



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 2014**

**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 full year financial statements for the year ended 30 June 2014. These figures have not been audited.

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014**

	Group		
	2014	2013	% increase/ (decrease)
	HK\$'000	HK\$'000	
REVENUE	3,079,430	3,825,591	( 19.5)
Cost of sales	<u>(2,866,479)</u>	<u>(3,598,394)</u>	( 20.3)
Gross profit	212,951	227,197	( 6.3)
Other income and gains, net	7,483	8,851	( 15.5)
Selling and distribution costs	( 80,299)	( 79,228)	1.4
Administrative expenses	( 87,154)	( 80,268)	8.6
Other expenses, net	( 205)	2,992	NM
Finance costs	( 2,016)	( 1,616)	24.8
Share of profit/(loss) of an associate	<u>111</u>	<u>( 38)</u>	NM
PROFIT BEFORE TAX	50,871	77,890	( 34.7)
Income tax expense	<u>( 10,908)</u>	<u>( 15,790)</u>	( 30.9)
PROFIT FOR THE YEAR	<u>39,963</u>	<u>62,100</u>	( 35.6)

**Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014** (continued)

	Group		
	2014	2013	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE YEAR	<u>39,963</u>	<u>62,100</u>	( 35.6)
OTHER COMPREHENSIVE INCOME:			
Item to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations	232	3,060	( 92.4)
Item not to be reclassified to profit or loss in subsequent periods:			
Revaluation of land and buildings, net of deferred tax	<u>23,577</u>	<u>66,945</u>	( 64.8)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>23,809</u>	<u>70,005</u>	( 66.0)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>63,772</u></u>	<u><u>132,105</u></u>	( 51.7)
Profit for the year attributable to:			
Owners of the Company	37,449	55,657	( 32.7)
Non-controlling interests	<u>2,514</u>	<u>6,443</u>	( 61.0)
	<u><u>39,963</u></u>	<u><u>62,100</u></u>	( 35.6)
Total comprehensive income attributable to:			
Owners of the Company	61,288	125,642	( 51.2)
Non-controlling interests	<u>2,484</u>	<u>6,463</u>	( 61.6)
	<u><u>63,772</u></u>	<u><u>132,105</u></u>	( 51.7)

NM: Not Meaningful

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Cost of inventories sold	2,758,618	3,533,682
Cost of services provided	106,654	61,513
Write-down of inventories to net realisable value and write-off of obsolete inventories	1,207	3,199
Depreciation	31,340	19,521
Operating lease rentals in respect of land and buildings	12,747	10,911
Auditors' remuneration	1,455	1,398
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	98,976	98,837
Pension scheme contributions	7,354	7,572
Expense recognised in respect of treasury shares awarded	1,343	1,984
	<u>107,673</u>	<u>108,393</u>
Reversal of impairment of trade receivables	( 524)	( 2,690)
Directors' remuneration:		
Fees	739	751
Other emoluments	7,245	8,435
	<u>7,984</u>	<u>9,186</u>
Bank interest income	( 973)	( 989)
Gross rental income	( 1,205)	( 1,162)
Fair value gains on investment properties	( 114)	( 506)
Fair value losses/(gains) on derivative financial instruments, net	1,001	( 787)
Foreign exchange difference, net	( 2,892)	( 3,161)
Loss/(gain) on disposal of items of property, plant and equipment	91	( 240)
	<u>91</u>	<u>( 240)</u>

The Group's tax charge is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Current		
Charge for the year	9,478	14,460
Overprovision in prior years	( 351)	( 908)
	<u>9,127</u>	<u>13,552</u>
Deferred	1,781	2,238
Total tax expenses for the year	<u>10,908</u>	<u>15,790</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 2014 HK\$'000	30 June 2013 HK\$'000	30 June 2014 HK\$'000	30 June 2013 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	370,642	358,685	-	-
Investment properties	23,480	23,295	-	-
Goodwill	2,098	2,098	-	-
Investments in subsidiaries	-	-	76,308	76,308
Investment in an associate	498	388	-	-
Deferred tax assets	514	476	-	-
Factored trade receivable	1,064	-	-	-
Prepayment for acquisition of a property	6,730	-	-	-
Total non-current assets	<u>405,026</u>	<u>384,942</u>	<u>76,308</u>	<u>76,308</u>
<b>CURRENT ASSETS</b>				
Inventories	158,934	171,844	-	-
Trade and bills receivables	358,901	359,510	-	-
Factored trade receivables	1,308	-	-	-
Prepayments, deposits and other receivables	45,690	47,323	147	-
Amounts due from subsidiaries	-	-	48,209	48,797
Forward currency contracts	1,026	2,027	-	-
Cash and cash equivalents	90,400	92,287	1,565	589
Total current assets	<u>656,259</u>	<u>672,991</u>	<u>49,921</u>	<u>49,386</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	148,787	197,410	-	-
Other payables and accruals	88,212	90,362	2,163	3,108
Income tax payable	12,038	15,168	112	18
Interest-bearing bank and other borrowings	168,092	153,354	-	-
Total current liabilities	<u>417,129</u>	<u>456,294</u>	<u>2,275</u>	<u>3,126</u>
NET CURRENT ASSETS	<u>239,130</u>	<u>216,697</u>	<u>47,646</u>	<u>46,260</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>644,156</u>	<u>601,639</u>	<u>123,954</u>	<u>122,568</u>
<b>NON-CURRENT LIABILITIES</b>				
Other borrowings	2,649	-	-	-
Deferred tax liabilities	50,337	43,477	-	-
Total non-current liabilities	<u>52,986</u>	<u>43,477</u>	<u>-</u>	<u>-</u>
Net assets	<u>591,170</u>	<u>558,162</u>	<u>123,954</u>	<u>122,568</u>

	<b>Group</b>		<b>Company</b>	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital	21,356	21,221	21,356	21,221
Treasury shares	( 359)	( 71)	( 359)	( 71)
Reserves	557,780	526,103	102,957	101,418
	578,777	547,253	123,954	122,568
Non-controlling interests	12,393	10,909	-	-
Total equity	591,170	558,162	123,954	122,568

### **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 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
83	168,009	68	153,286

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

As at 30 June 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
333	2,316	-	-

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

The above unsecured bank and other borrowings of HK\$170,325,000 and HK\$153,286,000 included bank borrowings of HK\$166,475,000 and HK\$153,286,000 which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 30 June 2014 and 30 June 2013 respectively.

The finance lease obligations of HK\$416,000 and HK\$68,000 were secured by the underlying assets acquired as at 30 June 2014 and 30 June 2013 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	
	30 June 2014	30 June 2013
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	50,871	77,890
Adjustments for:		
Bank interest income	( 973)	( 989)
Fair value gains on investment properties	( 114)	( 506)
Write-down of inventories to net realisable value and write-off of obsolete inventories	1,207	3,199
Depreciation	31,340	19,521
Fair value losses/(gains) on derivative financial instruments, net	1,001	( 787)
Expense recognised in respect of treasury shares awarded	1,343	1,984
Reversal of impairment of trade receivables	( 524)	( 2,690)
Loss/(gain) on disposal of items of property, plant and equipment	91	( 240)
Finance costs	2,016	1,616
Share of (profit)/loss of an associate	( 111)	38
	<u>86,147</u>	<u>99,036</u>
Decrease/(increase) in inventories	11,703	( 1,428)
Decrease/(increase) in trade and bills receivables	1,133	( 43,314)
Decrease/(increase) in factored trade receivables	( 2,372)	679
Decrease/(increase) in prepayments, deposits and other receivables	1,633	( 3,668)
Decrease in trade payables	( 48,623)	( 17,403)
Increase/(decrease) in other payables and accruals	( 2,148)	20,239
Cash generated from operations	47,473	54,141
Interest on bank and other borrowings paid	( 2,006)	( 1,605)
Interest element on finance lease rental payments	( 10)	( 11)
Dividends paid to owners of the Company	( 30,841)	( 30,213)
Dividends paid to a non-controlling shareholder	( 6,200)	( 6,000)
Income tax paid	( 12,257)	( 13,875)
Net cash flows from/(used in) operating activities	<u>( 3,841)</u>	<u>2,437</u>

	Group	
	30 June 2014	30 June 2013
	HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities	( 3,841)	2,437
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of items of property, plant and equipment	213	240
Purchases of items of property, plant and equipment	( 14,281)	( 37,222)
Prepayment for acquisition of a property	( 6,730)	-
Interest received	973	989
Decrease/(increase) in time deposits with maturity of more than three months when acquired	( 7,638)	22,955
Net cash flows used in investing activities	( 27,463)	( 13,038)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee share options	1,330	667
Purchase of treasury shares	( 1,596)	( 71)
New bank and other borrowings	2,204,738	1,074,239
Repayment of bank and other borrowings	( 2,187,699)	( 1,029,367)
Capital element of finance lease rental payments	( 102)	( 219)
Capital contribution by non-controlling shareholders	5,200	3,300
Net cash flows from financing activities	21,871	48,549
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 9,433)	37,948
Cash and cash equivalents at beginning of financial year	92,287	54,058
Effect of foreign exchange rate changes, net	( 92)	281
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<u>82,762</u>	<u>92,287</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances other than time deposits	68,213	70,921
Time deposits	22,187	21,366
Cash and cash equivalents as stated in the consolidated statement of financial position	90,400	92,287
Non-pledged time deposits with original maturity of more than three months when acquired	( 7,638)	-
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>82,762</u>	<u>92,287</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											
	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	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 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 2013	21,221	( 71)	42,653	898	946	199,430	2,752	11,194	268,230	547,253	10,909	558,162
Total comprehensive income for the year	-	-	-	-	-	23,577	-	262	37,449	61,288	2,484	63,772
Issue of shares under the Scheme	135	-	1,699	-	( 504)	-	-	-	-	1,330	-	1,330
Purchase of own shares and held as treasury shares	-	( 1,596)	-	-	-	-	-	-	-	( 1,596)	-	( 1,596)
Distribution of treasury shares	-	1,308	35	-	-	-	-	-	-	1,343	-	1,343
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	5,200	5,200
Final 2013 dividend paid	-	-	-	-	-	-	-	-	( 19,778)	( 19,778)	-	( 19,778)
Interim 2014 dividend paid	-	-	-	-	-	-	-	-	( 11,063)	( 11,063)	-	( 11,063)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	( 6,200)	( 6,200)
At 30 June 2014	<u>21,356</u>	<u>( 359)</u>	<u>44,387</u>	<u>898</u>	<u>442</u>	<u>223,007</u>	<u>2,752</u>	<u>11,456</u>	<u>274,838</u>	<u>578,777</u>	<u>12,393</u>	<u>591,170</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 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 and at 1 July 2013	21,221	( 71)	42,653	36,311	946	21,508	122,568
Profit for the year and total comprehensive income for the year	-	-	-	-	-	31,150	31,150
Issue of shares under the Scheme	135	-	1,699	-	( 504)	-	1,330
Purchase of own shares and held as treasury shares	-	( 1,596)	-	-	-	-	( 1,596)
Distribution of treasury shares	-	1,308	35	-	-	-	1,343
Final 2013 dividend paid	-	-	-	-	-	( 19,778)	( 19,778)
Interim 2014 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 11,063)</u>	<u>( 11,063)</u>
At 30 June 2014	<u>21,356</u>	<u>( 359)</u>	<u>44,387</u>	<u>36,311</u>	<u>442</u>	<u>21,817</u>	<u>123,954</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 2013, the Company held 40,000 (1 July 2012: 965,000) treasury shares. During the year ended 30 June 2014, pursuant to the 2009 Share Buyback mandate, the Company had purchased 864,000 (30 June 2013: 40,000) of its own shares (the “Shares”) and holds such Shares as treasury shares. All the 864,000 (30 June 2013: 40,000) Shares were market purchases and all at S\$0.300 per share paid by the Company (30 June 2013: all at S\$0.280), amounting to an aggregate purchase price of S\$260,000 (30 June 2013: S\$11,000) equivalent to HK\$1,596,000 (30 June 2013: HK\$71,000). As at 30 June 2014, the Company held 194,000 (30 June 2013: 40,000) treasury shares.

During the year ended 30 June 2014, the Company issued 1,350,000 (30 June 2013: 780,000) new shares, upon the exercise of options under the Karin Employee Share Option Scheme.

	During the year ended 30 June 2014			During the year ended 30 June 2013		
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	-	1,350,000	-	500,000	230,000	50,000

As at 30 June 2014, the Company’s share capital was HK\$21,356,000 (30 June 2013: HK\$21,221,000) comprising 213,560,000 (30 June 2013: 212,210,000) ordinary shares.

The share options outstanding as at 30 June 2014 was 1,200,000 (30 June 2013: 2,550,000) which could be convertible to 1,200,000 (30 June 2013: 2,550,000) 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 2014 was 213,366,000 (30 June 2013: 212,170,000).

**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 710,000 (Year ended 30 June 2013: 965,000) treasury shares held to key executives other than Directors as extra bonus for achieving the Performance Target pursuant to the Plan.

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 2014 as compared with the audited financial statements of the Group for the year ended 30 June 2013.

**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 2014:

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Government Loans</i>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
Amendments to IFRS 10, IFRS 11 and IFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
IFRS 13	<i>Fair Value Measurement</i>
IAS 19 (Revised)	<i>Employee Benefits</i>
IAS 27 (Revised)	<i>Separate Financial Statements</i>
IAS 28 (Revised)	<i>Investments in Associates and Joint Ventures</i>
IAS 36 Amendments	Amendments to IAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)

Other than the impact of certain new and revised IFRs as further explained below, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

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

- (a) IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in SIC-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in IFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of IFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. However, the application of IFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 July 2013.

- (b) IFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.
- (c) The IFRS 10, IFRS 11 and IFRS 12 Amendments clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC-Int 12 at the beginning of the annual period in which IFRS 10 is applied for the first time.
- (d) IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. IFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in IFRS 13, the policies for measuring fair value have been amended.

- (e) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 July 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.
- (f) *Annual Improvements 2009-2011 Cycle* issued in May 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:
- *IAS 1 Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.
- In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.
- *IAS 32 Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

**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 2014	30 June 2013
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>17.6</u>	<u>26.4</u>
- On a fully diluted basis (HK cents)	<u>17.6</u>	<u>26.2</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>37,449</u>	<u>55,657</u>

The calculation of basic earnings per share for the years ended 30 June 2014 and 2013 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 212,726,054 and 211,152,082 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 213,375,215 (2013: 212,382,387) ordinary shares, which was the weighted average of 212,726,054 (2013: 211,152,082) ordinary shares in issue during the year ended 30 June 2014, and the weighted average of 649,161 (2013: 1,230,305) 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 2014	As at 30 June 2013	As at 30 June 2014	As at 30 June 2013
Net asset value per ordinary share (HK cents)	277.1	263.1	58.1	57.8

Net asset value per ordinary share as at 30 June 2014 and 30 June 2013 was calculated based on the issued share capital excluding treasury shares of 213,366,000 and 212,170,000 ordinary shares as at 30 June 2014 and 30 June 2013 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

Revenue decreased by approximately HK\$746.2 million or 19.5% from HK\$3,825.6 million for the year ended 30 June 2013 to HK\$3,079.4 million for the year ended 30 June 2014.

As competition in the electronic component industry intensifies, our Field Application Engineers (FAEs) have increasingly been working closely with both customers and vendors to provide technical support and fine tune specifications of components in order to obtain the optimal solutions for their products. This is one of the means to expand our components distribution and our FAEs have been involved substantially in the Integrated Circuit Application Design (ICAD) segment in recent years. In order to reflect this synergistic effect, the ICAD segment has been merged into the Components Distribution (CD) segment in this reporting year.

Revenue from our Components Distribution segment decreased by HK\$26.5 million or 3.1%, from HK\$844.2 million (HK\$707.6 million (CD) + HK\$136.6 million (ICAD)) for the year ended 30 June 2013 to HK\$817.7 million for the year under review. The decrease had narrowed from 11.4% for the first half of the year under review to 3.1% for the full year. Such narrowing was mostly due to turnaround in demand for certain electronic components for smart phones and certain wireless consumer accessories in the second half of the year under review.

Revenue from our Information Technology Infrastructure ("IT Infrastructure") segment decreased by HK\$9.4 million or 1.0%, from HK\$941.7 million for the year ended 30 June 2013 to HK\$932.3 million for the current year. Due to increase in demand for enterprise software and hardware products as well as security products in the second half of the year under review, the 4.6% decrease in Revenue for the first half of the year had diminished to 1.0% for the full year.

Revenue from our Consumer Electronics Products ("CEP") segment decreased by HK\$710.3 million or 34.8%, from HK\$2,039.7 million for the year ended 30 June 2013 to HK\$1,329.4 million for the current year. The decrease was mainly due to the timing of release of new models in the year under review.



## Gross profit

Gross profit decreased by HK\$14.2 million or 6.3%, from HK\$227.2 million for the year ended 30 June 2013 to HK\$213.0 million for the year ended 30 June 2014. The decrease was mainly due to the 19.5% decrease in revenue during the year under review. However, gross profit margin increased by 1.0% from 5.9% for the year ended 30 June 2013 to 6.9% for the year ended 30 June 2014. The increase in gross margin was due to our value added service provided in the CD and IT Infrastructure segments and the drop in revenue of the low profit margin CEP segment.

## Other income and gains, net

Other income and gains, net decreased by HK\$1.4 million or 15.7%, from HK\$8.9 million for the year ended 30 June 2013 to HK\$7.5 million for the year ended 30 June 2014. The decrease was mostly due to (1) fair value gains on derivative financial instruments of HK\$0.8 million in last year turned into losses of HK\$1.0 million during the year under review which was recorded under Other expenses, net; and (2) decrease in fair value gains on investment properties of HK\$0.4 million.

## Selling and distribution costs

Selling and distribution costs increased by HK\$1.1 million or 1.4%, from HK\$79.2 million for the year ended 30 June 2013 to HK\$80.3 million for the year ended 30 June 2014. The increase was mainly attributed to (1) the opening of a retail store in March 2013 resulting in (a) rental and rates increased by HK\$2.1 million and (b) sales commission increased by HK\$1.7 million as these costs were recorded for the full year in the year under review and were only accounted for 4 months in the prior year; the increase was offset by (2) decrease in provision for bonus to sales staff of HK\$ 3.0 million as a result of reduced revenue for the year under review.

## Administrative expenses

Administrative expenses increased by HK\$6.9 million or 8.6%, from HK\$80.3 million for the year ended 30 June 2013 to HK\$87.2 million for the year ended 30 June 2014. The increase was mainly due to (1) increase in depreciation charge of HK\$11.8 million which was in turn due to (a) substantial renovation of the Hong Kong office building; and (b) appreciation of property value as at 30 June 2014 for leasehold land and buildings located in Hong Kong; and offset by (2) decrease in provision for bonus to directors and staff of HK\$3.7 million due to decrease in profit for the year; and (3) decrease in bank charges of HK\$1.2 million as a result of successful negotiations with certain vendors that the provision of stand by letter of credit is no longer required.

## Other expenses, net

Other expenses, net decreased by HK\$3.2 million, from HK\$3.0 million income for the year ended 30 June 2013 to HK\$0.2 million loss for the year ended 30 June 2014. The change was mainly due to (1) decrease in reversal of impairment of trade receivables by HK\$2.2 million; and (2) fair value losses on derivative financial instruments of HK\$1.0 million.

## Finance costs

Finance costs increased by HK\$0.4 million or 25.0%, from HK\$1.6 million for the year ended 30 June 2013 to HK\$2.0 million for the year ended 30 June 2014. The increase was mostly due to the assignments of certain trade receivables to finance companies for credit risk migrating.

## Net Profit

Net profit attributable to owners of the Company decreased by HK\$18.3 million or 32.9%, from HK\$55.7 million for the year ended 30 June 2013 to HK\$37.4 million for the year ended 30 June 2014. The decrease was mostly attributable to (1) decrease in revenue; and (2) increase in depreciation expenses.

## 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, office equipment, leasehold land and buildings and motor vehicles amounting to HK\$394.1 million, prepayment for acquisition of a property of HK\$6.7 million, deferred tax assets of HK\$0.5 million, investment in an associate of HK\$0.5 million and a factored trade receivable of HK\$1.1 million. At 30 June 2014, non-current assets amounted to HK\$405.0 million, representing approximately 38.2% of the total assets. Increase in non-current assets from last year was mainly due to (1) prepayment for acquisition of a Beijing property of HK\$6.7 million; and (2) appreciation of market value of self-owned office premises in Hong Kong during the year under review.

### Current assets

As at 30 June 2014, current assets amounted to HK\$656.3 million, a decrease of HK\$16.7 million compared to the immediately preceding financial year end at 30 June 2013. The decrease was mostly because of (1) decrease in inventories of HK\$12.9 million as a result of tightening up inventory control; and (2) decrease in cash and cash equivalents by HK\$1.9 million which was in turn mainly due to less cash flow generated through retail business.

## Current liabilities

As at 30 June 2014, current liabilities amounted to approximately HK\$417.1 million, a decrease of HK\$39.2 million compared to the immediately preceding financial year end as at 30 June 2013. The decrease was mainly due to (1) decrease in trade payables of HK\$48.6 million which was in line with decrease in cost of sales; (2) decrease in income tax payable of HK\$3.1 million due to decrease in profit for the current year; and set off by (3) increase in interest-bearing bank and other borrowings by HK\$14.7 million in order to support the increase in sales towards the end of the current financial year.

## Non-current liabilities

Non-current liabilities amounted to HK\$53.0 million, representing 11.3% of the total liabilities as at 30 June 2014. The amount mainly 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 2014, cash and cash equivalents amounted to HK\$90.4 million. Total interest bearing loans and borrowings as at 30 June 2014 were HK\$170.7 million and the gearing ratio which is defined as total borrowings and finance leases to shareholders' funds, is 0.29 times (30 June 2013: 0.27 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.**

Despite the difficult situation in the first six months of the year, there was an increase in demand for certain electronic components for smart phones and wireless application devices in the second half of the year in the Components Distribution segment. The increase in demand appears to continue at least for the next six months and the Group is making every effort to capture such turnaround in demand.

For the IT Infrastructure segment, it is expected that demand for network security products and enterprise software products will be very much the same as that in the year under review. The Group has been continuously seeking every possible opportunity to secure more distributorship rights.

For the Consumer Electronics Products segment, both the timing and number of new product releases in the coming financial year will have significant impact on both the Group's top and bottom lines. The Group is seeking to add more prestige consumer electronics products into its product mix.

Based on the above, the Group is cautiously optimistic of its performance in the next reporting period and the next 12 months.

## 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 HK7.8 cents per share amounting to a total of HK\$16,643,000 will be recommended at the forthcoming AGM.

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.2 cents per share	7.8 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	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

### (c) Date payable

6 November 2014

### (d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 28 October 2014, for the purpose of determining Members’ entitlements to final dividend of HK7.8 cents per ordinary share for the financial year ended 30 June 2014. 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 27 October 2014 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 27 October 2014 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 2014 and 2013.

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2014</u></b>				
<b>Segment revenue:</b>				
Sales to external customers	817,698	932,324	1,329,408	3,079,430
Other revenue	1,343	1,531	2,184	5,058
Total	819,041	933,855	1,331,592	3,084,488
<i>Reconciliation:</i>				
Bank interest income				973
Fair value gains on investment properties				114
Others				1,338
Total revenue				<u>3,086,913</u>
<b>Segment results</b>	<b>9,051</b>	<b>31,401</b>	<b>13,623</b>	<b>54,075</b>
<i>Reconciliation:</i>				
Bank interest income				973
Fair value gains on investment properties				114
Fair value losses on derivative financial instruments, net				( 1,001)
Finance costs				( 2,016)
Share of profit of an associate				111
Corporate and other unallocated expenses				( 1,385)
Profit before tax				<u>50,871</u>
<b>Segment assets</b>	<b>429,018</b>	<b>232,514</b>	<b>100,146</b>	<b>761,678</b>
<i>Reconciliation:</i>				
Investment in an associate				498
Deferred tax assets				514
Forward currency contracts				1,026
Cash and cash equivalents				90,400
Corporate and other unallocated assets				207,169
Total assets				<u>1,061,285</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<b><u>Year ended 30 June 2014</u></b> (continued)				
<b>Segment liabilities</b>	<b>82,185</b>	<b>95,390</b>	<b>32,079</b>	<b>209,654</b>
<i>Reconciliation:</i>				
Income tax payable				12,038
Interest-bearing bank and other borrowings				170,741
Deferred tax liabilities				50,337
Corporate and other unallocated liabilities				27,345
Total liabilities				<u>470,115</u>
<b>Other segment information:</b>				
Depreciation				31,340
Other non-cash expenses, net	( 763)	( 1,804)	2,300	( 267)
Capital expenditure				<u>14,731</u>
<b><u>Year ended 30 June 2013</u></b>				
<b>Segment revenue:</b>				
Sales to external customers	844,118	941,737	2,039,736	3,825,591
Other revenue	637	2,317	3,114	6,068
Total	<u>844,755</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>18,102</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 losses 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>400,337</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	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>74,032</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	1,286	( 1,194)	417	509
Capital expenditure				<u>37,222</u>

### Geographical information

The following tables present revenue and certain asset information for the Group's geographical segments for the years ended 30 June 2014 and 2013.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2014</b>				
<b>Segment revenue:</b>				
Sales to external customers	2,478,800	454,464	146,166	3,079,430
Other revenue, excluding bank interest income	<u>4,275</u>	<u>1,853</u>	<u>382</u>	<u>6,510</u>
Total	<u>2,483,075</u>	<u>456,317</u>	<u>146,548</u>	<u>3,085,940</u>
<b>Non-current assets</b>	<u>278,709</u>	<u>125,851</u>	<u>466</u>	<u>405,026</u>

	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>



**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>		
	2014 HK\$'000	2013 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	1,642,703	2,123,296	( 22.6)
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	22,945	39,885	( 42.5)
(c) Sales reported for the second half year	1,436,727	1,702,295	( 15.6)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	17,018	22,215	( 23.4)

**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:-**

	2014 HK\$'000	2013 HK\$'000
Declared and paid during the year	11,063	15,270
Proposed final dividend	<u>16,643</u>	<u>19,778</u>
Total	<u><u>27,706</u></u>	<u><u>35,048</u></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	65	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	64	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	58	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

28 August 2014