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KFM KINGDOM HOLDINGS LIMITED

KFM金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of KFM Kingdom Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 March 2021 prepared in accordance with relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with the comparative figures for the year ended 31 March 2020.

For and on behalf of
KFM KINGDOM HOLDINGS LIMITED
ZHANG HAIFENG
Chairman

Hong Kong, 8 June 2021

As at the date of this announcement, the executive Directors are Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok; the non-executive Director is Mr. Zhang Haifeng (Chairman); and the independent non-executive Directors are Mr. Wan Kam To, Ms. Zhao Yue and Mr. Shen Zheqing.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	678,328	986,744
Cost of sales		<u>(526,353)</u>	<u>(751,675)</u>
Gross profit		151,975	235,069
Other (losses)/gains, net	5	(8,291)	26,039
Distribution and selling expenses		(9,606)	(21,562)
General and administrative expenses		(106,074)	(186,352)
Finance income		4,579	894
Finance costs		(11,254)	(18,611)
Loss on disposal of subsidiaries	16	<u>–</u>	<u>(26,786)</u>
Profit before tax	6	21,329	8,691
Income tax expense	7	<u>(2,926)</u>	<u>(8,059)</u>
Profit for the year		18,403	632
Other comprehensive income/(expenses):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		29,119	(20,368)
Release of exchange reserve upon disposal of subsidiaries	16	<u>–</u>	<u>7,529</u>
Other comprehensive income/(expenses) for the year		<u>29,119</u>	<u>(12,839)</u>
Total comprehensive income/(expenses) for the year		<u>47,522</u>	<u>(12,207)</u>
Profit/(loss) for the year attributable to:			
– Owners of the Company		17,923	644
– Non-controlling interests		480	(12)
		<u>18,403</u>	<u>632</u>
Total comprehensive income/(expenses) attributable to:			
– Owners of the Company		47,042	(12,195)
– Non-controlling interests		480	(12)
		<u>47,522</u>	<u>(12,207)</u>
EARNINGS PER SHARE			
– Basic and diluted (HK cents)	8	<u>2.99</u>	<u>0.11</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment	<i>10</i>	135,637	132,010
Right-of-use assets		90,125	42,364
Prepayments and deposits		8,945	3,255
Deferred income tax assets		1,975	667
Total non-current assets		236,682	178,296
Current assets			
Inventories	<i>11</i>	90,802	64,642
Trade and bills receivables	<i>12</i>	172,670	165,780
Prepayments, deposits and other receivables		13,112	29,408
Current income tax recoverable		2,829	829
Financial asset at fair value through profit or loss		27	–
Time deposits with maturity over three months		160,000	–
Restricted bank deposits		675	–
Cash and cash equivalents		243,452	386,354
Total current assets		683,567	647,013
Total assets		920,249	825,309
EQUITY			
Capital and reserves			
Share capital	<i>13</i>	60,000	60,000
Share premium	<i>13</i>	26,135	26,135
Reserves		469,377	422,335
Capital and reserves attributable to owners of the Company		555,512	508,470
Non-controlling interests		4,119	3,639
Total equity		559,631	512,109

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		62,928	18,362
Deferred income tax liabilities		2,136	879
		<hr/>	<hr/>
Total non-current liabilities		65,064	19,241
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>14</i>	105,133	94,871
Lease liabilities		20,840	29,727
Unsecured borrowings from a related company	<i>15</i>	166,000	166,000
Current income tax liabilities		3,581	3,361
		<hr/>	<hr/>
Total current liabilities		295,554	293,959
		<hr/>	<hr/>
Total liabilities		360,618	313,200
		<hr/>	<hr/>
Total equity and liabilities		920,249	825,309
		<hr/>	<hr/>
Net current assets		388,013	353,054
		<hr/>	<hr/>
Total assets less current liabilities		624,695	531,350
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2019	60,000	26,135	3,445	53,641	9,615	367,829	520,665	3,651	524,316
Profit/(loss) for the year	-	-	-	-	-	644	644	(12)	632
Other comprehensive (expenses)/ income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	(20,368)	-	(20,368)	-	(20,368)
Release of exchange reserve upon disposal of subsidiaries (note 16)	-	-	-	-	7,529	-	7,529	-	7,529
Total comprehensive (expenses)/ income for the year	-	-	-	-	(12,839)	644	(12,195)	(12)	(12,207)
Disposal of subsidiaries	-	-	(1,087)	(13,286)	-	14,373	-	-	-
Transfer of retained profits to statutory reserve	-	-	-	6,901	-	(6,901)	-	-	-
	-	-	(1,087)	(6,385)	-	7,472	-	-	-
Balance at 31 March 2020	60,000	26,135	2,358	47,256	(3,224)	375,945	508,470	3,639	512,109

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2020	60,000	26,135	2,358	47,256	(3,224)	375,945	508,470	3,639	512,109
Profit for the year	-	-	-	-	-	17,923	17,923	480	18,403
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	29,119	-	29,119	-	29,119
Total comprehensive income for the year	-	-	-	-	29,119	17,923	47,042	480	47,522
Transfer of retained profits to statutory reserve	-	-	-	6,076	-	(6,076)	-	-	-
Balance at 31 March 2021	<u>60,000</u>	<u>26,135</u>	<u>2,358</u>	<u>53,332</u>	<u>25,895</u>	<u>387,792</u>	<u>555,512</u>	<u>4,119</u>	<u>559,631</u>

NOTES

1. GENERAL INFORMATION

KFM Kingdom Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 July 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 October 2012. The address of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The immediate holding company and controlling shareholder of the Company is Massive Force Limited (“**Massive Force**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sale of precision metal stamping and metal lathing products.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS(s)**”)

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effects on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	COVID-19 Related Rent Concessions ¹
Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendment to HKFRSs	Annual improvement to HKFRSs 2018–2020 cycle ⁴

¹ Effective for annual periods beginning on or after 1 June 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after 1 April 2021.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3, *Reference to the Conceptual Framework*

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Hong Kong (International Financial Report Interpretations Committee) Interpretations (“**HK(IFRIC)-Int**”) 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group’s outstanding liabilities as at 31 March 2021, the application of the amendments will not result in change in the classification of the Group’s liabilities.

4. SEGMENT INFORMATION

The chief operating decision-makers (“**CODM**”) are identified as the executive directors and senior management of the Group.

The CODM have assessed the nature of the Group’s businesses and determined that the Group has two operating and reporting segments which are defined by manufacturing processes as follows:

- (i) Manufacturing and sale of precision metal products involving metal stamping, computer numerical control (“**CNC**”) sheet metal processing and products assembling (“**Metal stamping**”); and
- (ii) Manufacturing and sale of precision metal products involving lathing, machining and turning processes (“**Metal lathing**”).

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The accounting policies of the operating segments are the same as the Group’s accounting policies described in note 3 to the consolidated financial statements. Segment profit represents the profit from each segment without allocation of other (losses)/gains, net, distribution and selling expenses, general and administrative expenses, loss on disposal of subsidiaries, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets exclude deferred income tax assets, financial asset at fair value through profit or loss (“**FVTPL**”), time deposits with maturity over three months, restricted bank deposits, current income tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred income tax liabilities, unsecured borrowings from a related company, current income tax liabilities and other unallocated head office and corporate liabilities.

Capital expenditures comprise of additions to plant and equipment and right-of-use assets.

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

(a) The segment information provided to the CODM for the reportable segments is as follows:

(i) For the year ended 31 March 2021:

	Metal stamping HK\$'000	Metal lathing HK\$'000	Total HK\$'000	
Segment revenue				
Sales	406,383	271,987	678,370	
Intersegment sales	(42)	–	(42)	
	<u>406,341</u>	<u>271,987</u>	<u>678,328</u>	
Sales to external customers	406,341	271,987	678,328	
Cost of sales	(323,711)	(202,642)	(526,353)	
	<u>82,630</u>	<u>69,345</u>	151,975	
Segment profit	<u>82,630</u>	<u>69,345</u>	151,975	
Unallocated expenses, net			(123,971)	
Finance income			4,579	
Finance costs			(11,254)	
			<u>21,329</u>	
Profit before tax			21,329	
Income tax expense			(2,926)	
			<u>18,403</u>	
Profit for the year			<u>18,403</u>	
	Metal stamping HK\$'000	Metal lathing HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit:				
Depreciation of plant and equipment	6,782	21,375	289	28,446
Depreciation of right-of-use assets	17,405	10,379	1,901	29,685
	<u>17,405</u>	<u>10,379</u>	<u>1,901</u>	<u>29,685</u>

(ii) For the year ended 31 March 2020:

	Metal stamping <i>HK\$'000</i>	Metal lathing <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Segment revenue				
Sales	684,567	303,646	988,213	
Intersegment sales	(227)	(1,242)	(1,469)	
Sales to external customers	684,340	302,404	986,744	
Cost of sales	(512,075)	(239,600)	(751,675)	
Segment profit	<u>172,265</u>	<u>62,804</u>	235,069	
Unallocated expenses, net			(208,661)	
Finance income			894	
Finance costs			(18,611)	
Profit before tax			8,691	
Income tax expense			(8,059)	
Profit for the year			<u>632</u>	
	Metal stamping <i>HK\$'000</i>	Metal lathing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit:				
Depreciation of plant and equipment	12,283	15,246	3,023	30,552
Depreciation of right-of-use assets	<u>33,792</u>	<u>10,443</u>	<u>2,325</u>	<u>46,560</u>

(b) The segment assets and liabilities are as follows:

(i) **As at 31 March 2021:**

	Metal stamping HK\$'000	Metal lathing HK\$'000	Total HK\$'000
Segment assets	199,346	304,546	503,892
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			1,975
Current income tax recoverable			2,829
Financial assets at FVTPL			27
Time deposits with maturity over three months			160,000
Restricted bank deposits			675
Cash and cash equivalents			243,452
Other unallocated head office and corporate assets			7,399
			<hr/>
Total assets			920,249
			<hr/>
Segment liabilities	60,342	123,091	183,433
Reconciliation			
Corporate and other unallocated liabilities			
Deferred income tax liabilities			2,136
Unsecured borrowings from a related company			166,000
Current income tax liabilities			3,581
Other unallocated head office and corporate liabilities			5,468
			<hr/>
Total liabilities			360,618
			<hr/>
Segmental capital expenditures	12,868	87,589	100,457
			<hr/>
Total capital expenditures			100,457
			<hr/>

(ii) **As at 31 March 2020:**

	Metal stamping <i>HK\$'000</i>	Metal lathing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	174,465	245,801	420,266
Reconciliation			
Corporate and other unallocated assets			
Deferred income tax assets			667
Current income tax recoverable			829
Cash and cash equivalents			386,354
Other unallocated head office and corporate assets			<u>17,193</u>
Total assets			<u>825,309</u>
Segment liabilities	72,942	62,348	135,290
Reconciliation			
Corporate and other unallocated liabilities			
Deferred income tax liabilities			879
Unsecured borrowings from a related company			166,000
Current income tax liabilities			3,361
Other unallocated head office and corporate liabilities			<u>7,670</u>
Total liabilities			<u>313,200</u>
Segmental capital expenditures	10,965	15,066	26,031
Reconciliation			
Other unallocated head office and corporate capital expenditures			<u>6,580</u>
Total capital expenditures			<u>32,611</u>

(c) Set out below is the disaggregation of the Group's revenue from contracts with customers:

(i) For the year ended 31 March 2021

	Metal stamping <i>HK\$'000</i>	Metal lathing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical region			
The PRC	281,298	196,848	478,146
North America	42,655	27,562	70,217
Europe	20,303	47,201	67,504
Singapore	10,870	38	10,908
Japan	9	–	9
Others	51,206	338	51,544
	<hr/>	<hr/>	<hr/>
Total	406,341	271,987	678,328

(ii) For the year ended 31 March 2020

	Metal stamping <i>HK\$'000</i>	Metal lathing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical region			
The PRC	405,990	241,172	647,162
North America	106,296	28,806	135,102
Europe	34,805	31,787	66,592
Singapore	114,424	97	114,521
Japan	10,304	–	10,304
Others	12,521	542	13,063
	<hr/>	<hr/>	<hr/>
Total	684,340	302,404	986,744

- (d) The total of non-current assets, other than deposits and deferred income tax assets, of the Group as at 31 March 2021 and 2020 are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC	227,546	167,420
Hong Kong	4,611	6,954
	232,157	174,374

- (e) Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	112,550	113,599
Customer B ²	78,487	N/A ³

¹ Revenue from metal stamping

² Revenue from metal lathing

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER (LOSSES)/GAINS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on disposal of plant and equipment	(183)	(2,521)
Reversal of impairment of plant and equipment	–	217
Net exchange (loss)/gain	(14,215)	12,476
Government subsidies (<i>Note</i>)	6,109	14,056
Fair value gain on financial asset at FVTPL	15	–
Others	(17)	1,811
	(8,291)	26,039

Note:

The amount represented the government subsidies with no unfulfilled conditions or contingencies and recognised as other gains upon receipts during the years ended 31 March 2021 and 2020.

During the year 31 March 2021, the Group recognised government grants of HK\$840,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

6. PROFIT BEFORE TAX

Profit for the year has been arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs		
Directors' emoluments	5,068	5,068
Other staff:		
– salaries and other allowances	146,350	229,579
– retirement benefits scheme contributions (excluding directors)	3,538	5,746
	<u>154,956</u>	<u>240,393</u>
Auditor's remuneration		
– audit services	1,020	1,270
– non-audit services	378	420
Cost of inventories sold (<i>Note (a)</i>)	532,383	754,947
Depreciation of plant and equipment	28,446	30,552
Depreciation of right-of-use assets	29,685	46,560
Research and development expenses (<i>Note (b)</i>)	29,586	39,277

Notes:

- (a) Included in cost of sales was reversal of write-down of inventories of approximately HK\$6,795,000 (2020: approximately HK\$3,272,000) which were sold at profit during the year ended 31 March 2021 and write-off of inventories of approximately HK\$765,000 (2020: nil).
- (b) Included in research and development expenses was staff cost of approximately HK\$16,497,000 (2020: approximately HK\$17,012,000) which has been included in staff costs disclosure above.

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	–	1,983
– The PRC	2,531	3,841
– Withholding tax	604	8,189
Adjustments in respect of		
– Over-provision in prior years	(275)	(174)
	<u>2,860</u>	13,839
Deferred income tax	66	(5,780)
Total	<u>2,926</u>	<u>8,059</u>

Income tax of the Group's entities has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the entities operate.

Below are the major tax jurisdictions that the Group operates in for the years ended 31 March 2021 and 2020.

(a) Hong Kong profits tax

For the year ended 31 March 2020, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 March 2021, no Hong Kong profits tax has been provided since the Group did not have any assessable profits generated.

(b) The PRC enterprise income tax (the “PRC EIT”)

The PRC EIT is provided on the assessable income of the Group’s PRC subsidiaries, adjusted for items which are not taxable or deductible for the PRC EIT purpose. The statutory PRC EIT tax rate for the year ended 31 March 2021 is provided at the rate of 25% (2020: 25%).

Certain PRC subsidiaries were recognised by the PRC government as “High and New Technology Enterprise” and were eligible to a preferential tax rate of 15% for a period of three calendar years.

(c) PRC dividend withholding tax

According to the Law of the PRC EIT, starting from 1 January 2008, a PRC dividend withholding tax of 10% will be levied on the immediate holding companies outside the PRC when the PRC subsidiaries declare dividend out of profits earned after 1 January 2008. During the year ended 31 March 2021, a lower 5% (2020: 5%) PRC dividend withholding tax rate was adopted since (i) the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil certain requirements under the tax treaty arrangements between the PRC and Hong Kong; and (ii) successful application has been made in the year ended 31 March 2018.

8. EARNINGS PER SHARE

Basic and diluted earnings per share

	2021	2020
Profit attributable to owners of the Company (<i>HK\$'000</i>)	17,923	644
Number of shares in issue (<i>'000</i>)	600,000	600,000
Basic and diluted earnings per share (<i>HK cents per share</i>)	2.99	0.11

Basic earnings per share for the years ended 31 March 2021 and 2020 is calculated by dividing the profit attributable to owners of the Company by 600,000,000 ordinary shares in issue during the years ended 31 March 2021 and 2020.

Diluted earnings per share is the same as basic earnings per share as the Company had no potentially dilutive ordinary share in issue during the years ended 31 March 2021 and 2020.

9. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

10. PLANT AND EQUIPMENT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 April	132,010	190,450
Additions	22,061	24,339
Disposals	(213)	(3,362)
Disposal of subsidiaries (<i>note 16</i>)	–	(38,454)
Depreciation	(28,446)	(30,552)
Reversal of impairment loss	–	217
Impact on initial adoption of HKFRS 16	–	(20,568)
Transfer from right-of-use assets	–	16,777
Exchange differences	10,225	(6,837)
	<hr/>	<hr/>
At 31 March	135,637	132,010
	<hr/>	<hr/>

11. INVENTORIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Raw materials	30,096	27,752
Work in progress	17,206	16,823
Finished goods	43,500	20,067
	<hr/>	<hr/>
	90,802	64,642
	<hr/>	<hr/>

12. TRADE AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bills receivables (<i>Note (a)</i>)	6,119	8,159
	<hr/>	<hr/>
Trade receivables (<i>Note (b)</i>)		
– third parties	166,515	157,510
– a related company	36	111
	<hr/>	<hr/>
	166,551	157,621
	<hr/>	<hr/>
	172,670	165,780
	<hr/>	<hr/>

As at 31 March 2021, the gross amount of trade receivables and bills receivables arising from contracts with customers amounted to approximately HK\$166,551,000 and HK\$6,119,000 (31 March 2020: HK\$157,621,000 and HK\$8,159,000 and 1 April 2019: HK\$229,688,000 and HK\$7,605,000) respectively.

The Group did not hold any collaterals over these balances.

Notes:

- (a) The ageing analysis of bills receivables presented based on the issue date at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 3 months	6,119	8,159

The Group measures the loss allowance for bills receivables at an amount equal to 12-month ECL. As the counterparties are banks with high credit ratings, no additional loss allowance was provided on the Group's bills receivables during the years ended 31 March 2021 and 2020.

- (b) The Group normally grants credit periods of 30 to 90 days (2020: 30 to 90 days). The following is an ageing analysis of trade receivables presented based on the date of delivery, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 3 months	152,952	127,321
3 to 6 months	9,753	28,053
6 months to 1 year	3,838	2,215
1 to 2 years	8	32
	166,551	157,621

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Ordinary share of HK\$0.1 each				
Authorised				
At 31 March 2020 and 2021	4,500,000,000	450,000		
Issued and fully paid				
At 31 March 2020 and 2021	600,000,000	60,000	26,135	86,135

14. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)		
– third parties	74,018	67,164
– related companies	–	2,080
	<u>74,018</u>	<u>69,244</u>
Accruals and other payables (<i>Note (b)</i>)	31,115	25,627
	<u>105,133</u>	<u>94,871</u>

Notes:

- (a) The ageing analysis of trade payables (including trade payables from related companies) presented based on the invoice date at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 3 months	73,168	63,673
3 to 6 months	658	5,417
6 months to 1 year	54	91
1 to 2 years	138	63
	<u>74,018</u>	<u>69,244</u>

The average credit period on purchases of goods is from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

- (b) Included in the Group's accruals and other payables as at 31 March 2021 were accrued directors' emoluments and provision for severance payments in relation to the relocation of factory of approximately HK\$71,000 and HK\$9,000,000 (2020: approximately HK\$421,000 and nil) respectively.

15. UNSECURED BORROWINGS FROM A RELATED COMPANY

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Due for repayment within 1 year which contains a repayment on demand clause	<u>166,000</u>	<u>166,000</u>

As at 31 March 2021, unsecured borrowings of HK\$166,000,000 (2020: HK\$166,000,000) were advanced from Kingdom International Group Limited (“**KIG**”), a company in which a director of the Company, Mr. Wong Chi Kwok (“**Mr. Wong**”) has beneficial interests in, of which HK\$166,000,000 (2020: HK\$166,000,000) contain a repayment on demand clause.

The interest rate of the unsecured borrowings from a related company is at prime rate of 5.25% per annum (2020: ranged from 5.25% to 5.38% per annum).

Subsequent to the year ended 31 March 2021, the Group renewed unsecured borrowings of HK\$106,000,000 and HK\$30,000,000 with KIG for another 1 year in April 2021 and June 2021 respectively at the prime rate of 5.25% per annum.

16. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2020

KFM Group Limited (“**KFM BVI**”) and its subsidiaries (collectively referred to as the “**KFM Group**”)

On 22 January 2020, Able Elite Holdings Limited (“**Able Elite**”), a wholly-owned direct subsidiary of the Company, entered into a sale and purchase agreement with KIG, a related company of the Group, to dispose of its 100% equity interest in KFM BVI, which was an investment holding company and was engaged in metal stamping segment prior to the disposal, at a consideration of HK\$44,000,000. The consideration was used to off-set with partial of the unsecured borrowings from KIG on a dollar-to-dollar basis. The Group lost its control over KFM Group and KFM Group ceased to be the subsidiaries of the Group after the completion of abovementioned disposal on 13 March 2020. The net assets of the KFM Group at the date of control was lost were as follows:

HK\$'000

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	38,454
Intangible assets	–
Goodwill	–
Interest in an associate	–
Right-of-use assets	66,026
Deferred income tax assets	601
Inventories	26,885
Trade receivables	62,821
Prepayments, deposits and other receivables	21,636
Cash and cash equivalents	29,477
Trade and other payables (<i>Note</i>)	(111,051)
Lease liabilities	(69,364)
Current income tax liabilities	(2,182)
Deferred income tax liabilities	(46)
	<hr/>
Net assets disposed of	<u>63,257</u>

Note: Included in trade and other payables was amount due to the Group of approximately HK\$20,261,000 which was unsecured, carrying interest at prime rate per annum and repayable on demand.

HK\$'000

Loss on disposal of KFM Group:

Consideration	44,000
Net assets disposed of	(63,257)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	<u>(7,529)</u>

Loss on disposal of subsidiaries	<u>(26,786)</u>
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Net cash outflow arising on disposal:

Cash consideration received	–
Less: cash and cash equivalents disposed of	<u>(29,477)</u>

(29,477)

17. COMMITMENTS

Capital commitments

	2021	2020
	HK\$'000	HK\$'000
Authorised or contracted for but not provided:		
– Plant and machinery	48,486	11,284
– Capital investments	5,270	5,270
	<u>53,756</u>	<u>16,554</u>

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2021, revenue of the Group was approximately HK\$678.3 million, representing a decrease of approximately HK\$308.4 million or 31.3% from approximately HK\$986.7 million for the corresponding period last year. Set out below is a breakdown of the Group's revenue by business segments:

	2021		2020	
	HK\$'000	%	HK\$'000	%
Metal stamping	406,341	59.9	684,340	69.4
Metal lathing	271,987	40.1	302,404	30.6
	<u>678,328</u>	<u>100.0</u>	<u>986,744</u>	<u>100.0</u>

Revenue derived from the metal stamping segment decreased by approximately HK\$278.0 million or 40.6% from approximately HK\$684.3 million for the year ended 31 March 2020 to approximately HK\$406.3 million for the year ended 31 March 2021. The decrease was mainly due to the Group disposed (the “**Disposal**”) of a loss making business unit in its metal stamping segment, namely KFM Group Limited and its subsidiaries (collectively the “**Disposed Group**”), which was completed on 13 March 2020. For the performance of the remaining operation of the metal stamping segment during the year ended 31 March 2021, the Group experienced an increase in number of orders mainly from customers who engaged in the network and data storage industry, which was partially offset by the decrease in demand from the customers who engaged in office automation industry and finance equipment industry.

Revenue derived from the metal lathing segment decreased by approximately HK\$30.4 million or 10.1% from approximately HK\$302.4 million for the year ended 31 March 2020 to approximately HK\$272.0 million for the year ended 31 March 2021. The decrease was mainly attributed by the subsisting drop in sales to the customers who engaged in the consumer electronics industry which the Group had experienced consecutive drop in number of orders for the recent years as (i) there was a change in the business strategy of relevant customers; and (ii) the China-US tensions escalated.

Geographically, the PRC, North America, Europe, and Singapore continued to be the major markets of the Group's products. Sales to such areas accounted for approximately 70.5%, 10.4%, 10.0% and 1.6% of the Group's revenue, respectively, for the year ended 31 March 2021. Details of a breakdown of revenue generated by different geographical locations are set out in note 4(c) to the consolidated financial statements of the Group in this annual results announcement.

Cost of sales

Cost of sales primarily comprises the direct costs associated with the manufacturing of the Group's products. It consists mainly of direct materials, direct labour, processing fee and other direct overheads (including the write-down and reversal for inventories as disclosed in note 6 in this annual results announcement after regular review of the Group's inventory provision policy). Set out below is the breakdown of the Group's cost of sales:

	2021		2020	
	HK\$'000	%	HK\$'000	%
Direct materials	315,684	60.0	419,028	55.8
Direct labour	105,835	20.1	148,831	19.8
Processing fee	62,400	11.9	94,084	12.5
Other direct overheads	42,434	8.0	89,732	11.9
	<u>526,353</u>	<u>100.0</u>	<u>751,675</u>	<u>100.0</u>

During the year ended 31 March 2021, cost of sales of the Group decreased by approximately HK\$225.3 million or 30.0% as compared to the same of the corresponding period last year, primarily as a result of the Disposal. The percentage of cost of sales to the total revenue during the year ended 31 March 2021 was approximately 77.6%, representing a slight increase of approximately 1.4%, as compared to approximately 76.2% in the corresponding period last year.

Gross profit and gross profit margin

During the year ended 31 March 2021, the gross profit margin of the Group was approximately 22.4%, comparable to approximately 23.8% in the corresponding period last year.

The decrease of approximately 1.4% in the gross profit margin of the Group was mainly due to higher costs in raw materials and direct labour, in addition to the change of product mix. For the metal stamping segment, the gross margin was slightly lowered by approximately 0.1% to approximately 20.3% compared to approximately 20.4% during the corresponding period last year had the Disposed Group been carved out with the result of the Disposal during the same period last year. For the metal lathing segment, the gross profit margin was boosted by the sales of a new product line to the customers, who engaged in the medical equipment industry, for a relatively high profit margin after the outbreak of COVID-19 during the year ended 31 March 2021.

For details of the gross profit of the Group's two segments, please refer to note 4(a) to the consolidated financial statements of the Group in this annual results announcement.

Other (losses)/gains, net

During the year ended 31 March 2021, the Group recorded other losses, net which amounted to approximately HK\$8.3 million. In the corresponding period last year, the Group recorded other gains, net of approximately HK\$26.0 million. The Group recorded a net exchange loss upon RMB appreciation and a lower amount of government subsidies during the year ended 31 March 2021, as compared to a net exchange gain and a higher amount of government subsidies during the corresponding period last year.

Distribution and selling expenses

Distribution and selling expenses relate to the expenses incurred for the promotion and selling of the Group's products. It mainly comprises, among others, salaries and related costs for the sales and marketing staff, travelling and transportation costs, and marketing expenses.

Distribution and selling expenses were approximately HK\$9.6 million and HK\$21.6 million for the years ended 31 March 2021 and 2020, respectively. The decrease in distribution and selling expenses was mainly attributed to the Disposal.

General and administrative expenses

General and administrative expenses comprise primarily salaries and related costs for key management, the Group's finance and administration staff, depreciation and professional and related costs incurred by the Group.

The general and administrative expenses of the Group decreased from approximately HK\$186.4 million for the year ended 31 March 2020 to approximately HK\$106.1 million for the year ended 31 March 2021. The decrease was mainly due to the Disposal.

Finance costs

The Group's finance costs represented interest expenses on lease liabilities and unsecured borrowings from a related company. During the year ended 31 March 2021, the Group's finance costs was approximately HK\$11.3 million, as compared to approximately HK\$18.6 million for the corresponding period last year. The decrease in finance costs was mainly due to a decrease in average balances of unsecured borrowings from a related company and lease liabilities as compared to corresponding period last year, which was due to the reduction of unsecured borrowings from a related company and lease liabilities as a result of the Disposal.

Income tax expenses

The Group's income tax expenses amounted to approximately HK\$2.9 million for the year ended 31 March 2021, while the Group's income tax expenses for the year ended 31 March 2020 amounted to approximately HK\$8.1 million. The decrease was mainly attributable to the decrease in taxable profit during the year. The details are set out in the note 7 to the consolidated financial statements of the Group in this annual results announcement.

During the year ended 31 March 2021, the Group's adjusted effective tax rate excluding the loss from disposal of subsidiaries and effect of tax loss arising from the loss making subsidiaries of the Company would have been approximately 13.0% whereas the adjusted effective tax rate for the same period last year would have been approximately 16.0%.

Profit attributable to owners of the Company

For the year ended 31 March 2021, profit attributable to owners of the Company amounted to approximately HK\$17.9 million, while the profit attributable to owners of the Company amounted to approximately HK\$0.6 million for the corresponding period last year. Such improvement in the financial performance of the Group was mainly attributable to (i) the absence of loss on disposal of subsidiaries for the year ended 31 March 2021, unlike a loss of approximately HK\$26.8 million being recorded as a result of the Disposal for the year ended 31 March 2020; and (ii) an increase in revenue derived from the metal stamping segment since the Group experienced an increase in number of orders mainly from customers in the network and data storage industry, due to an acceleration and more widespread digitalisation of business processes worldwide after the outbreak of COVID-19, partially offset by a decrease in revenue derived from the metal lathing segment due to a decrease in number of orders mainly from customers in the consumer electronics industry.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources and liquidity

The Group's current assets comprise mainly cash and cash equivalents, trade and bill receivables, prepayments, deposits and other receivables and inventories. The Group's total current assets amounted to approximately HK\$683.6 million and HK\$647.0 million respectively, which represented approximately 74.3% and 78.4% of the Group's total assets as at 31 March 2021 and 2020, respectively.

Capital structure

The Group's capital structure is summarised as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unsecured borrowings from a related company	<u>166,000</u>	<u>166,000</u>
Total debts	<u>166,000</u>	<u>166,000</u>
Shareholders' equity	<u>559,631</u>	<u>512,109</u>
Gearing ratio		
– Total debts to shareholders' equity ratio [#]	<u>29.7%</u>	<u>32.4%</u>

[#] Total debts to shareholders' equity ratio is calculated based on total debts divided by shareholders' equity at the end of the respective year.

For the year ended 31 March 2021, the Group generally financed its operation primarily with internal generated cash flows and unsecured borrowings from a related company.

Details of the Group's unsecured borrowings from a related company as at 31 March 2021 are set out in note 15 to the consolidated financial statements of the Group in this annual results announcement.

As at 31 March 2021, the Group's unsecured borrowings from a related company were denominated in Hong Kong dollars.

The capital structure of the Group consists of equity attributable to the equity holders of the Company (comprising issued share capital and reserves), secured bank borrowings and unsecured borrowings from a related company. The Directors will review the capital structure regularly. As part of such review, the Directors consider the cost of capital and the optimal use of debt and equity so as to maximise the return to owners.

Capital expenditure

During the year ended 31 March 2021, the Group acquired plant and machinery of approximately HK\$22.1 million, as compared to the year ended 31 March 2020 of approximately HK\$24.3 million.

The Group financed its capital expenditure through cash flows generated from operating activities, finance leases and unsecured borrowings from a related company.

Charges on the Group's assets

As at 31 March 2021 and 2020, no bank borrowing of the Group was secured by leasehold land and buildings of the Group.

Foreign currency exposure

Each individual group entity has its own functional currency. Foreign exchange risk to each individual group entity arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates mainly in Hong Kong and the PRC. The Group's Hong Kong entities are exposed to foreign exchange risk arising from Renminbi, while the Group's PRC entities are exposed to foreign exchange risk arising from the United States dollars.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates.

Capital commitments

Details of the Group's capital commitments as at 31 March 2021 are set out in note 17 to the consolidated financial statements of the Group in this annual results announcement.

Contingent liabilities

As at 31 March 2021, the Group had no material contingent liabilities.

Subsequent event

Subsequent to 31 March 2021, the Group renewed unsecured borrowing of approximately HK\$106 million in April 2021, and HK\$30 million in June 2021 with KIG. The details are set out in the note 15 to the consolidated financial statements of the Group in this annual results announcement.

BUSINESS REVIEW

During the year ended 31 March 2021, the disputes between China and the United States of America (the "US") and COVID-19 pandemic continuously affected the business environment of the Group and created significant uncertainties on the global economy. Further to the global pandemic and difficulties, the appreciation of Renminbi ("RMB") during the year had an adverse impact on the Group's operation. Meanwhile, the Group was still under the pressure from the increase in material cost, labour cost and production costs in China. As such, the Group was under the squeezing impacts of reduced demand, notably from customers in the metal lathing segment, and the surging operating costs in addition to foreign exchange net losses. The combining effects resulted in a thinner profitability than that in the corresponding period last year.

During the year ended 31 March 2021, the Group recorded revenue of approximately HK\$678.3 million, with decrease by approximately HK\$308.4 million or 31.3% as compared to a revenue amount of approximately HK\$986.7 million during the corresponding period last year. The decrease was mainly as a result of the Disposal. The Disposal, which was completed on 13 March 2020, was to eliminate potential subsisting losses in the future incurred by the Disposed Group. For the year ended 31 March 2021, net profit of the Company amounted to approximately HK\$18.4 million, while there was net profit of the Company amounted to approximately HK\$0.6 million for the corresponding period last year. Such improvement in the financial performance of the Group was mainly attributable to (i) the absence of loss on disposal of subsidiaries for the year ended 31 March 2021, unlike a loss of approximately HK\$26.8 million being recorded as a result of the Disposal for the year ended 31 March 2020; and (ii) an increase in revenue derived from the metal stamping segment since the Group experienced an increase in number of orders mainly from customers in the network and data storage industry, due to an acceleration and more widespread digitalisation of business processes worldwide after the outbreak of COVID-19, partially offset by a decrease in revenue derived from the metal lathing segment due to a decrease in number of orders mainly from customers in the consumer electronics industry.

During the year ended 31 March 2021, revenue generated from the Group's metal stamping segment was approximately HK\$406.3 million with a decrease by approximately HK\$278.0 million or 40.6% as compared to the same of the corresponding period last year mainly due to the Disposal. Without revenue contributed by the Disposed Group for the year ended 31 March 2021, the Group sought to increase revenue by approximately HK\$56.1 million or 129.6% compared to the same period last year for the sales derived from customers engaged in network and data storage industry due to an acceleration and more widespread digitalisation of business processes worldwide as a result of the outbreak of COVID-19 during the year ended 31 March 2021.

Regarding the metal lathing segment, the Group recorded revenue of approximately HK\$272.0 million during the year ended 31 March 2021. As compared to the revenue of approximately HK\$302.4 million in the corresponding period last year, revenue derived from the metal lathing segment showed a decrease by approximately HK\$30.4 million or 10.1%. The decrease was mainly attributed by the subsisting drop in sales to the customers who engaged in the consumer electronics industry which the Group had experienced consecutive drop in number of orders for the recent years as (i) there was a change in the business strategy of relevant customers; and (ii) the China-US tensions escalated.

The overall gross profit margin of the Group for the year ended 31 March 2021 decreased by 1.4% to approximately 22.4% as compared to the same of the corresponding period last year. As a result of the Disposal, the total gross profit of the Group decreased by approximately HK\$83.1 million from approximately HK\$235.1 million during the corresponding period last year to approximately HK\$152.0 million during the year ended 31 March 2021.

As such, the Group recorded a net profit of approximately HK\$18.4 million during the year ended 31 March 2021, as compared with a net profit of approximately HK\$0.6 million during the corresponding period last year.

OUTLOOK AND STRATEGY

The adverse conditions seen in the year ended 31 March 2021 are expected to remain in the foreseeable future. The China-US tension on political and trade disputes will likely subsist for a period of time. The world economies are struggling for a recovery with massive vaccinations against the pandemic virus while there are inevitable dampening market sentiments and rising unemployment. The pandemic also affects business environment and consumer behaviour worldwide, and many companies accelerated the digitalisation of their business processes after the outbreak of the pandemic. At the same time the difficulties faced by manufacturing industries in China are not to disappear or ease down in anytime soon. The increasing labour cost, material cost and production costs in China will remain the major challenges to the Group. It is also expected that a certain number of the Group's customers will continue to relocate their businesses to the Southeast Asia to get away with the sanctions imposed by the US. The loss of demands due to geopolitical and health issues has affected the Group business especially in the metal lathing segment which relies heavily on consumer electronics industry and their foreign ultimate customers.

Looking forward, there is not much sign for an imminent possibility of easing in the tension between China-US and the pandemic is also expected to continue to affect the global economy and business environment. However, the Group has been making its best effort to endure the economic hardship by streamlining the operation for optimal efficiency, closely assessing the external challenges and taking appropriate actions to mitigate those impacts, as necessary. The Group has been striving to develop more new customers in the region to broaden its customer base with some success as in the metal stamping segment which has benefited from the surge of demands from the data and network industry arising from an acceleration of digitalisation of business processes and higher volume of internet activities since the lockdowns due to the outbreak of COVID-19. The Group will also put more efforts in maintaining good relationships with existing customers. Last but not least, the Group will continue to look for new, long term and sustainable business opportunities to enhance the Group's performance, with the aim to creating better value for customers, shareholders and investors.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had a total number of 1,356 full-time employees (2020: 1,400). The Group determined the remuneration packages of all employees based on factors including individual qualifications, contribution to the Group, performance and years of experience of the respective staff.

The Group provides on-going training to the Group's staff in order to enhance their technical skills and product knowledge and to provide them with updates with regard to industry quality and work safety.

The Group maintains good relationships with the Group's employees. The Group did not have any labour strikes or other labour disturbances that would have interfered with the Group's operations during the year ended 31 March 2021.

As required by the PRC regulations, the Group participates in the social insurance schemes operated by the relevant local government authorities.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 March 2021 (2020: nil).

No interim dividend was paid during the year (2020: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the annual general meeting of the Company to be held on 23 August 2021 (the "AGM"), the register of members of the Company will be closed from Wednesday, 18 August 2021 to Monday, 23 August 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 August 2021.

CORPORATE GOVERNANCE

The Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Board confirmed that, having made specific enquiry, the Directors have complied in full with the required standards as set out in the Model Code and its code of conduct during the year ended 31 March 2021 and up to the date of this annual results announcement.

REVIEW OF ACCOUNTS

The Company's audit committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2021.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual results announcement.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED CORPORATIONS

For the year ended 31 March 2021, the Group did not conduct any disposals or acquisitions for its subsidiaries and associated corporations.

PURCHASE, SALE OR REDEMPTIONS OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.kingdom.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2021 annual report containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and available on the said websites in due course.