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 2013

RESULTS

The Board of Directors (the "Board") of K & P International Holdings Limited (the "Company") herein announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures for the corresponding year in 2012 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2013

	Notes	**2013** *HK$*	2012 *HK$*
REVENUE	*4*	**419,519,846**	406,872,156
Cost of sales		**(346,494,494)**	(327,267,327)
Gross profit		**73,025,352**	79,604,829
Other income and gains	*4*	**17,186,488**	5,522,912
Selling and distribution costs		**(32,548,289)**	(29,188,796)
Administrative expenses		**(32,265,324)**	(24,805,338)
Other expenses		**(700,625)**	(163,916)
Finance costs	*6*	**(1,002,764)**	(647,541)
PROFIT BEFORE TAX	*5*	**23,694,838**	30,322,150
Income tax credit/(expense)	*7*	**2,330,387**	(4,074,421)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**26,025,225**	26,247,729
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK9.75 cents**	HK9.85 cents
Diluted		**HK9.75 cents**	HK9.85 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 HK$	2012 HK$
PROFIT FOR THE YEAR	**26,025,225**	26,247,729
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Surplus arising from revaluation of land and buildings	**12,488,713**	21,498,191
Income tax effect	**(2,863,480)**	(2,958,312)
	9,625,233	18,539,879
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**3,581,217**	(273,607)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**13,206,450**	18,266,272
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**39,231,675**	44,514,001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$	2012 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**186,415,614**	159,467,363
Prepaid land lease payments		**13,350,738**	13,329,193
Other intangible assets		**-**	317,496
Available-for-sale financial investment		**680,000**	680,000
Deferred tax assets		**434,200**	514,989
Prepaid rent		**156,850**	313,700
Total non-current assets		**201,037,402**	174,622,741
CURRENT ASSETS			
Inventories		**52,823,362**	35,684,612
Derivative financial instruments	*12*	**3,153,075**	1,051,412
Prepayments, deposits and other receivables		**15,878,797**	12,846,245
Trade and bills receivables	*10*	**71,447,340**	60,995,563
Cash and cash equivalents		**55,645,830**	59,277,670
Total current assets		**198,948,404**	169,855,502
CURRENT LIABILITIES			
Trade payables	*11*	**48,497,085**	34,410,318
Accrued liabilities and other payables		**48,106,038**	44,839,901
Interest-bearing bank and other borrowings		**29,112,005**	12,148,444
Tax payable		**9,122,965**	13,146,766
Total current liabilities		**134,838,093**	104,545,429
NET CURRENT ASSETS		**64,110,311**	65,310,073
TOTAL ASSETS LESS CURRENT LIABILITIES		**265,147,713**	239,932,814
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,677,187**	2,556,123
Deferred tax liabilities		**8,503,908**	5,621,460
Total non-current liabilities		**10,181,095**	8,177,583
Net assets		**254,966,618**	231,755,231
EQUITY			
Issued capital		**26,700,480**	26,700,480
Reserves		**217,585,946**	194,374,559
Proposed final dividend	*8*	**10,680,192**	10,680,192
Total equity		**254,966,618**	231,755,231

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements have been prepared under the historical cost convention, except for land and buildings, derivative financial instruments and an available-for-sale financial investment, which have been measured at revalued amount/fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Allocation of total comprehensive income
Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest
Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2012 financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out in note 2.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following new/revised HKFRSs for the first time. Other than as further explained, the adoption of the new/revised HKFRSs has had no significant impact on the financial statements of the Group.

Amendments to HKAS 1: Presentation of items of other comprehensive income
The amendments to HKAS 1 require entities to group together items within other comprehensive income that will not be reclassified to profit or loss separately from items that may be reclassified subsequently to profit or loss if certain conditions are met. Other than the presentation changes, the application of the amendments does not have an impact on the amounts recognised.

HKFRS 10: Consolidated financial statements
HKFRS 10, which replaces the requirements in HKAS 27 relating to the preparation of consolidated financial statements and HK-SIC 12, introduces a single control model to determine whether an investee should be consolidated. It changes the definition of control by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

In accordance with the transitional provisions of HKFRS 10, the Group reassessed the control conclusion for its investees at the date of initial application. The exercise does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at that date.

HKFRS 13: Fair value measurement
This new standard improves consistency by providing a single source of guidance for fair value measurement and disclosures about fair value measurement when such measurement is required or permitted by other HKFRSs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions, the standard has been applied prospectively. Apart from the additional disclosures about fair value measurements for the current year, the application of the new standard does not have any material impact on the amounts recognised.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its 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;

(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 long term investments, together with corporate income and expense items.

Management, the chief decision makers, monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, 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 and finance costs are excluded from such measurement.

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

In previous years, the intersegment management fee between each individual segment were eliminated in full in the presentation of operating segment information. In current year, the management re-assessed the classification of the intersegment management fee and concluded that present gross results on individual segments reflect the profit or loss which reviewed by and regularly provided to the chief decision maker. The 2012 figures had been restated to reflect the substance.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013	Precision parts and components *HK$*	Consumer electronic products *HK$*	Corporate and others *HK$*	Total *HK$*
Segment revenue:				
Sales to external customers	**305,648,247**	**113,871,599**	**-**	**419,519,846**
Intersegment sales	**1,219,706**	**417,360**	**-**	**1,637,066**
Intersegment management fee	**-**	**-**	**4,200,000**	**4,200,000**
Other income and gains, excluding bank interest income	**11,352,789**	**5,755,337**	**(192,943)**	**16,915,183**
	318,220,742	**120,044,296**	**4,007,057**	**442,272,095**
Reconciliation:				
Elimination of intersegment sales				**(1,637,066)**
Elimination of intersegment management fee				**(4,200,000)**
Total segment revenue				**436,435,029**
Segment results:	**19,390,761**	**6,432,974**	**(1,397,438)**	**24,426,297**
Reconciliation:				
Bank interest income				**271,305**
Finance costs				**(1,002,764)**
Profit before tax				**23,694,838**
Other segment information:				
Depreciation and amortisation of other intangible assets	**8,436,018**	**3,177,336**	**2,051,177**	**13,664,531**
Impairment of trade receivables	**201,318**	**-**	**-**	**201,318**
(Reversal of provision)/provision for slow-moving inventories, net	**(228,043)**	**(1,704,948)**	**-**	**(1,932,991)**
Surplus on revaluation of land and buildings credited to other comprehensive income	**-**	**-**	**12,488,713**	**12,488,713**
Amortisation of prepaid land lease payments	**312,408**	**-**	**-**	**312,408**
Fair value gain on derivative financial instruments – transactions not qualified for hedge accounting	**2,605,305**	**547,770**	**-**	**3,153,075**
Realised gain arising from derivative financial instruments – transactions not qualified for hedge accounting	**5,131,092**	**1,620,345**	**-**	**6,751,437**
Gain on bargain purchase	**2,799,926**	**-**	**-**	**2,799,926**
Capital expenditure				
- additions	**12,044,343**	**1,302,234**	**2,415,944**	**15,762,521**
- additions – business combination	**9,521,674**	**-**	**-**	**9,521,674**

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2012	Precision parts and components HK$ (Restated)	Consumer electronic products HK$ (Restated)	Corporate and others HK$ (Restated)	Total HK$ (Restated)
Segment revenue:				
Sales to external customers	254,007,790	152,864,366	-	406,872,156
Intersegment sales	2,229,758	1,025,107	-	3,254,865
Intersegment management fee	-	-	4,200,000	4,200,000
Other income and gains, excluding bank interest income	4,368,152	971,008	21,584	5,360,744
	260,605,700	154,860,481	4,221,584	419,687,765
Reconciliation:				
Elimination of intersegment sales				(3,254,865)
Elimination of intersegment management fee				(4,200,000)
Total segment revenue				412,232,900
Segment results:	17,474,427	12,243,527	1,089,569	30,807,523
Reconciliation:				
Bank interest income				162,168
Finance costs				(647,541)
Profit before tax				30,322,150
Other segment information:				
Depreciation and amortisation of other intangible assets	6,635,948	4,898,318	1,258,993	12,793,259
Impairment of trade receivables	10,657	-	-	10,657
(Reversal of provision)/provision for slow-moving inventories, net	(535,606)	854,638	-	319,032
Surplus on revaluation of land and buildings credited to other comprehensive income	-	-	21,498,191	21,498,191
Amortisation of prepaid land lease payments	305,174	-	-	305,174
Fair value gain on derivative financial instruments – transactions not qualified for hedge accounting	1,370,782	-	-	1,370,782
Realised gain arising from derivative financial instruments – transactions not qualified for hedge accounting	385,110	-	-	385,110
Capital expenditure - additions	3,443,244	146,444	596,442	4,186,130

Geographical information

(a) Revenue from external customers

	2013 *HK$*	2012 *HK$*
Hong Kong	**82,060,176**	52,364,778
Mainland China	**43,002,309**	48,942,626
Japan and other Asian countries	**62,569,013**	60,124,774
North America	**57,476,008**	33,187,145
South America	**16,924,813**	9,477,619
Europe	**149,069,394**	198,784,141
Other countries	**8,418,133**	3,991,073
	419,519,846	406,872,156

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	2013	2012
	HK$	*HK$*
Hong Kong	**49,509,858**	39,217,860
Mainland China	**150,377,583**	134,141,582
Other countries	**35,761**	68,310
	199,923,202	173,427,752

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

Information about a major customer

During the year ended 31 December 2013, no customer contributed over 10% of the total sales of the Group.

During the year ended 31 December 2012, revenue of approximately HK$59,000,000, 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:

	2013	2012
	HK$	*HK$*
Revenue		
Sale of goods	**419,519,846**	406,872,156
Other income and gains		
Bank interest income	**271,305**	162,168
Tooling charge income	**634,406**	558,139
Sale of scrap	**989,794**	772,440
Sale of samples	**1,505,383**	1,359,329
Gain on disposal of items of property, plant and equipment	**-**	33,380
Fair value gain on derivative financial instruments – transactions not qualified for hedge accounting	**3,153,075**	1,370,782
Realised gain arising from derivative financial instruments – transactions not qualified for hedge accounting	**6,751,437**	385,110
Gain on bargain purchase (note 13)	**2,799,926**	-
Others	**1,081,162**	881,564
	17,186,488	5,522,912

5. PROFIT BEFORE TAX

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

	2013 *HK$*	2012 *HK$*
Staff costs (including directors' remuneration)#:		
Wages and salaries	**135,898,207**	114,125,828
Contributions to retirement benefit schemes	**12,103,579**	8,563,263
	148,001,786	122,689,091
Cost of inventories sold	**348,109,989**	325,885,729
(Reversal of provision)/provision for slow-moving inventories, net*	**(1,932,991)**	319,032
Auditor's remuneration	**1,187,175**	991,825
Depreciation#	**13,347,035**	11,508,259
Amortisation of prepaid land lease payments	**312,408**	305,174
Minimum lease payments under operating leases on land and buildings#	**5,867,007**	3,957,537
Amortisation of other intangible assets*	**317,496**	1,285,000
Fair value gain on derivative financial instruments – transactions not qualified for hedge accounting	**(3,153,075)**	(1,370,782)
Realised gain arising from derivative financial instruments – transactions not qualified for hedge accounting	**(6,751,437)**	(385,110)
Foreign exchange differences, net	**696,465**	157,606
Impairment of trade receivables	**201,318**	10,657
Loss/(gain) on disposal of items of property, plant and equipment	**1,314**	(33,380)

The staff cost amounting to HK$117,349,588 (2012: HK$94,587,970), depreciation amounting to HK$11,698,848 (2012: HK$10,630,149) and minimum lease payments under operating leases on land and buildings amounting to HK$5,437,031 (2012: HK$3,557,572) for the year are included in "Cost of sales" in the consolidated income statement.

* The amortisation of other intangible assets and the reversal of provision/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:

	2013 *HK$*	2012 *HK$*
Interest on bank loans and overdrafts wholly repayable within five years	**840,689**	411,149
Interest on finance leases	**162,075**	236,392
	1,002,764	647,541

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on assessable profits outside Hong Kong have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2013	2012
	HK$	*HK$*
Current – Hong Kong		
Charge for the year	**1,787,178**	1,500,393
Provision written back	**(5,326,802)**	-
(Over)/under provision in prior years	**(158,812)**	983
Current – outside Hong Kong		
Charge for the year	**1,311,208**	464,067
(Over)/under provision in prior years	**(42,916)**	3,844
Deferred	**99,757**	2,105,134
Tax (credit)/charge for the year	**(2,330,387)**	4,074,421

During the year ended 31 December 2013, a write off of provision of HK$5,326,802 (2012: HK$Nil) had been recognised as the corresponding tax issue was settled with the tax authority in favour of the Group.

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 operated to the tax expense is as follows:

	2013	2012
	HK$	*HK$*
Profit before tax	**23,694,838**	30,322,150
Tax at the statutory tax rate of 16.5% (2012: 16.5%)	**3,909,648**	5,003,155
Effect of different rates for companies operating in other jurisdictions	**28,091**	902,418
Income not subject to tax	**(2,090,663)**	(2,667,012)
Expenses not deductible for tax	**2,158,387**	1,212,467
Unrecognised temporary differences	**(68,736)**	(41,563)
Utilisation of previously unrecognised tax losses	**(745,276)**	(15,535)
Recognition of previously unrecognised deferred tax assets	**(434,200)**	-
Provision written back	**(5,326,802)**	-
(Over)/under provision in prior years	**(201,728)**	4,827
Tax losses not recognised	**365,890**	4,035
Tax concessions	**-**	(344,678)
Written down of deferred tax asset	**30,388**	-
Others	**44,614**	16,307
Tax (credit)/charge for the year	**(2,330,387)**	4,074,421

8. DIVIDENDS

	2013 *HK$*	2012 *HK$*
Attributable to the current year:		
Proposed final dividend –		
HK4 cents (2012: HK4 cents) per ordinary share	**10,680,192**	10,680,192
Interim dividend paid –		
HK2 cents (2012: HK2 cents) per ordinary share	**5,340,096**	5,340,096
	16,020,288	16,020,288
Attributable to previous years, approved and paid during the year:		
Final dividend – HK4 cents (2012: HK4 cents) per ordinary share	**10,680,192**	10,680,192

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to owners of the Company and the weighted average number of 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 owners of the Company and the adjusted weighted average number of ordinary shares in issue during the year. The adjusted weighted average number of ordinary shares used in the calculation is the weighted average 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:

	2013 *HK$*	2012 *HK$*
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculations	**26,025,225**	26,247,729
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**267,004,800**	266,476,111

As there were no dilutive potential ordinary shares, diluted earnings per share was the same as basic earnings per share in 2013 and 2012.

10. TRADE AND BILLS RECEIVABLES

	2013	2012
	HK$	*HK$*
Trade receivables	**71,534,384**	60,995,563
Allowance for doubtful debts	**(822,410)**	-
	70,711,974	60,995,563
Bills receivable discounted with recourse	**735,366**	-
	71,447,340	60,995,563

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. As at 31 December 2013, there is a significant concentration of credit risk as 15.0% (2012: 23.0%) of the balance representing a receivable from a single customer (2012: single customer), which was derived from sales by the precision parts and components segment. Trade receivables are non-interest-bearing. The carrying amounts of these balances are approximate to their fair values.

An ageing 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:

	2013	2012
	HK$	*HK$*
Within 90 days	**67,660,689**	59,048,521
Between 91 and 180 days	**3,003,877**	1,842,760
Over 180 days	**47,408**	104,282
	70,711,974	60,995,563

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

	2013	2012
	HK$	*HK$*
Within 90 days	**735,366**	-

10. TRADE AND BILLS RECEIVABLES (continued)

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

	2013	2012
	HK$	*HK$*
At 1 January	**-**	-
Additions – business combination	**822,410**	-
Impairment losses recognised	**201,318**	10,657
Amount written off as uncollectible	**(201,318)**	(10,657)
At 31 December	**822,410**	-

During the year ended 31 December 2013, trade receivables amounted to HK$201,318 (2012: HK$10,657) was written off, which is related to customers that were in financial difficulties.

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

	2013	2012
	HK$	*HK$*
Neither past due nor impaired	**52,014,867**	50,776,944
Less than 1 month past due	**14,451,922**	8,405,299
1 to 3 months past due	**3,986,808**	1,527,553
3 to 6 months past due	**993,743**	285,767
	71,447,340	60,995,563

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

	2013	2012
	HK$	*HK$*
Within 90 days	**44,674,862**	33,040,573
Between 91 and 180 days	**3,513,618**	1,298,552
Over 180 days	**308,605**	71,193
	48,497,085	34,410,318

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

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2013	2012
	HK$	*HK$*
Current asset:		
Forward currency contracts	**3,153,075**	1,051,412

The carrying amount of forward currency contracts are the same as their fair values. The Group entered into three forward currency contracts of US$14,500,000, US$6,423,742 and US$7,250,000, respectively (2012: two forward currency contracts of US$14,500,000 each) for the exchange of United States Dollars ("US$") with Renminbi ("RMB"). The maturity dates of these forward currency contracts are 6 June 2014, 29 August 2014 and 17 October 2014, respectively (2012: 25 July 2013 and 19 December 2013, respectively). The forward rates of these forward currency contracts range from RMB6.1365 to RMB6.2320 (2012: RMB6.2940 to RMB6.4120) per US$1.

As at 31 December 2013, the forward currency contracts did not meet the criteria for hedge accounting. The change in the fair value of these non-hedging currency derivatives amounting to a gain of HK$3,153,075 was recognised in the income statement for the year ended 31 December 2013 (2012: gain of HK$1,051,412).

13. ACQUISITION OF BUSINESS

On 2 January 2013, the Group acquired the entire equity interest in Sun Ngai Plastic Products Factory Limited ("Sun Ngai") and Hunpex Limited ("Hunpex") and its subsidiary 銀柏達科技 (深圳) 有限公司("銀柏達科技"), which specialise in trading and manufacturing of double injection plastic mould and products. As a result of the business combination, the Group is expected to expand its business scope.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	HK$
Consideration:	
Cash paid	12,306,478

	HK$
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	9,521,674
Inventories	3,569,114
Trade receivables	12,462,307
Allowance for doubtful debt	(822,410)
Other receivables	606,253
Cash and cash equivalents	3,600,883
Trade payables	(8,628,919)
Other payables	(5,202,498)
Total identifiable net assets	15,106,404
Gain on bargain purchase (note 4)	(2,799,926)
	12,306,478

	HK$
Net cash flow on acquisition of subsidiaries:	
Net cash acquired from the subsidiaries	3,600,883
Consideration paid	(12,306,478)
	(8,705,595)

The Group recognised a gain on bargain purchase of approximately HK$2.8 million in the business combination. The gain has been included in other income in the consolidated income statement for the year. The gain on bargain purchase was arising from the excess of share of the fair values of identifiable assets acquired and liabilities assumed over the consideration paid for the equity interest. It was mainly attributable to depressed market value of the acquired business because of years of losses due to challenging economic environment and the bad global economic environment during the period of negotiation of the acquisition. The acquisition related cost for the business combination was HK$791,605.

Since acquisition, the acquired business had contributed revenue of HK$57,750,949 and net losses of HK$581,006 to the Group, respectively.

If the business combinations effected during the year had been taken place at the beginning of the year, there was no change for revenue and profit for the Group.

FINANCIAL RESULTS

The Group turnover for the year ended 31 December 2013 amounted to approximately HK$419.5 million representing an 3.1% increase from the previous year. Overall gross profit amounted to approximately HK$73.0 million this year representing a 8.3% decrease from the previous year. Profit attributable to owners of the Company was approximately HK$26.0 million (2012: HK$26.2 million). The income tax credit for the year under review included a provision of one-off written back on tax of approximately HK$5.3 million.

Basic earnings per share for the year ended 31 December 2013 was HK9.75 cents (2012: HK9.85 cents).

DIVIDEND

The directors recommend the payment of a final dividend of HK4 cents (2012: HK4 cents) per ordinary share on Thursday, 3 July 2014 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 11 June 2014. 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 FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Wednesday, 28 May 2014 to Friday, 30 May 2014, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 31 March 2014) for registration not later than 4:30 p.m. on Tuesday, 27 May 2014.

CLOSURE OF REGISTERS FOR DIVIDEND

The Register of Members of the Company will be closed from Monday, 9 June 2014 to Wednesday, 11 June 2014, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the above dividend 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 31 March 2014) for registration not later than 4:30 p.m. on Friday, 6 June 2014.

BUSINESS REVIEW

Benefited from the business came from the new established customers, along with the increasing demand from existing customers in the second half of the year, the sales turnover of the precision parts and components in 2013 increased by 20.3% to approximately HK$305.6 million. The operating profit increased by 11.0% to approximately HK$19.4 million. This included the gain of approximately HK$7.7 million from the derivative financial instruments purchased to manage the impact of appreciation of Renminbi needed for the operating expenses of our factories in Mainland China.

Due to the weakened demand from the market, the sales turnover of the consumer electronic products segment dropped by 25.5% to approximately HK$113.9 million. The operating profit decreased by 47.5% to approximately HK$6.4 million. This included the gain of approximately HK$2.2 million from the derivative financial instruments purchased to manage the impact of appreciation of Renminbi needed for the operating expenses of our factory in Mainland China.

The Group had defined strict policy and regulation regarding the purchase of the derivative financial instrument, the policy limited the scope of purchase only within the amount of Renminbi needed for the operating expenses in Mainland China factories annually and would not involve any speculation. The Group also regularly reviews and monitors on the risk brought forward by the volatility of Renminbi.

BUSINESS REVIEW (continued)

The continuous rise of the operation and production costs in Mainland China had significant impact on the overall results of the Group in 2013, and had further driven down our gross profit margin. Affected by the slow economy recovery of the Western countries during the year, the sales turnover of the consumer electronic product segment had decreased. In the first half of the year Sun Ngai and Hunpex were still under reorganization and production was not on track, but the business for the precision parts and components had obviously increased in the second half of the year, therefore led to the slight increase of the annual sales turnover for the Group by only 3.1%. The rise in production costs had also driven the gross profit margin down by 2.2% to 17.4%. Comparing with the last year, because of the consolidation of Sun Ngai and Hunpex, the selling and distribution costs increased by 11.5% to approximately HK$32.5 million and administrative expenses also increased by 30.1% to approximately HK$32.3 million. Due to the debts increased for financing the acquisition of Sun Ngai and Hunpex and its subsidiary 銀柏達科技, the finance costs increased by 54.9% to approximately HK$1.0 million. The profit after taxation of the Group was approximately HK$26.0 million. (2012: HK$26.2 million).

Cash and cash equivalents for the Group at end of the reporting period were approximately HK$55.6 million, netting the outstanding bank borrowings and finance lease payable of approximately HK$30.8 million, the net cash balance of the Group was approximately HK$24.8 million (2012: HK$44.6 million). The shareholders' equity of the Group at the end of reporting period were approximately HK$255.0 million (2012: HK$231.8 million).

FUTURE PLANS AND PROSPECTS

In 2013, the Group has successfully expanded the customer network, actively researched and developed new products launched in the second half of the year that received positive feedback. The reorganization of Sun Ngai and Hunpex and its subsidiary 銀柏達科技 was completed in the first half of the year, sales and distribution had been strengthened, the operation was improved and the production efficiency was enhanced, the operation results of the companies have achieved break-even at the end of the year. As the demand increased, we have installed new machines and equipments to further enhance production efficiency and so to increase production capacity. As a matter of fact, we expect production costs in Mainland China will continue to rise and production workers will be in shortage, this will create pressure and challenge for our cost and operation. With the continuous recovery and improvement of Europe and the US economy, we are confident to achieve business growth in the coming year.

OPERATIONS REVIEW

The following highlights the Group's results for the year ended 31 December 2013.

- Turnover increased by 3.1% from the prior year to HK$419.5 million for the year.

- Gross profit decreased by approximately HK$6.6 million from 2012 to approximately HK$73.0 million in 2013.

- Profit from operating activities before finance costs was HK$24.7 million, a decrease of HK$6.3 million from the last financial year.

- Finance costs increased by HK$0.4 million from last year to HK$1.0 million.

- Profit after tax for the year was approximately HK$26.0 million.

In the year under review, turnover of the precision parts and components segment has increased by approximately 20.3% as compared with the previous financial year. Turnover of the consumer electronic products segment has decreased by approximately 25.5% as compared with the prior year.

The Group's overall gross profit has decreased by approximately 8.3% from the previous year.

The Group's finance costs have increased to HK$1.0 million for the year due to the increase 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.

The total borrowings from banks and financial institutions include all term loans, import and export loans, which amounted to approximately HK$30.8 million as at 31 December 2013.

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$55.6 million.

The Group's borrowings are on a floating rate basis and are mainly denominated in Hong Kong dollars or United States dollars. These match with the principal currencies in which the Group conducts its business.

The gearing ratio on the basis of net debt divided by the total capital plus net debt as at 31 December 2013 is 22.0% (2012: 13.0%).

CHARGE ON THE GROUP'S ASSETS

At 31 December 2013, none of the bank borrowings were secured by charges over the Group's assets.

CONTINGENT LIABILITIES

Except for corporate guarantees given to banks and other financial institutions in relation to facilities granted to the subsidiaries, the Company had no other contingent liabilities as at 31 December 2013.

CAPITAL STRUCTURE

As at 31 December 2013, the Company had 267,004,800 ordinary shares in issue with total shareholders' equity of the Group amounting to approximately HK$255.0 million.

FUND RAISING

Other than obtaining additional general banking facilities to finance the Group's trading requirements and loans to finance the acquisition of Sun Ngai and Hunpex and its subsidiary 銀柏達科技, the Group did not have any special fund raising activities in 2013.

EMPLOYEES

As at 31 December 2013, the Group had a total workforce of approximately 2,022 of which approximately 59 were based in Hong Kong, approximately 5 were based overseas and approximately 1,958 were based in 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 had purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with all the code provisions of the Code on the Corporate Governance Code, 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 2013, except for the following deviation:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer are not separate and are performed by Mr. Lai Pei Wor. Since the Board will meet regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and believes that this structure will enable the Company to make and implement decisions promptly and efficiently.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's 2013 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, 25 March 2014

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).