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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 2024**

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 2024 (the “**Year**”) 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 2023.

For and on behalf of  
**KFM KINGDOM HOLDINGS LIMITED**  
**SUN KWOK WAH PETER**  
*Chairman*

Hong Kong, 26 June 2024

*As at the date of this announcement, the executive Directors are Mr. Sun Kwok Wah Peter (Chairman and CEO) and Mr. Wong Chi Kwok; 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 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	<b>589,904</b>	605,101
Cost of sales		<b>(482,641)</b>	(501,824)
Gross profit		<b>107,263</b>	103,277
Other gains, net	5	<b>12,031</b>	8,621
Distribution and selling expenses		<b>(6,668)</b>	(6,270)
General and administrative expenses		<b>(83,741)</b>	(75,524)
Finance income		<b>9,773</b>	6,158
Finance costs		<b>(6,015)</b>	(8,527)
Profit before tax	6	<b>32,643</b>	27,735
Income tax expenses	7	<b>(9,496)</b>	(5,069)
Profit for the year		<b><u>23,147</u></b>	<u>22,666</u>
<b>Other comprehensive expense:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(5,467)</b>	(14,211)
<b>Total comprehensive income for the year</b>		<b><u>17,680</u></b>	<u>8,455</u>

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
— Owners of the Company		<b>23,238</b>	22,666
— Non-controlling interests		<b>(91)</b>	—
		<u><b>23,147</b></u>	<u>22,666</u>
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>17,437</b>	8,455
— Non-controlling interests		<b>243</b>	—
		<u><b>17,680</b></u>	<u>8,455</u>
<b>EARNINGS PER SHARE</b>			
— Basic and diluted (HK cents)	<i>8</i>	<u><b>3.87</b></u>	<u>3.78</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>256,146</b>	49,671
Right-of-use assets		<b>89,082</b>	84,501
Prepayments, deposits and other receivables		<b>1,737</b>	47,695
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>346,965</b>	181,867
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	<i>11</i>	<b>102,855</b>	128,812
Trade receivables	<i>12</i>	<b>145,017</b>	110,847
Prepayments, deposits and other receivables		<b>23,186</b>	12,692
Income tax recoverable		<b>778</b>	970
Time deposits with maturity over three months		<b>48,000</b>	196,741
Cash and cash equivalents		<b>111,475</b>	96,803
		<hr/>	<hr/>
<b>Total current assets</b>		<b>431,311</b>	546,865
		<hr/>	<hr/>
<b>Total assets</b>		<b>778,276</b>	728,732
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>60,000</b>	60,000
Share premium	<i>13</i>	<b>26,135</b>	26,135
Reserves		<b>444,420</b>	426,983
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>530,555</b>	513,118
Non-controlling interests		<b>72,243</b>	—
		<hr/>	<hr/>
<b>Total equity</b>		<b>602,798</b>	513,118
		<hr/>	<hr/>

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,949</b>	74,114
Bank borrowings		—	11,400
Deferred income tax liabilities		<b>3,531</b>	172
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>7,480</b>	85,686
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>113,907</b>	98,488
Lease liabilities		<b>4,589</b>	17,841
Bank borrowings		<b>49,500</b>	11,286
Income tax liabilities		<b>2</b>	2,313
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>167,998</b>	129,928
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>175,478</b>	215,614
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>778,276</b>	728,732
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		<b>263,313</b>	416,937
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>610,278</b>	598,804
		<hr/> <hr/>	<hr/> <hr/>

## 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 Act, Cap. 22 (Act 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. As at 31 March 2023, the immediate holding company and controlling shareholder of the Company is Massive Force Limited, a company incorporated in the British Virgins Islands (the “**BVI**”). On 5 February 2024, KIG Real Estate Holdings Limited, a company incorporated in the BVI, acquired approximately 75% of the issued share capital of the Company from Massive Force Limited and became the controlling shareholder of the Company since then.

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) and Malaysia whose functional currency is RMB and Malaysia ringgit respectively, the functional currency of the Company is Hong Kong dollars.

### 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 April 2023.

HKRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and 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.

#### **Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies**

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies.

#### **Impact on application of Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings or other component of equity as appropriate at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

There was no impact on the consolidated statement of financial position because the related deferred tax balances qualify for offsetting under HKAS 12. There was no impact on the opening retained earnings as at 1 April 2022.

## Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> 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 the amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the “**2020 Amendments**”) clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity’s right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity’s own equity instruments.

Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the “**2022 Amendments**”) further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the amendments will not result in change in the classification of the Group’s liabilities.



#### 4. REVENUE

Revenue represents sales of high precision metal products to external parties, excluding sales related taxes. Revenue from contracts with customers within the scope of HKFRS 15 are recognised at a point in time.

Set out below was the disaggregation of the Group's revenue from contracts with customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Geographical region		
South East Asia	295,408	246,559
The PRC	184,070	235,915
Europe	72,982	81,271
North America	24,374	30,844
Others	13,070	10,512
	<u>589,904</u>	<u>605,101</u>
Total	<u>589,904</u>	<u>605,101</u>

#### 5. OTHER GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	(785)	(40)
Exchange gains, net	2,597	7,800
Gain on derecognition of right-of-use assets and related lease liabilities	9,854	—
Government subsidies ( <i>Note</i> )	236	737
Others	129	124
	<u>12,031</u>	<u>8,621</u>

*Note:*

The amounts represented the government subsidies with no unfulfilled conditions or contingencies and recognised as other gains upon receipts during the years ended 31 March 2024 and 2023.

## 6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs		
Directors' emoluments	6,268	5,068
Other staff:		
— salaries and other allowances	112,769	114,640
— retirement benefits scheme contributions (excluding directors)	<u>2,924</u>	<u>2,597</u>
	<u><b>121,961</b></u>	<u><b>122,305</b></u>
Auditor's remuneration		
— audit services	950	850
— non-audit services	270	270
Cost of inventories sold	482,250	502,035
Depreciation of property, plant and equipment	10,988	5,733
Depreciation of right-of-use assets	18,094	19,915
Research and development expenses	<u>18,873</u>	<u>26,547</u>

## 7. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
— The PRC	6,137	3,241
— Withholding tax	<u>—</u>	<u>2,312</u>
	6,137	5,553
Deferred income tax	<u>3,359</u>	<u>(484)</u>
	<u><b>9,496</b></u>	<u><b>5,069</b></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 2024 and 2023.

**(a) Hong Kong Profits Tax**

No provision for Hong Kong Profits Tax was made for the years ended 31 March 2024 and 2023 as there were no assessable profits generated during the years ended 31 March 2024 and 2023.

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

The PRC EIT is provided on the assessable income of the Company’s PRC subsidiary, 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 2024 is provided at the rate of 25% (2023: 25%).

A PRC subsidiary was recognised by the PRC government as “High and New Technology Enterprise” and was 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 subsidiary declare dividend out of profits earned after 1 January 2008. During the year ended 31 March 2024, a lower 5% (2023: 5%) PRC dividend withholding tax rate was adopted since the immediate holding company of the PRC subsidiary is incorporated in Hong Kong and fulfill certain requirements under the tax treaty arrangements between the PRC and Hong Kong.

**8. EARNINGS PER SHARE**

**Basic and diluted earnings per share**

	2024	2023
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>23,238</u>	<u>22,666</u>
Weighted average number of shares in issue ( <i>'000</i> )	<u>600,000</u>	<u>600,000</u>
Basic and diluted earnings per share ( <i>HK cents per share</i> )	<u>3.87</u>	<u>3.78</u>

Basic earnings per share for the years ended 31 March 2024 and 2023 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 2024 and 2023.

Diluted earnings per share is the same as basic earnings per share as the Company had no potential ordinary share in issue during the years ended 31 March 2024 and 2023.

## 9. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend of HK\$0.8 cents per share in respect of the year ended 31 March 2024 (2023: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

## 10. PROPERTY, PLANT AND EQUIPMENT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>At 1 April</b>	<b>49,671</b>	50,437
Additions	37,709	8,905
Acquired on acquisition of subsidiaries ( <i>Note 15</i> )	175,569	—
Transaction costs capitalised	7,734	—
Disposals	(1,083)	(44)
Depreciation	(10,988)	(5,733)
Exchange differences	(2,466)	(3,894)
	<u>256,146</u>	<u>49,671</u>
<b>At 31 March</b>	<b>256,146</b>	49,671

## 11. INVENTORIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Raw materials	54,163	53,988
Work in progress	11,087	20,596
Finished goods	37,605	54,228
	<u>102,855</u>	<u>128,812</u>

## 12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables ( <i>Note (a)</i> )		
— third parties	<u>145,017</u>	<u>110,847</u>

As at 1 April 2022, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$141,121,000.

The Group did not hold any collaterals over these balances.

*Note:*

- (a) The Group normally grants credit periods of 30 to 120 days (2023: 30 to 120 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 3 months	139,265	107,365
3 to 6 months	3,797	3,404
6 months to 1 year	1,541	78
1 year to 2 year	414	—
	<u>145,017</u>	<u>110,847</u>

## 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>
<b>Ordinary share of HK\$0.1 each</b>				
<b>Authorised</b>				
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>4,500,000,000</u>	<u>450,000</u>		
<b>Issued and fully paid</b>				
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>600,000,000</u>	<u>60,000</u>	<u>26,135</u>	<u>86,135</u>

#### 14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables ( <i>Note (a)</i> )	87,248	84,663
Accruals and other payables ( <i>Note (b)</i> )	<u>26,659</u>	<u>13,825</u>
	<u><u>113,907</u></u>	<u><u>98,488</u></u>

*Notes:*

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 3 months	87,056	84,110
3 to 6 months	9	446
6 months to 1 year	9	2
1 to 2 years	<u>174</u>	<u>105</u>
	<u><u>87,248</u></u>	<u><u>84,663</u></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 2024 was accrued directors' emoluments of approximately HK\$79,000 (2023: HK\$71,000).

## 15. ACQUISITION OF SUBSIDIARIES

During the year ended 31 March 2024, the Group acquired 70% of the issued share capital of Kingdom Precision Science and Technology Holding Limited for consideration of HK\$168,000,000 and its identifiable assets are mainly properties, plant and equipment and right-of-use assets. The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (properties, plant and equipment and right-of-use assets).

	<i>HK\$'000</i>
Property, plant and equipment	175,569
Right-of-use assets	77,106
Prepayments, deposits and other receivables	335
Income tax recoverable	554
Cash and cash equivalents	1,348
Other payables and accruals	(7,609)
Bank borrowings	(7,303)
Non-controlling interests	(72,000)
	<u>168,000</u>
Total identifiable net assets acquired	<u>168,000</u>
Satisfied by:	
Cash consideration	<u>168,000</u>

### Net cash outflow arising on acquisition:

	<i>HK\$'000</i>
Cash consideration	168,000
Less: cash and cash equivalent acquired	(1,348)
	<u>166,652</u>

## 16. COMMITMENTS

### Capital commitments

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised or contracted but not provided for:		
— Plant and machinery	<b>296</b>	15,546
— Leasehold improvements	<b>51</b>	1,073
	<u><b>347</b></u>	<u>16,619</u>

## FINANCIAL REVIEW

### Revenue

During the Year, revenue of the Group was approximately HK\$589.9 million, representing a decrease of approximately HK\$15.2 million or 2.5% from approximately HK\$605.1 million for the corresponding period last year. The decrease was mainly due to the decrease in the revenue derived from the customers engaged in the medical and test equipment industry as a result of decreased demands after the pandemic of COVID-19. On the other hand, the decrease in revenue was partially offset by the increase in revenue derived from the network and data storage industry, as well as the office automation industry.

Geographically, South East Asia, the People's Republic of China ("PRC"), Europe and North America continued to be the major markets of the Group's products. Sales to such areas accounted for approximately 50.1%, 31.2%, 12.4% and 4.1% of the Group's revenue, respectively, for the Year. Details of a breakdown of revenue generated by different geographical locations are set out in Note 4 to 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. Set out below is the breakdown of the Group's cost of sales:

	<b>2024</b>		<b>2023</b>	
	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>%</b>
Direct materials	<b>310,441</b>	<b>64.3</b>	360,615	71.9
Direct labour	<b>82,141</b>	<b>17.0</b>	89,362	17.8
Processing fee	<b>22,421</b>	<b>4.7</b>	35,284	7.0
Changes in inventory	<b>26,133</b>	<b>5.4</b>	(20,995)	(4.2)
Other direct overheads	<b>41,505</b>	<b>8.6</b>	37,558	7.5
	<b><u>482,641</u></b>	<b><u>100.0</u></b>	<b><u>501,824</u></b>	<b><u>100.0</u></b>

During the Year, cost of sales of the Group decreased by approximately HK\$19.2 million or 3.8% as compared to the same of the corresponding period last year. The decrease was primarily due to decrease in raw material cost, processing fee and direct labour cost.

The percentage of cost of sales to the total revenue during the Year was approximately 81.8%, representing a decrease of approximately 1.1%, as compared to approximately 82.9% in the corresponding period last year.



### **Gross profit and gross profit margin**

During the Year, the gross profit of the Group was approximately HK\$107.3 million, representing an increase of approximately HK\$4.0 million or 3.9% from approximately HK\$103.3 million for the corresponding period last year. The gross profit margin of the Group was approximately 18.2% during the Year, representing an increase by approximately 1.1%, as compared to approximately 17.1% in the corresponding period last year. The increase of gross profit margin was mainly due to the change in product mix, as well as the Group's effort to control the production costs by enhancing production efficiency and to reduce the number of employees that resulted in the decrease in direct labour and processing fees during the Year.

### **Other gains, net**

During the Year, the Group recorded other gains, net which amounted to approximately HK\$12.0 million. In the corresponding period last year, the Group recorded other gains, net of approximately HK\$8.6 million. We recorded other gains, net during the Year mainly due to a gain on derecognition of right-of-use assets and related lease liabilities upon the acquisition (the "**Acquisition**") of companies which own plants in Suzhou, the PRC. In addition, the increase in other gains, net was partially offset by a decrease in net exchange gain upon the volatility of RMB during the Year.

### **Distribution and selling expenses**

Distribution and selling expenses represented 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 slightly increased by approximately HK\$0.4 million from approximately HK\$6.3 million for the year ended 31 March 2023 to approximately HK\$6.7 million for the Year.

### **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 costs incurred by the Group. The general and administrative expenses of the Group increased from approximately HK\$75.5 million for the corresponding period last year to approximately HK\$83.7 million for the Year. The increase was mainly due to the increase in legal and professional fees incurred for the corporate action and the initial operating costs of Malaysia production base during the Year.

## **Finance costs**

The Group's finance costs represented interest expenses on finance lease and bank borrowings. During the Year, the Group's finance costs was approximately HK\$6.0 million, as compared to approximately HK\$8.5 million for the corresponding period last year. The decrease in finance costs was mainly due to a decrease in average balances of bank borrowings and lease liabilities as compared to corresponding period last year.

## **Income tax expenses**

The Group's income tax expenses amounted to approximately HK\$9.5 million for the Year, while the Group's income tax expenses for the corresponding period last year amounted to approximately HK\$5.1 million. The details are set out in the note 7 to this annual results announcement.

## **Profit attributable to owners of the Company**

For the Year, profit attributable to owners of the Company amounted to approximately HK\$23.2 million, as compared with the profit attributable to owners of the Company of approximately HK\$22.7 million for the corresponding period last year. The increase in net profit was mainly attributable to the increase in gross profit and other gains, net.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Financial resources and liquidity**

The Group's current assets comprise mainly cash and cash equivalents, trade receivables, prepayments, deposits and other receivables and inventories. As at 31 March 2024 and 31 March 2023, the Group's total current assets amounted to approximately HK\$431.3 million and HK\$546.9 million respectively, which represented approximately 55.4% and 75.0% of the Group's total assets as at 31 March 2024 and 2023, respectively.

## Capital structure

The Group's capital structure is summarised as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank borrowings	<u>49,500</u>	<u>22,686</u>
Total debts	<u><u>49,500</u></u>	<u><u>22,686</u></u>
Shareholders' equity	<u><u>602,798</u></u>	<u><u>513,118</u></u>
Gearing ratio		
— Total debts to shareholders' equity ratio <sup>#</sup>	<u><u>8.2%</u></u>	<u><u>4.4%</u></u>

<sup>#</sup> 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, the Group generally financed its operation primarily with internal generated cash flows and bank borrowings.

As at 31 March 2024, the Group's bank borrowings were denominated in Renminbi.

The capital structure of the Group consists of equity attributable to the equity holders of the Company (comprising issued share capital and reserves) and bank borrowings. 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, the Group acquired plant and machinery of approximately HK\$37.7 million, as compared to the year ended 31 March 2023 of approximately HK\$8.9 million.

The Group financed its capital expenditure through cash flows generated from operating activities, finance leases and bank borrowings.

## Charges on the Group's assets

As at 31 March 2024 and 2023, no bank borrowing of the Group was secured by assets 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 has been managing 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 2024 are set out in note 16 to this annual results announcement.

## **Contingent liabilities**

As at 31 March 2024, the Group had no material contingent liabilities.

## **Subsequent event**

The Group has no material subsequent events up to the date of this consolidated financial statements.

## **BUSINESS REVIEW**

During the Year, the global economy was affected by global inflation and high level of interest rate. Besides, the business environment was also threatened by the sustained political tension between the PRC and the United States of America (the "US"), Russia-Ukraine conflict and crisis on Middle East region. These conflicts caused the increase in the pressure of geopolitical tensions. Furthermore, although the COVID-19 pandemic has alleviated in January 2023, the China's economy had been slowed down by the aftermaths of the COVID-19 pandemic and the deglobalisation. Meanwhile, the Group was still facing the increase in material cost, labour cost and production costs in China.

In order to reduce property leasing cost which was one of major production cost, the Group completed the Acquisition during the Year. The Acquisition has enabled the Group to change the factories into the Group's permanent production base and to have more flexibility in the allocation of the Group's resources. For further details regarding the Acquisition, please refer to the announcements of the Company dated 1 December 2023 and 5 February 2024.

During the Year, the Group recorded a revenue of approximately HK\$589.9 million, with a decrease by approximately HK\$15.2 million or 2.5% as compared to a revenue of approximately HK\$605.1 million during the corresponding period last year. The decrease was mainly due to the decrease in the revenue derived from the customers engaged in the medical and test equipment industry as a result of decreased demands after the pandemic of COVID-19. On the other hand, the decrease in revenue was partially offset by the increase in revenue derived from the network and data storage industry, as well as the office automation industry.

The gross profit of the Group increased by approximately HK\$4.0 million or 3.9% from approximately HK\$103.3 million during the corresponding period last year to approximately HK\$107.3 million during the Year. In respect of the overall gross profit margin of the Group that increased from approximately 17.1% during the corresponding period last year to approximately 18.2% during the Year. The increase of gross profit margin was mainly due to the change in product mix, as well as the Group's effort to control of production costs by enhancing production efficiency and to reduce the number of employees that resulted in the decrease in direct labour and processing fees during the Year.

The Group recorded an increase in general and administrative expenses from approximately HK\$75.5 million in the corresponding period last year to approximately HK\$83.7 million during the Year. The increase was mainly due to the increase in legal and professional fees incurred for the corporate action and the initial operating costs of Malaysia production base during the Year.

As such, the Group recorded a net profit of approximately HK\$23.1 million during the Year, as compared with a net profit of approximately HK\$22.7 million during the corresponding period last year.

## **OUTLOOK AND STRATEGY**

Looking forward, the business environment is expected to experience stagnant economic growth and problems of uncertainties that geopolitical conflicts will likely subsist for a period of time. Global economy is also threatened by deglobalisation, global inflation and high level of interest rate.

In the coming year, due to the persistent geopolitical conflicts in Ukraine and Middle East regions, the global business environment will become more unpredictable. On the other hand, the sustained China-US political tension increases the risks of deglobalisation and disruption on the global supply chains. Several customers of the Group are continuing to relocate their businesses to the Southeast Asia. In order to keep in line with the trend of customers reorganising their supply chains, the Group's overseas production base is deploying in Malaysia, so as to provide existing customers with supply chain solutions locating outside China, and take this advantage to actively explore more new customers.

In addition, recent China-US trade dispute is focused on high-tech industries such as chips manufacturing, artificial intelligence, etc.. It is expected that political risk to metal industry from existing US policies is lower than that last year. In order to cope with the change in the business environment, the Group will put more efforts in maintaining good relationships with existing customers of the Group. The Group has also been striving to explore more new customers to broaden its customer base. 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 2024, the Group had a total number of 946 full-time employees (2023: 974). 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.

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 has recommended the payment of a final dividend of HK0.8 cents (2023: nil) per share for the year ended 31 March 2024 which will be payable to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company (the "**Register of Members**") on Monday, 16 September 2024 subject to the Shareholders' approval in the annual general meeting of the Company to be held on Tuesday, 20 August 2024 (the "**AGM**").

## **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 Tuesday, 20 August 2024 (the "AGM"), the register of members of the Company will be closed from Thursday, 15 August 2024 to Tuesday, 20 August 2024, both days inclusive, during which 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 August 2024.

Subject to the Shareholders' approval of the recommended final dividend at the AGM, the final dividend will be payable on or about Monday, 16 September 2024. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Tuesday, 27 August 2024 to Wednesday, 28 August 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2024, all 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 August 2024.

## **CORPORATE GOVERNANCE**

The Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules on the Stock Exchange during the year ended 31 March 2024 with the following deviations:

With effect from immediately after the publication of the announcement jointly issued by the Company and KIG Real Estate Holdings Limited on 1 March 2024, Mr. Zhang Haifeng has resigned as a non-executive Director, the Chairman of the Board, the chairman of the nomination committee of the Board and a member of the remuneration committee of the Board.

Following resignation of Mr. Zhang, the Board announces that with effect from immediately after the publication of such joint announcement on 1 March 2024:

- (a) Mr. Peter Sun, an executive Director, has been appointed as the Chairman of the Board and the chairman of the nomination committee of the Board; and
- (b) Mr. Shen Zheqing, an independent non-executive Director, has been appointed as a member of the remuneration committee of the Board.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sun Kwok Wah, Peter, will serve as both the chief executive officer of the Company and the Chairman of the Board. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman of the Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetisation capabilities and optimising operating efficiency. In particular, Mr. Sun, being a founder of the Group and the chief executive officer of the Company, is familiar with the Company's business operation and has superior knowledge and experience of the Company's business.

In addition, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board require approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among others, that he/she acts for the benefits and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consisting of two executive Directors and three independent non-executive Directors and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussions at both the Board and senior management levels.

Therefore, the Board considers that the deviation from the code provision of C.2.1 of the CG Code is appropriate in such circumstances. Except for the above deviation from CG Code, the Board is of the view that the Company has complied with the CG Code during the Year. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time.

#### **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 C3 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 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.

## **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 as set out in this annual results announcement have been agreed by the Group'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, save as the Acquisition, 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.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.kingdom.com.hk](http://www.kingdom.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2024 annual report containing all the information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and be available on the said websites in due course.