K & P INTERNATIONAL HOLDINGS LIMITED
堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 675)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

RESULTS

The Board of Directors (the "Board") of K & P International Holdings Limited (the "Company") herein announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 together with the comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2010

	Notes	**2010** *HK$*	2009 *HK$* (Restated)
REVENUE	*4*	**384,638,630**	322,867,274
Cost of sales		**(304,693,595)**	(260,846,834)
Gross profit		**79,945,035**	62,020,440
Other income and gains	*4*	**5,763,445**	8,193,717
Selling and distribution costs		**(29,543,237)**	(30,978,880)
Administrative expenses		**(21,695,328)**	(25,561,754)
Other expenses		**(270,752)**	(1,263,850)
Finance costs	*6*	**(1,812,443)**	(3,275,781)
PROFIT BEFORE TAX	*5*	**32,386,720**	9,133,892
Income tax expense	*7*	**(7,207,536)**	(3,341,604)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**25,179,184**	5,792,288
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK9.48 cents**	HK2.18 cents
Diluted		**HK9.47 cents**	HK2.18 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010 HK$	2009 HK$ (Restated)
PROFIT FOR THE YEAR	**25,179,184**	5,792,288
OTHER COMPREHENSIVE INCOME		
Surplus arising from revaluation of land and buildings	**2,307,027**	3,044,452
Income tax effect	**(330,365)**	(705,471)
	1,976,662	2,338,981
Exchange differences on translation of foreign operations	**1,680,783**	(306,324)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,657,445**	2,032,657
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**28,836,629**	7,824,945

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	**31 December 2010** *HK$*	31 December 2009 *HK$* (Restated)	1 January 2009 *HK$* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**140,464,261**	147,408,094	157,304,311
Prepaid land lease payments		**13,504,017**	13,444,493	13,750,572
Other intangible assets		**4,070,829**	8,145,829	10,038,329
Available-for-sale investment		**680,000**	680,000	680,000
Deferred tax assets		**4,068,157**	1,358,447	–
Prepaid rent		**234,000**	468,000	702,000
Total non-current assets		**163,021,264**	171,504,863	182,475,212
CURRENT ASSETS				
Inventories		**32,873,562**	36,859,295	45,476,715
Prepayments, deposits and other receivables		**6,700,135**	12,545,043	17,420,786
Trade and bills receivables	*10*	**58,393,380**	61,645,865	64,630,967
Cash and cash equivalents		**42,759,628**	32,405,249	51,510,355
Total current assets		**140,726,705**	143,455,452	179,038,823
CURRENT LIABILITIES				
Trade payables	*11*	**40,837,096**	56,778,707	61,748,249
Accrued liabilities and other payables		**31,143,002**	24,712,798	34,158,844
Derivative financial instrument		**–**	–	106,627
Interest-bearing bank and other borrowings		**28,656,395**	53,351,766	90,548,074
Loan from a director		**–**	12,000,000	–
Tax payable		**15,378,484**	8,151,972	2,636,232
Provision for product warranties		**–**	–	355,774
Total current liabilities		**116,014,977**	154,995,243	189,553,800
NET CURRENT ASSETS/(LIABILITIES)		**24,711,728**	(11,539,791)	(10,514,977)
TOTAL ASSETS LESS CURRENT LIABILITIES		**187,732,992**	159,965,072	171,960,235
NON-CURRENT LIABILITIES				
Other long term payables		**–**	–	4,108,231
Interest-bearing bank and other borrowings		**–**	1,561,074	4,924,462
Deferred tax liabilities		**1,650,867**	1,158,502	1,509,031
Loan from a director		**–**	–	12,000,000
Total non-current liabilities		**1,650,867**	2,719,576	22,541,724
Net assets		**186,082,125**	157,245,496	149,418,511
EQUITY				
Issued capital		**26,550,480**	26,550,480	26,550,480
Reserves		**146,256,405**	130,695,016	122,868,031
Proposed final dividend	*8*	**7,965,144**	–	–
Proposed special dividend	*8*	**5,310,096**	–	–
Total equity		**186,082,125**	157,245,496	149,418,511

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for land and buildings, a derivative financial instrument and an available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

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

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

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

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

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

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

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

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

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) (continued)

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land lease payments" which is stated at cost to finance leases under land and buildings category of "property, plant and equipment" which is stated at valuation. The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2010	2009
	HK$	*HK$*
Consolidated income statement for the year ended 31 December		
Decrease in amortisation of prepaid land lease payments	**(199,602)**	(199,602)
Increase in depreciation of property, plant and equipment	**199,602**	199,602
Increase in surplus arising from revaluation of land and buildings	**–**	3,522,286
	–	3,522,286
Consolidated statement of comprehensive income for the year ended 31 December		
Increase in asset revaluation reserve		
Surplus arising from revaluation of land and buildings	**1,609,602**	1,687,316
Income tax effect	**(265,585)**	(75,096)
	1,344,017	1,612,220
Consolidated statement of financial position at 31 December		
Increase/(decrease) in assets (current and non-current)		
Property, plant and equipment	**9,450,000**	8,040,000
Prepaid land lease payments	**(7,185,667)**	(7,385,269)
Prepayments, deposits and other receivables	**(199,602)**	(199,602)
	2,064,731	455,129
Increase in liabilities/equity		
Deferred tax liabilities	**340,681**	75,096
Asset revaluation reserve	**1,724,050**	380,033
	2,064,731	455,129

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) (continued)

	2009
	HK$
Consolidated statement of financial position at 1 January	
Increase/(decrease) in assets (current and non-current)	
Property, plant and equipment	3,030,000
Prepaid land lease payments	(7,584,871)
Prepayments, deposits and other receivables	(199,602)
	(4,754,473)
Decrease in equity	
Asset revaluation reserve	(1,232,187)
Retained profits	(3,522,286)
	(4,754,473)

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 January 2009, and the related notes affected by the amendments have been presented in these financial statements.

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

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the statement of financial position as a non-current liability based on the maturity date of repayment. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a statement of financial position as at 1 January 2009.

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

	31 December 2010	31 December 2009	1 January 2009
	HK$	*HK$*	*HK$*
CURRENT LIABILITIES			
Increase in bank and other borrowings	**17,707,572**	17,415,653	19,580,250
NON-CURRENT LIABILITIES			
Decrease in bank and other borrowings	**(17,707,572)**	(17,415,653)	(19,580,250)

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the precision parts and components segment comprises the manufacture and sale of precision parts and components comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays ("LCDs");

(b) the consumer electronic products segment comprises the design, manufacture and sale of consumer electronic products comprising time, weather forecasting and other products; and

(c) the corporate and others segment comprises the Group's property holding activities, together with corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the cost of sales.

Year ended 31 December 2010	**Precision parts and components** *HK$*	**Consumer electronic products** *HK$*	**Corporate and others** *HK$*	**Total** *HK$*
Segment revenue:				
Sales to external customers	**246,535,006**	**138,103,624**	**–**	**384,638,630**
Intersegment sales	**3,301,544**	**963,574**	**–**	**4,265,118**
Other income and gains	**3,702,475**	**2,002,217**	**2,918**	**5,707,610**
	253,539,025	**141,069,415**	**2,918**	**394,611,358**
Reconciliation:				
Elimination of intersegment sales				**(4,265,118)**
Total revenue				**390,346,240**
Segment results	**40,762,489**	**(2,382,238)**	**(4,236,923)**	**34,143,328**
Reconciliation:				
Bank interest income				**55,835**
Finance costs				**(1,812,443)**
Profit before tax				**32,386,720**
Other segment information:				
Depreciation and amortisation	**8,824,954**	**10,465,703**	**973,675**	**20,264,332**
Impairment of trade receivables	**51,442**	**219,310**	**–**	**270,752**
Provision for slow-moving inventories	**379,983**	**1,649,724**	**–**	**2,029,707**
Surplus on revaluation of land and buildings credited to other comprehensive income	**–**	**–**	**2,307,027**	**2,307,027**
Recognition of prepaid land lease payments	**296,132**	**–**	**–**	**296,132**
Capital expenditure	**3,880,120**	**226,979**	**16,300**	**4,123,399**

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009	Precision parts and components *HK$*	Consumer electronic products *HK$*	Corporate and others *HK$* (Restated)	Total *HK$* (Restated)
Segment revenue:				
Sales to external customers	203,350,227	119,517,047	–	322,867,274
Intersegment sales	2,181,648	309,428	–	2,491,076
Other income and gains	2,841,029	1,781,394	3,541,275	8,163,698
	208,372,904	121,607,869	3,541,275	333,522,048
Reconciliation:				
Elimination of intersegment sales				(2,491,076)
Total revenue				331,030,972
Segment results	21,304,250	(13,026,938)	4,102,342	12,379,654
Reconciliation:				
Bank interest income				30,019
Finance costs				(3,275,781)
Profit before tax				9,133,892
Other segment information:				
Depreciation and amortisation	9,820,719	13,059,038	939,977	23,819,734
Impairment of trade receivables	22,457	663,351	–	685,808
Reversal of provision for slow-moving inventories	(332,545)	–	–	(332,545)
Surplus on revaluation of land and buildings credited to other comprehensive income	–	–	3,044,452	3,044,452
Surplus on revaluation of land and buildings credited to the income statement	–	–	3,522,286	3,522,286
Recognition of prepaid land lease payments	288,899	–	–	288,899
Capital expenditure	1,671,987	3,784,224	38,380	5,494,591
Product warranty provision	–	204,352	–	204,352

Geographical information

(a) Revenue from external customers

	2010 *HK$*	2009 *HK$*
Hong Kong	**64,925,786**	62,259,815
Mainland China	**22,137,768**	22,706,208
Japan and other Asian countries	**53,158,254**	52,532,972
North America	**27,514,217**	24,327,349
Europe	**206,047,110**	152,539,892
Other countries	**10,855,495**	8,501,038
	384,638,630	322,867,274

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	2010	2009
	HK$	*HK$*
		(Restated)
Hong Kong	**20,746,263**	23,077,638
Mainland China	**137,519,757**	146,362,423
Other countries	**7,087**	26,355
	158,273,107	169,466,416

The non-current asset information above is based on the location of assets and excludes an available-for-sale investment and deferred tax assets.

Information about a major customer

Revenue of approximately HK$79 million (2009: HK$54.4 million), contributing over 10% of the total sales of the Group, was derived from sales by the precision parts and components segment to a single customer.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2010	2009
	HK$	*HK$*
		(Restated)
Revenue		
Sale of goods	**384,638,630**	322,867,274
Other income and gains		
Bank interest income	**55,835**	30,019
Tooling charge income	**1,315,595**	1,409,807
Sale of scrap	**430,300**	396,150
Sale of samples	**1,743,786**	1,476,185
Gain on disposal of items of property, plant and equipment	**663,180**	–
Fair value gain on a derivative instrument – transaction not qualifying as a hedge	**–**	106,627
Gain on a derivative instrument – transaction not qualifying as a hedge	**–**	186,400
Foreign exchange differences, net	**1,185,258**	–
Surplus arising from revaluation of land and buildings	**–**	3,522,286
Others	**369,491**	1,066,243
	5,763,445	8,193,717

5. PROFIT BEFORE TAX

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

	2010	2009
	HK$	*HK$*
		(Restated)
Cost of inventories sold	**298,588,888**	256,346,879
Auditors' remuneration	**1,145,824**	1,538,117
Depreciation	**16,189,332**	18,987,234
Amortisation of land lease payments	**296,132**	288,899
Minimum lease payments under operating leases on land and buildings	**3,547,132**	3,902,981
Amortisation of other intangible assets*	**4,075,000**	4,832,500
Provision/(reversal of provision) for slow-moving inventories*	**2,029,707**	(332,545)
Staff costs (including directors' other emoluments):		
Wages and salaries	**89,762,470**	73,809,767
Equity-settled share option expense	**–**	2,040
Pension scheme contributions	**475,070**	525,520
	90,237,540	74,337,327
Less: Amount capitalised in deferred development costs	**–**	(2,940,000)
	90,237,540	71,397,327
Product warranty provision	**–**	204,352
Fair value gain on a derivative instrument – transaction not qualifying as a hedge	**–**	(106,627)
Gain on a derivative instrument – transaction not qualifying as a hedge	**–**	(186,400)
Foreign exchange differences, net	**(1,185,258)**	561,598
Impairment of trade receivables	**270,752**	685,808
Loss/(gain) on disposal of items of property, plant and equipment	**(663,180)**	16,444

* The amortisation of other intangible assets and the provision/(reversal of provision) for slow-moving inventories for the year are included in "Cost of sales" in the consolidated income statement.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2010	2009
	HK$	*HK$*
Interest on bank loans and overdrafts wholly repayable within five years	**1,706,352**	3,063,516
Interest on finance leases	**106,091**	212,265
	1,812,443	3,275,781

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2010	2009
	HK$	*HK$*
Group:		
Current – Hong Kong		
Charge for the year	**2,734,276**	1,847,975
Underprovision in prior years	**4,298,867**	2,308,076
Current – Elsewhere		
Charge for the year	**4,346,711**	1,670,000
Overprovision in prior years	**(1,624,608)**	(70,000)
Deferred	**(2,547,710)**	(2,414,447)
Total tax charge for the year	**7,207,536**	3,341,604

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate are as follows:

Group

	2010	2009
	HK$	*HK$*
		(Restated)
Profit before tax	**32,386,720**	9,133,892
Tax at the statutory tax rate of 16.5% (2009: 16.5%)	**5,343,809**	1,507,092
Adjustments in respect of current tax of previous periods	**2,674,259**	2,238,076
Effect of different rates for companies operating in other jurisdictions	**1,578,749**	586,785
Income not subject to tax	**(3,012,594)**	(1,562,856)
Tax effect of previously unrecognised tax losses now recognised	**(2,662,836)**	–
Expenses not deductible for tax	**3,424,125**	1,740,469
Tax losses utilised from previous periods	**(25,791)**	(343,688)
Tax losses not recognised	**347,257**	–
Others	**(459,442)**	(824,274)
Tax charge at the Group's effective rate of 22.3% (2009: 36.6%)	**7,207,536**	3,341,604

8. DIVIDENDS

	2010 *HK$*	2009 *HK$*
Proposed final – HK3 cents (2009: Nil) per ordinary share	**7,965,144**	–
Proposed special – HK2 cents (2009: Nil) per ordinary share	**5,310,096**	–
	13,275,240	–

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	2010 *HK$*	2009 *HK$* (Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	**25,179,184**	5,792,288
Shares		
Number of ordinary shares in issue during the year used in the basic earnings per share calculation	**265,504,800**	265,504,800
Effect of dilution – weighted average number of ordinary shares:		
Share options	**489,385**	15,818
Weighted average number of ordinary shares adjusted for the effect of dilution	**265,994,185**	265,520,618

10. TRADE AND BILLS RECEIVABLES

	Group	
	2010	2009
	HK$	*HK$*
Trade receivables	**56,803,891**	64,105,523
Impairment	**(78,062)**	(3,653,289)
	56,725,829	60,452,234
Bills receivable discounted with recourse	**1,667,551**	1,193,631
	58,393,380	61,645,865

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of these balances approximate to their fair values.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2010	2009
	HK$	*HK$*
Within 90 days	**54,768,204**	52,872,741
Between 91 and 180 days	**1,383,640**	7,503,268
Over 180 days	**573,985**	76,225
	56,725,829	60,452,234

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

	Group	
	2010	2009
	HK$	*HK$*
Within 90 days	**1,667,551**	1,193,631

10. TRADE AND BILLS RECEIVABLES (continued)

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2010	2009
	HK$	*HK$*
At 1 January	**3,653,289**	4,336,638
Impairment losses recognised	**270,752**	685,808
Amount written off as uncollectible	**(3,845,979)**	(1,369,157)
	78,062	3,653,289

The above provisions are for individually impaired trade receivables of HK$78,062 (2009: HK$3,653,289) related to customers that were in financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK$	*HK$*
Neither past due nor impaired	**42,217,219**	39,232,180
Less than 1 month past due	**10,933,012**	12,817,043
1 to 3 months past due	**2,717,326**	5,409,270
3 to 6 months past due	**858,272**	2,993,741
	56,725,829	60,452,234

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE PAYABLES

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

	Group	
	2010	2009
	HK$	*HK$*
Within 90 days	**34,683,069**	44,152,490
Between 91 and 180 days	**6,049,046**	10,683,462
Over 180 days	**104,981**	1,942,755
	40,837,096	56,778,707

The trade payables are non-interest-bearing and are normally settled on terms varying from 60 to 120 days.

FINANCIAL RESULTS

The Group turnover for the year ended 31 December 2010 amounted to approximately HK$384.6 million representing a 19.1% increase from the previous year. Overall gross profit increased by 28.9% to approximately HK$79.9 million this year. Profit attributable to owners of the Company was approximately HK$25.2 million (2009: HK$5.8 million).

Basic earnings per share for the year ended 31 December 2010 was HK9.48 cents (2009: HK2.18 cents) per share.

DIVIDENDS

The directors recommend the payment of a final dividend of HK3 cents per ordinary share and a special dividend of HK2 cents per ordinary share (2009: Nil) on Thursday, 16 June 2011 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 17 May 2011. This recommendation has been incorporated in the financial statements as an allocation of retained profit within the equity section of the statement of financial position.

CLOSURE OF REGISTERS

The Register of Members of the Company will be closed from Thursday, 12 May 2011 to Tuesday, 17 May 2011, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the above dividends and for attending and voting at the annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 May 2011.

BUSINESS REVIEW

The sales turnover of the precision parts and components segment had increased by 21.2% to approximately HK$246.5 million in 2010. The operating profit increased by 91.3% to approximately HK$40.8 million.

The sales turnover of the consumer products segment had increased by 15.6% to approximately HK$138.1 million. The operating loss of this segment had decreased by 81.7% to approximately HK$2.4 million. This segment of business has gradually improved, and the loss included the provision for one-time write-off of inventories.

As the global economy for 2010 had been continuously recovering, the group had recorded a strong business growth due to the increase in market demand. On the other hand, we were successful in enhancing the production efficiency and controlling costs, so the gross profit margin could be increased by 1.6% from last year to 20.8%. At the same time, we also reduced the operation costs, this led to the reduction of selling & distribution expenses by HK$1.4 million and administrative expenses by HK$3.9 million, which decreased by 4.6% and 15.1% respectively. Furthermore, as we reduced our usage of bank loans tremendously, finance costs also decreased by HK$1.5 million, which dropped by 44.7%. Due to the increase in sales turnover and the success in controlling production and operation costs, the Group had resulted in a strong increase in profitability.

FUTURE PLANS AND PROSPECTS

As the products from the Group are mainly sold to Europe and the Americas, our business does benefit from the continuous growth of the retail market from these countries. However, the recent political instability in certain countries triggers the fluctuation on the price of different commodities in the market. This adds uncertainties to the global economic recovery and so we are cautiously optimistic in regard to the business prospect of this year.

FUTURE PLANS AND PROSPECTS (continued)

Shortage of labor has become a long term problem in Mainland China. In order to solve this issue and also to maintain the punctual delivery for the increase in sales, we have substantially increased the labor wages of our workers. In addition, the continuous increase in the raw material price and appreciation of Renminbi ("RMB") has imposed huge pressure on the costs. To cope with this situation, we have already negotiated with our customers for adjusting our price to offset the increase in cost. At the same time, we also work closely with our suppliers to minimise impact of the cost fluctuation of raw material and components on our products. We have strengthened in automation on production and to look for improvement of our production process to lower our production costs so as to improve our profitability.

In 2006, the Group had signed a land purchase agreement with a third party to purchase the right to use of a land in Qingyuan. However, as the third party could not complete the corresponding legal document, that particular agreement was void with the mutual consent in July 2010. The Group had collected back all the deposits RMB5.1 million for the land in September 2010. At present, the Group does not have any plan on any other land purchase.

The Group had successfully gone through the challenges of the economic turmoil caused from the financial tsunami. With the stable financial support, the Group will continue to expand from our current business, to strengthen the management of the current business operation model and to further enhance our sales force so as to ensure our business growth continuously.

OPERATIONS REVIEW

The following highlights the Group's results for the year ended 31 December 2010.

- Turnover increased by 19.1% from the prior year to HK$384.6 million for the year.

- Gross profit increased by approximately HK$17.9 million from 2009 to approximately HK$79.9 million in 2010.

- Profit from operating activities before finance costs was HK$34.2 million, an increase of HK$21.8 million from the last financial year.

- Finance costs decreased by HK$1.5 million from last year to HK$1.8 million.

- Profit for the year was approximately HK$25.2 million.

In the year under review, turnover of the precision parts and components segment has increased by approximately 21.2% as compared with the previous financial year. Turnover of the consumer electronic products segment has increased by approximately 15.6%.

The Group's overall gross profit has increased by approximately 28.9% from the previous year.

The Group's finance costs have decreased to HK$1.8 million for the year due to the decrease in bank borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers and other financial institutions in Hong Kong and Mainland China.

The total borrowings from banks and financial institutions include all term loans, finance leases, import and export loans, which amounted to approximately HK$28.7 million as at 31 December 2010.

The Group's financial position remains healthy. At the end of the reporting period, the aggregate balance of cash and cash equivalents of the Group amounted to approximately HK$42.8 million.

LIQUIDITY AND FINANCIAL RESOURCES (continued)

The Group's borrowings are on a floating rate basis and are mainly denominated in Hong Kong dollars, Renminbi or United States dollars. These match with the principal currencies in which the Group conducts its business. Currently, the Group has Renminbi-denominated loans amounting to approximately RMB7.2 million that are used by the Group's Zhongshan plants for working capital purposes.

The gearing ratio on the basis of total debts to total assets as at 31 December 2010 is 38.7% (2009: 50.1%).

CHARGE ON THE GROUP ASSETS

At 31 December 2010, certain of the Group's buildings with a net carrying value of approximately HK$49,900,000 (2009: HK$49,500,000) and one of the Group's land with a net book value of approximately HK$10,500,000 (2009: HK$10,300,000) were pledged to secure instalment loans to the Group.

CONTINGENT LIABILITIES

Except for corporate guarantees given to banks and other financial institutions in relation to facilities granted to the subsidiaries, the Company has no other contingent liabilities as at 31 December 2010.

CAPITAL STRUCTURE

As at 31 December 2010, the Company had 265,504,800 shares in issue with total shareholders' funds of the Group amounting to approximately HK$186.1 million.

Pursuant to the share option scheme, the Board granted share options to certain senior executives and employees of the Group. The exercise in full of those share options granted but remaining not exercised would result in the issue of 1,500,000 additional shares and proceeds of approximately HK$0.39 million.

FUND RAISING

Other than obtaining additional general banking facilities to finance the Group's trading requirements, the Group did not have any special fund raising activities in 2010.

EMPLOYEES

As at 31 December 2010, the Group had a total workforce of approximately 1,888 of which approximately 54 were based in Hong Kong, approximately 5 were based overseas and approximately 1,829 were based in the Mainland China.

The Group remunerates its employees largely based on the prevailing industry practice and labor laws. Since December 1996, the Company has adopted a share option scheme for the purpose of providing incentives and rewards to the employees of the Group.

Moreover, under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, the Group has operated a defined contribution Mandatory Provident Fund retirement benefits scheme for all its Hong Kong employees. For overseas and Mainland China employees, the Group is required to contribute a certain percentage of its payroll costs to the central pension scheme operated by the respective local government.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the year ended 31 December 2010, except for the deviation in respect of the separation of the roles of chairman and chief executive officer. Considered reason for such deviation has been disclosed in the 2010 Interim Report.

REVIEW OF ACCOUNTS

The Audit committee has reviewed the Group's 2010 final results before they were tabled for the Board's review and approval.

On behalf of the Board
K & P International Holdings Limited
Lai Pei Wor
Chairman

Hong Kong, 23 March 2011

As at the date of this announcement, the Board comprises Messrs. Lai Pei Wor and Chan Yau Wah (being executive directors) and Messrs. Kung Fan Cheong, Leung Man Kay and Li Yuen Kwan, Joseph (being independent non-executive directors).