	14,943
<b>Total</b>	<u>35,002</u>	<u>29,964</u>



19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Mr Ng Yuk Wing, Philip	64	He is a brother of Ng Kin Wing, Raymond and Ng Kam Wing, Allan, Chief Executive Officer and Chief Technology Officer of the Group, respectively	He is the Executive Chairman of the Group and is responsible for the overall strategic planning and business development of the Group. He is one of the founders of the Group since 1977.	N/A
Mr Ng Kin Wing, Raymond	63	He is a brother of Ng Yuk Wing, Philip and Ng Kam Wing, Allan, Executive Chairman and Chief Technology Officer of the Group, respectively	He is the Chief Executive Officer of the Group and is responsible for overseeing the entire operations and general management of the Group. He is one of the founders of the Group since 1977.	N/A
Mr Ng Kam Wing, Allan	57	He is a brother of Ng Yuk Wing, Philip and Ng Kin Wing, Raymond, Executive Chairman and Chief Executive Officer of the Group, respectively	He is the Chief Technology Officer of the Group and is responsible for the overall IT system control and development of ITSD of the Group. He joined the Group in October 2001.	N/A

**BY ORDER OF THE BOARD**

Ng Yuk Wing  
Executive Chairman

27 August 2013