

FAIRSON HOLDINGS LIMITED

鈺皓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8132)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

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This announcement, for which the directors (the “Directors”) of Fairson Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2013 (the “Financial Year”) together with the comparative figures for the year ended 31 March 2012 (the “Previous Financial Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Continuing operations			
Turnover	3	146,068,544	137,204,894
Cost of sales		(120,939,652)	(108,991,919)
Gross profit		25,128,892	28,212,975
Other gains/(losses) – net	4	2,927,106	(1,177,687)
Selling expenses		(5,581,935)	(4,340,505)
Administrative expenses		(28,857,830)	(26,469,752)
Operating loss	5	(6,383,767)	(3,774,969)
Finance income	6	19,263	15,289
Finance costs	6	(652,510)	(726,885)
Loss before income tax		(7,017,014)	(4,486,565)
Income tax credit/(expense)	7	136,030	(1,144,137)
Loss for the year from continuing operations		(6,880,984)	(5,630,702)
Discontinued operation			
Loss for the year from discontinued operation	8	(5,807,398)	(4,999,093)
Loss for the year		(12,688,382)	(10,629,795)
Other comprehensive income:			
Reclassification of change in fair value/(change in fair value) of available-for-sale financial assets		191,847	(191,847)
Currency translation differences		28,084	263,617
Total comprehensive loss for the year		(12,468,451)	(10,558,025)

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		(6,880,984)	(5,630,702)
Loss from discontinued operation		(2,821,940)	(3,371,720)
Loss attributable to owners of the Company		(9,702,924)	(9,002,422)
Loss from discontinued operation attributable to non-controlling interests		(2,985,458)	(1,627,373)
		<u>(12,688,382)</u>	<u>(10,629,795)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations		(6,661,053)	(5,558,932)
Total comprehensive loss from discontinued operation		(2,821,940)	(3,434,469)
Total comprehensive loss attributable to owners of the Company		(9,482,993)	(8,993,401)
Total comprehensive loss from discontinued operation attributable to non-controlling interests		(2,985,458)	(1,564,624)
		<u>(12,468,451)</u>	<u>(10,558,025)</u>
Loss per share attributable to owners of the Company during the year (expressed in HK cents per share)			
– Basic and diluted	<i>10</i>		
From continuing operations		(1.25)	(1.05)
From discontinued operation		(0.51)	(0.62)
		<u>(1.76)</u>	<u>(1.67)</u>
Dividend	<i>9</i>	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
ASSETS			
Non-current assets			
Property, plant and equipment		21,021,641	28,008,676
Goodwill		5,363,566	7,891,161
Available-for-sale financial assets		1,110,739	2,541,278
Other non-current assets		878,435	650,000
		<hr/> 28,374,381 <hr/>	<hr/> 39,091,115 <hr/>
Current assets			
Inventories		17,760,397	21,738,090
Trade and other receivables	<i>11</i>	45,445,997	56,147,289
Financial assets at fair value through profit or loss		640	839,660
Pledged deposits		1,510,837	5,510,226
Cash and cash equivalents		12,709,788	19,921,494
		<hr/> 77,427,659 <hr/>	<hr/> 104,156,759 <hr/>
Total assets		<hr/> 105,802,040 <hr/>	<hr/> 143,247,874 <hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	<i>12</i>	550,000	550,000
Reserves		53,405,003	63,034,410
		<hr/> 53,955,003 <hr/>	<hr/> 63,584,410 <hr/>
Non-controlling interests		<hr/> – <hr/>	<hr/> 835,376 <hr/>
Total equity		<hr/> 53,955,003 <hr/>	<hr/> 64,419,786 <hr/>

	<i>Note</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		973,694	973,694
Current liabilities			
Trade and other payables	<i>13</i>	37,052,606	39,736,598
Amount due to a director		829,265	4,207,422
Amount due to the minority shareholder of a subsidiary		–	1,241,812
Current income tax liabilities		6,324,805	6,576,464
Borrowings		6,666,667	26,092,098
		50,873,343	77,854,394
Total liabilities		51,847,037	78,828,088
Total equity and liabilities		105,802,040	143,247,874
Net current assets		26,554,316	26,302,365
Total assets less current liabilities		54,928,697	65,393,480

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Translation reserve	Retained earnings	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 April 2011	–	–	2,181,559	–	–	40,315,837	42,497,396	–	42,497,396
Loss for the year	–	–	–	–	–	(9,002,422)	(9,002,422)	(1,627,373)	(10,629,795)
Other comprehensive income:									
Change in fair value of available-for-sale financial assets	–	–	–	(191,847)	–	–	(191,847)	–	(191,847)
Currency translation differences	–	–	–	–	200,868	–	200,868	62,749	263,617
Total comprehensive loss for the year	–	–	–	(191,847)	200,868	(9,002,422)	(8,993,401)	(1,564,624)	(10,558,025)
Issuance of shares upon placing, net of share issuance expenses	550,000	29,530,415	–	–	–	–	30,080,415	–	30,080,415
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	2,400,000	2,400,000
Transfer to statutory reserve	–	–	320,476	–	–	(320,476)	–	–	–
Balance at 31 March 2012	550,000	29,530,415	2,502,035	(191,847)	200,868	30,992,939	63,584,410	835,376	64,419,786
Balance at 1 April 2012	550,000	29,530,415	2,502,035	(191,847)	200,868	30,992,939	63,584,410	835,376	64,419,786
Loss for the year	–	–	–	–	–	(9,702,924)	(9,702,924)	(2,985,458)	(12,688,382)
Other comprehensive income:									
Reclassification of change in fair value of available-for-sale financial assets	–	–	–	191,847	–	–	191,847	–	191,847
Currency translation differences	–	–	–	–	28,084	–	28,084	–	28,084
Total comprehensive loss for the year	–	–	–	191,847	28,084	(9,702,924)	(9,482,993)	(2,985,458)	(12,468,451)
Disposal of subsidiaries (Note 8)	–	–	–	–	(146,414)	–	(146,414)	2,150,082	2,003,668
Transfer to statutory reserve	–	–	392,620	–	–	(392,620)	–	–	–
Balance at 31 March 2013	550,000	29,530,415	2,894,655	–	82,538	20,897,395	53,955,003	–	53,955,003

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 June 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Flat A-B, 9th Floor, Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fotan, Shatin, New Territories, Hong Kong.

The Company is an investment holding company and the Group are principally engaged in manufacture and sales of power and data cords in Hong Kong and the People's Republic of China (the "PRC").

The Company's shares are listed on GEM of the Stock Exchange.

These consolidated financial information are presented in Hong Kong dollars ("HK\$"), unless otherwise stated. These consolidated financial information have been approved for issue by the Board on 24 June 2013.

2 BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial information has been prepared under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of the consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

- (a) Amendments to existing standards effective for the financial year beginning on 1 April 2012 but have no impact to the Group's results and financial position:
- HKAS 12 (Amendment), 'Deferred tax: Recovery of underlying asset'
 - HKFRS 7 (Amendment), 'Financial instruments: Disclosures – Transfers of financial assets'
- (b) The following new and revised standards, amendments and interpretations which have been issued but are not yet effective for the financial year beginning on 1 April 2012 and have not been early adopted. The Group is assessing the impact of these standards. The Group will apply these standards from their effective dates.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRSs (Amendment)	Annual Improvements to HKFRS 2009-2011 Cycle	1 January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interest in Other Entities	1 January 2013

**Effective for annual periods
beginning on or after**

HKFRS 10, 11 and 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interest in Other Entities: Transition Guidance	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 19 (as revised in 2011)	Employee Benefits	1 January 2013
HKAS 27 (as revised in 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures	1 January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRS 10, 12 and HKAS 27 (Amendments)	Investment Entities	1 January 2014
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transitional Disclosures	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, revised, new standards and new interpretations would be in the period of initial application, but is not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

3 SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") has been identified collectively as the executive directors of the Company. The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Management regularly reviews the operating results of the Group from a product category perspective. The reportable operating segments derive their turnover primarily from the manufacture and sales of power and data cords. Management assesses the performance of the following segments:

- Power cords and inlet sockets for household electric appliances
- Power and data cords for mobile handset and medical control devices
- Raw cables
- Copper wires (discontinued operation)

Management assesses the performance of the operating segments based on the measure of gross profit.

The sales from trading of plant and equipment and other cables are not included in the reportable operating segments as the information is not reviewed by the CODM. The turnover and results of these operations are included in the 'all other segments' column.

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2013 and 2012 is as follows:

	Continuing operations				Discontinued operation		Total HK\$
	Power cords and inlet sockets for household electric appliances HK\$	Power and data cords for mobile handsets and medical control devices HK\$	Raw cables HK\$	All other segments HK\$	Sub-total HK\$	Copper wires HK\$	
For the year ended 31 March 2013							
Segment revenue	26,428,978	118,196,997	34,430,085	675,961	179,732,021	15,346,264	195,078,285
Inter-segment revenue	–	–	(33,663,477)	–	(33,663,477)	(3,989,653)	(37,653,130)
Segment revenue (from external customers)	<u>26,428,978</u>	<u>118,196,997</u>	<u>766,608</u>	<u>675,961</u>	<u>146,068,544</u>	<u>11,356,611</u>	<u>157,425,155</u>
Segment results	<u>3,438,784</u>	<u>21,530,417</u>	<u>7,557</u>	<u>152,134</u>	<u>25,128,892</u>	<u>(2,029,326)</u>	<u>23,099,566</u>
For the year ended 31 March 2012							
Segment revenue	46,817,794	85,254,755	28,043,051	449,791	160,565,391	38,292,737	198,858,128
Inter-segment revenue	–	–	(23,360,497)	–	(23,360,497)	–	(23,360,497)
Segment revenue (from external customers)	<u>46,817,794</u>	<u>85,254,755</u>	<u>4,682,554</u>	<u>449,791</u>	<u>137,204,894</u>	<u>38,292,737</u>	<u>175,497,631</u>
Segment results	<u>7,917,411</u>	<u>20,185,120</u>	<u>(238,874)</u>	<u>349,318</u>	<u>28,212,975</u>	<u>(1,877,978)</u>	<u>26,334,997</u>

Sales between segments are carried out in accordance with the terms mutually agreed between the respective parties. The revenue from external parties reported to the Group's senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

A reconciliation of segment results to loss before income tax is provided as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Segment results	23,099,566	26,334,997
Other gains/(losses) – net	6,944,033	(1,594,050)
Selling and administrative expenses	(42,236,555)	(33,516,249)
Operating loss	(12,192,956)	(8,775,302)
Finance costs – net	(631,456)	(710,356)
Loss before income tax	<u>(12,824,412)</u>	<u>(9,485,658)</u>

The total revenue from external customers in the PRC and Hong Kong is approximately HK\$129,948,000 for the year ended 31 March 2013 (2012: approximately HK\$154,565,000). The total revenue from external customers in the United States is approximately HK\$19,176,000 for the year ended 31 March 2013 (2012: approximately HK\$20,047,000). The total revenue from external customers in other countries is approximately HK\$8,301,000 for the year ended 31 March 2013 (2012: approximately HK\$886,000).

The total non-current assets located in Hong Kong are approximately HK\$10,025,000 as at 31 March 2013 (2012: approximately HK\$17,849,000). The total non-current assets located in other countries are approximately HK\$18,349,000 as at 31 March 2013 (2012: approximately HK\$21,242,000).

Details of the customers accounting for 10% or more of total revenue are as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Customer A	36,348,808	28,588,872
Customer B	3,813,251¹	26,832,461
Customer C	28,041,495	26,520,549
Customer D	19,174,261	19,910,292
Customer E	1,015,009¹	12,784,176
Customer F	18,795,068	8,470,086 ¹

¹ Sales to these customers did not exceed 10% of total revenue in the respective years. These amounts were shown for comparative purpose.

Breakdown of revenues from all activities is as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Sales of power cables, electric cords, raw cables and copper wires – third parties	156,749,194	175,047,840
Others	675,961	449,791
	<u>157,425,155</u>	<u>175,497,631</u>

4 OTHER GAINS/(LOSSES) – NET

	2013 HK\$	2012 HK\$
Continuing operations		
Foreign exchange loss, net	(253,483)	(1,250,439)
Gain on disposal of property, plant and equipment	5,101,647	–
Impairment loss on available-for-sale financial assets	(1,622,386)	–
Fair value loss on financial assets at fair value through profit or loss	(839,020)	(181,144)
Sundry income	540,348	253,896
	<u>2,927,106</u>	<u>(1,177,687)</u>
Discontinued operation		
Foreign exchange loss, net	(354)	(416,363)
Net gain on disposal of subsidiaries (Note 8)	4,015,530	–
Sundry income	1,751	–
	<u>4,016,927</u>	<u>(416,363)</u>
Total continuing and discontinued operations	<u>6,944,033</u>	<u>(1,594,050)</u>

5 OPERATING LOSS

Operating loss for the year is stated after charging the following:

	2013 HK\$	2012 HK\$
Continuing operations		
Operating lease payments in respect of factories	2,464,292	2,012,400
Depreciation	6,070,103	4,648,172
Provision for obsolescence of inventories	771,426	2,324,794
Impairment of goodwill	2,527,595	3,150,306
Impairment loss on available-for-sale financial assets	1,622,386	–
Fair value loss on financial assets at fair value through profit or loss	839,020	181,144
Employee benefit expense including Directors' emoluments	39,791,150	29,261,913
Auditors' remuneration – Current Year	430,000	880,000
– Underprovision in prior year	324,070	–
	<u>674,040</u>	<u>810,000</u>
Discontinued operation		
Operating lease payments in respect of factories	674,040	810,000
Depreciation	1,250,364	1,124,746
Employee benefit expense	2,173,454	2,453,234
Auditors' remuneration	–	200,000
Bad debts written off	1,969,395	–
Loss on disposal of property, plant and equipment	2,850,745	10,790
	<u>1,969,395</u>	<u>10,790</u>

6 FINANCE INCOME AND COSTS

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Continuing operations		
Finance costs:		
– Bank borrowings	336,826	445,531
– Trust receipt bank loans	315,684	281,354
	<u>652,510</u>	<u>726,885</u>
Finance income:		
– Short-term bank deposits	<u>19,263</u>	<u>15,289</u>
Discontinued operation		
Finance income:		
– Short-term bank deposits	<u>1,791</u>	<u>1,240</u>
Total continuing and discontinued operations		
Finance costs:		
– Bank borrowings	336,826	445,531
– Trust receipt bank loans	315,684	281,354
	<u>652,510</u>	<u>726,885</u>
Finance income:		
– Short-term bank deposits	<u>21,054</u>	<u>16,529</u>

7 INCOME TAX (CREDIT)/EXPENSE

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Current income tax		
– Hong Kong profits tax	138,460	116,842
– PRC corporate income tax	(274,490)	927,186
Deferred income tax	–	100,109
	<u>(136,030)</u>	<u>1,144,137</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2013 (2012: 16.5%). As the hi-tech enterprise qualification license in the PRC was granted to a Group's PRC subsidiary in November 2012, it would get the tax incentive for the PRC corporate income tax of 15% for the financial periods from 1 January 2012 to 31 December 2014. This PRC subsidiary is provided for PRC corporate income tax at the rate of 15% for the year ended 31 March 2013 (2012: 23%) and adjusted for the over-provision for the periods before the years ended 31 March 2010. The Group's other PRC subsidiary is subject to PRC corporate income tax at the rate of 25%.

8 DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

As economies of scale could not be achieved in the near term, the Group incurred a significant operating loss and streamlined its business during the Financial Year so that the Group ceased its operation of the copper wire business since late September 2012 and disposed the subsidiaries of this business unit in March 2013.

The results of the discontinued operation related to copper wires for the Financial Year, which have been included in the consolidated profit or loss, are set out below.

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Turnover (<i>Note 3</i>)	11,356,611	38,292,737
Cost of sales	(13,385,937)	(40,170,715)
Gross loss	(2,029,326)	(1,877,978)
Other gains/(losses) – net (<i>Note 4</i>)	4,016,927	(416,363)
Selling expenses	(169,228)	(417,790)
Administrative expenses	(7,627,562)	(2,288,202)
Operating loss	(5,809,189)	(5,000,333)
Finance income (<i>Note 6</i>)	1,791	1,240
Loss for the year from discontinued operation	<u>(5,807,398)</u>	<u>(4,999,093)</u>

On 1 March 2013, the Group entered into the sale and purchase agreement with the minority shareholder of the subsidiary, namely Zing Fair Electrical Supplies Limited (“Zing Fair HK”) and conditionally agreed to dispose the 70% equity interest of Zing Fair HK (the “Disposal”). Zing Fair HK, together with its wholly owned subsidiary registered in the PRC, namely 東莞正輝電工材料有限公司, were engaged in the business segment of copper wires. The Disposal was completed on 14 March 2013 at a consideration of HK\$1.

Consideration received

Consideration received in cash and cash equivalents	1
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Analysis of assets and liabilities of the subsidiaries disposed on 14 March 2013

Current assets

Cash and cash equivalents	349,439
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Current liabilities

Accruals and other payables	(745,441)
Amounts due to the Group	(1,515,925)
Amount due to a director	(4,013,201)
Amount due to the minority shareholder	(1,241,812)

Net liabilities disposed of	(7,166,940)
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Net gain on disposal of subsidiaries

Consideration received	1
Expenses incurred for disposal of subsidiaries	(64,537)
Net liabilities disposed of	7,166,940
Non-controlling interests	(2,150,082)
Impairment of amount due from the disposed subsidiaries	(1,083,206)
Cumulative exchange differences in respect of the net liabilities of the disposed subsidiaries reclassified from other comprehensive income to profit or loss on disposal of subsidiaries	146,414
Net gain on disposal	4,015,530

The net gain on disposal of subsidiaries is included in the loss for the year from discontinued operation.

9 DIVIDEND

No dividend had been paid or declared by the Company during the year (2012: Nil).

10 LOSS PER SHARE

(a) Basic

For continuing and discontinued operations – Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$9,702,924 (2012: HK\$9,002,422) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

For continuing operations – Basic

Basic loss per share for continuing operations is calculated by dividing the loss attributable to owners of the Company from continuing operations of HK\$6,880,984 (2012: HK\$5,630,702) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

For discontinued operation – Basic

Basic loss per share for discontinued operation is calculated by dividing the loss attributable to owners of the Company from discontinued operation of HK\$2,821,940 (2012: HK\$3,371,720) by the weighted average number of ordinary shares of 550,000,000 (2012: 538,278,689) in issue for the year ended 31 March 2013.

(b) Diluted

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares outstanding during the year (2012: Nil).

11 TRADE AND OTHER RECEIVABLES

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables		
– third parties	42,229,832	52,924,271
Prepayments, deposits and other receivables	4,094,600	3,873,018
	<hr/>	<hr/>
	46,324,432	56,797,289
Less: Non-current portion	(878,435)	(650,000)
	<hr/>	<hr/>
	45,445,997	56,147,289
	<hr/> <hr/>	<hr/> <hr/>

The majority of the Group's sales are on credit terms up to 120 days from the end of the month of invoice. As at 31 March 2013, trade receivables of approximately HK\$7,196,000 (2012: approximately HK\$13,278,000) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Not yet due	35,033,687	39,645,776
	<hr/>	<hr/>
1-30 days past due	5,268,100	11,046,231
31-60 days past due	544,793	1,673,071
61-90 days past due	1,315,054	35,856
91-150 days past due	68,198	523,337
	<hr/>	<hr/>
Past due but not impaired	7,196,145	13,278,495
	<hr/>	<hr/>
	42,229,832	52,924,271
	<hr/> <hr/>	<hr/> <hr/>

12 SHARE CAPITAL

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
<i>Authorised:</i>		
1,000,000,000 ordinary shares of HK\$0.001 each	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
<i>Issued and fully paid:</i>		
550,000,000 ordinary shares of HK\$0.001 each	<u><u>550,000</u></u>	<u><u>550,000</u></u>

13 TRADE AND OTHER PAYABLES

Payment terms granted by suppliers are mainly 30 to 120 days after end of the month in which the relevant purchase occurred.

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Trade payables	22,395,570	22,744,199
Other payables	8,145,464	8,955,483
Deposit received	3,565	813,737
Accruals	6,508,007	7,223,179
	<u><u>37,052,606</u></u>	<u><u>39,736,598</u></u>

The aging analysis of trade payables based on the due date was as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Not yet due	11,272,750	16,500,860
1-30 days past due	5,969,666	6,122,196
31-60 days past due	4,999,512	84,859
61-90 days past due	147,453	30,204
91-180 days past due	6,189	6,080
	<u><u>22,395,570</u></u>	<u><u>22,744,199</u></u>

14 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted of the Group for but not yet incurred is as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Property, plant and equipment	<u>527,000</u>	<u>380,000</u>

(b) Operating lease commitments

The total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Within 1 year	2,635,563	4,127,073
In the second to fifth years inclusive	2,948,929	9,586,556
Over five years	–	344,400
	<u>5,584,492</u>	<u>14,058,029</u>

FINANCIAL REVIEW

For the Financial Year, the turnover of the Group, including continuing and discontinued operations, was approximately HK\$157.4 million, representing a decrease of approximately 10% compared with that of approximately HK\$175.5 million from the Previous Financial Year. The decrease in the turnover was mainly due to discontinued operation in the copper wires business since late September 2012. For the Financial Year, the loss of the Group attributable to owners of the Company was approximately HK\$9.7 million, representing an increase compared to the loss for the Previous Financial Year of approximately HK\$9.0 million. Such increase in loss was mainly due to: (i) the impairment loss on an available-for-sale financial asset; (ii) the fair value loss on a financial asset at fair value through profit or loss; (iii) the decrease in the profit margin as a result of the intensified market competition under the global economic downturn; and (iv) the increase in staff costs partly due to the increasing minimum wage level of the staff in the PRC.

The Board does not recommend the payment of dividend for the Financial Year.

BUSINESS REVIEW

For the Financial Year, the Group's turnover of its key product groups in continuing operations, including (i) power cords and inlet sockets for household electric appliances; (ii) power and data cords for mobile handsets and medical control devices; and (iii) raw cables; accounted for approximately 17%, 75% and 1% (2012: approximately 27%, 48% and 3%) of the total turnover of the Group, respectively. The operation of the copper wires business ceased since late September 2012 and its turnover accounted for approximately 7% (2012: approximately 22%) of the Group's total turnover.

Turnover arising from the Hong Kong and the PRC markets continued to be the key contributors to the Group, representing approximately 83% (2012: approximately 88%) of the total turnover of the Group for the Financial Year. The remaining turnover of approximately 17% (2012: approximately 12%) for the Financial Year was contributed from other overseas markets, including the United States.

For the Financial Year, the Group continued to implement its growth strategy and seized the golden opportunities offered by the expansion of the telecommunications and smartphone industry. Through rapid business expansion over the years, the Group has grown to become a recognised manufacturer of power and data cords in the industry and the products are well received by the major mobile handset providers.

Power cords and inlet sockets for household electric appliances

For the Financial Year under review, the Group's turnover from power cords and inlet sockets for household electric appliances was approximately HK\$26.4 million (2012: approximately HK\$46.8 million), representing a decrease of approximately 44% from the Previous Financial Year, and it accounted for approximately 17% (2012: approximately 27%) of the total turnover of the Group. The decrease in turnover was mainly due to a lower intensity of subsidies on household electric appliances by the PRC government and hence a drop in demand for household electric appliances and related products.

The Group's power cords and inlet sockets used in household electric appliances received safety approvals and/or certificates in many countries, many of which also received eleven types of international safety standards. The Group believes that the high standard of these products can fulfill the expectations and requirements of customers and benefit the Group's business expansion in the long run.

Power and data cords for mobile handsets and medical control devices

Taking into account the fast growth of the telecommunications and smartphone market, the mobile phone manufacturing and exporting industry in the PRC prospered in 2012. For the Financial Year under review, the Group's turnover from power and data cords for mobile handsets was approximately HK\$99.0 million (2012: approximately HK\$65.5 million), representing an increase of approximately 51% from the Previous Financial Year, and it accounted for approximately 63% (2012: approximately 37%) of the total turnover of the Group. The substantial increase was mainly contributed by the enlarged scale of existing clientele.

The power and data cords for mobile handsets are generally used for power charging and data transfer and are essential accessories for all mobile handsets. The enormous demand for telecommunication devices, especially in the PRC, facilitated the Group to produce power and data cords of different specifications, including high speed USB connectors and data cord products, which can support higher data transmission speeds and better audiovisual output quality. All our devices conform with the standards of mobile handset designs set by USB Implementers Forum, Inc.

For the Financial Year under review, the Group's turnover from power and data cords for medical control devices was approximately HK\$19.2 million (2012: approximately HK\$19.8 million), representing a decrease of approximately 3% from the Previous Financial Year, and it accounted for approximately 12% (2012: approximately 11%) of the total turnover of the Group.

The power and data cords for medical control devices are multi-functional products which are mainly exported to a customer in the United States. The devices are then used for further assembly and processed into final products (which include pillow speakers, bed controls, bed cables and call cords to be sold to hospitals and clinics).

Raw cables

For the Financial Year under review, the Group's turnover from raw cables was approximately HK\$0.8 million (2012: approximately HK\$4.7 million), representing a decrease of approximately 83% from the Previous Financial Year, and it accounted for approximately 1% (2012: approximately 3%) of the total turnover of the Group. The decrease in turnover from raw cables was mainly due to the Group's change of strategy to concentrate on integrated products with connectors rather than 2-pin raw cables. The Group is also engaged in the manufacturing of raw cables using halogen-free insulation materials as they are more environmentally friendly and are able to adapt to the changing needs and requirements of the market.

Copper wires

For the Financial Year under review, the Group's turnover from copper wires was approximately HK\$11.4 million (2012: approximately HK\$38.3 million) representing a decrease of approximately 70% from the Previous Financial Year, and it accounted for approximately 7% (2012: approximately 22%) of the total turnover of the Group. As the business unit could not achieve economies of scale in the near term, the Group incurred a significant operating loss and decided to streamline its business during the Financial Year. As a result, the Group had ceased its operation of copper wires since late September 2012 and this business unit incurred significant operating loss of approximately HK\$9.8 million during the Financial Year (2012: approximately HK\$5.0 million), and subsequently disposed of the subsidiaries engaging in this business unit in March 2013 and recognized a net gain on disposal of subsidiaries for this business unit of approximately HK\$4.0 million.

OUTLOOK

Under the booming market of mobile phones and smart phones, the number of mobile phone users in the PRC has reached 1.146 billion by March 2013, according to the statistics from the Ministry of Industry and Information Technology of the PRC. The number of 3G mobile service users increased by 44.46 million in the first quarter of 2013, which demonstrated a rapid growth of demand for mobile accessories. A continuous upward trend for the demand for power and data cords for mobile handsets is anticipated and the Group shall capture the opportunities by fully utilizing the production capacity of its production plants in the PRC.

In addition, the development of the electrical appliance industry in the PRC in 2013 is expected to be better than that of 2012, according to the China Household Electrical Appliances Association. The upgrading of industrial structure and technological innovation shall stimulate the household electrical appliances market and hence the demand for related power cords and inlet sockets. It is anticipated that the household electrical appliance industry would expand at a rate of 10% in 2013. Moreover, exports of electrical appliances in the PRC shall grow at around 10% under the slow recovery of global economy and high inflation rates, which will greatly benefit the Group's sales and profitability.

Looking ahead, the Group is optimistic towards the macroeconomy of 2013. Apart from seeking expansion opportunities for overseas markets, the Group shall maintain a balanced and stable development of the existing businesses, including (i) power cords and inlet sockets for household electric appliances, and (ii) power and data cords for mobile handsets and medical control devices, in order to sustain a healthy and steady growth.

POTENTIAL ACQUISITION AND FUNDRAISING ACTIVITIES

On 24 April 2013, the Company entered into the memorandum of understanding with an independent third party in relation to the proposed acquisition of 51% equity interest of United Success Global Limited and its subsidiaries (the "Proposed Acquisition"), which is engaged in the provision of client solutions for arranging financial leasing services in the areas of, amongst others, telecommunication, broadcasting and medical equipment business in the PRC. The Proposed Acquisition represents a good opportunity for the Company to diversify its business into the financial leasing industry in the PRC. The Group is actively exploring business opportunities in other sectors to diversify risks and broaden the source of income of the Group.

On 26 April 2013, the Company entered into the placing agreement with Yuanta Securities (Hong Kong) Company Limited to procure not less than six placees to subscribe up to 110,000,000 ordinary shares of HK\$0.001 each in the share capital of the Company at the placing price of HK\$0.12 per placing share. In addition, the Company entered into another placing agreement with ChangJiang Securities Brokerage (HK) Limited to procure the placees to subscribe for the 10% promissory notes up to the aggregate principal amount of HK\$50 million on 31 May 2013. The total net proceeds from the above placings would be expected approximately HK\$62.5 million, which will be used as general working capital and/or for financing future investment opportunities of the Group.

USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company at the time of its listing on GEM on 18 May 2011 through a placement of 165,000,000 ordinary shares of HK\$0.001 each in the share capital of the Company at the price of HK\$0.30 per share, after deduction of the related underwriting fees and issuance expenses paid by the Company in connection thereto, were approximately HK\$29.6 million (the “IPO proceeds”). Details of the utilization of the IPO proceeds in comparison to that envisaged in the prospectus of the Company dated 6 May 2011 (the “Prospectus”) are as follows:

	Proposed total use of proceeds as stated in the Prospectus HK\$'000	Proposed use of proceeds up to 31 March 2013 HK\$'000	Actual use of proceeds up to 31 March 2013 HK\$'000
Construction of new production plant and enhancement of production utilization (<i>Note</i>)	23,000	—	—
Product development	3,000	3,000	3,000
Expansion of market coverage	2,000	2,000	2,000
Sub-total	28,000	5,000	5,000
Working capital (<i>Note</i>)	1,600	24,600	24,600
Total	<u>29,600</u>	<u>29,600</u>	<u>29,600</u>

Note: In order to increase the Group’s financial flexibility and better utilize the financial resources of the Group in preparation for the uncertain financial and economic environment, the Group announced on 8 November 2011 and 19 September 2012 respectively to adjust the proposed use of net proceeds from the placing of shares of the Company as previously set out in the Prospectus. Part of the net proceeds of approximately HK\$23 million was adjusted, as stated in the relevant announcements and retained as working capital of the Group and for the expansion of the domestic sales channel in the PRC and other overseas regions, especially Southeast Asia. The Group believes that such expansion in the clientele and marketing network would help to increase the profitability of the Group.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“2013 Annual General Meeting”) will be held on Wednesday, 31 July 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company who are entitled to attend and vote at the 2013 Annual General Meeting, the register of members of the Company will be closed from Friday, 26 July 2013 to Wednesday, 31 July 2013, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Agent in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Thursday, 25 July 2013.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2013, the Group employed 808 (2012: 941) full time employees mainly in the PRC and Hong Kong. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and the individual's qualifications and performance. Employee benefits include the mandatory provident fund scheme for Hong Kong employees and central pension schemes operated by the local municipal governments for employees in the PRC. The Group also provides training programs for its employees to equip themselves with the requisite skills and knowledge and offer a share option scheme to recognise the employees who make significant contributions to the Group.

Total staff costs (including Directors' remuneration) for the Financial Year amounted to approximately HK\$42.0 million (2012: approximately HK\$31.7 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At at 31 March 2013, the indebtedness of the Group was approximately HK\$6.7 million (2012: approximately HK\$26.1 million). The borrowings are denominated in Hong Kong dollars. The Group had bank and cash balances of approximately HK\$12.7 million (2012: approximately HK\$19.9 million).

At at 31 March 2013, the Group's trade receivables was approximately HK\$42.2 million (2012: approximately HK\$52.9 million), representing approximately 27% (2012: approximately 30%) of the Group's turnover of approximately HK\$157.4 million (2012: approximately HK\$175.5 million) for the Financial Year. The Group adopted a stringent credit policy to minimize credit risk.

As at 31 March 2013, the ratio of current assets to current liabilities of the Group was approximately 1.52 (2012: approximately 1.34).

Details of the capital structure of the Company as at 31 March 2013 are set out in note 12 to the financial information

SIGNIFICANT DISPOSALS

On 21 September 2012, the Group entered into the provisional sale and purchase agreements with independent third parties respectively and conditionally agreed to dispose of the Group's leasehold land and buildings at an aggregate consideration of approximately HK\$6,512,000 (the "Disposals of Properties"), which was completed on 29 November 2012. A gain on the Disposals of Properties of approximately HK\$4,781,000 was recognised upon the completion of the Disposals of Properties. The net proceeds from the Disposals of Properties were used for the repayment of the bank borrowings of the Group in order to reduce its financial costs and increase the general working capital of the Group.

On 1 March 2013, the Group entered into the sale and purchase agreement with the minority shareholder of its subsidiaries and conditionally agreed to dispose of the 70% equity interest of the subsidiaries for the business segment of copper wires at a consideration of HK\$1 (the "Disposal of Subsidiaries"), which was completed on 14 March 2013. A net gain on the Disposal of Subsidiaries of approximately HK\$4,016,000 was recognised upon the completion of the Disposal of Subsidiaries. Since completion on 14 March 2013, the results, assets and liabilities and cash flows of these deconsolidated subsidiaries ceased to be consolidated to the Group. The sale proceeds from the Disposal of Subsidiaries were used as general working capital of the Group.

Save as disclosed above, the Group had no other significant investments and disposals, nor has it made any material acquisition or disposal of the Group's subsidiaries or affiliated companies during the Financial Year.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group operates mainly in Hong Kong and the PRC and is exposed to minimal foreign exchange risks arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and United States dollar ("US\$"). The Group mitigates these risks by maintaining HK\$, US\$ and RMB bank accounts to pay for the transactions denominated in these currencies respectively. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2013, the Group's following assets are pledged to secure its bank borrowings:

- (a) The Group's leasehold land and buildings with an aggregate carrying value of approximately HK\$4,433,000 (2012: approximately HK\$6,199,000);
- (b) Pledge of the Group's bank deposits with an aggregate carrying value of approximately HK\$1,511,000 (2012: approximately HK\$5,510,000); and
- (c) Corporate guarantees provided by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the Financial Year.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Financial Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

During the Financial Year, the Company had complied with the code provisions in the CG Code with the exception of the CG Code provision A.2.1 and A.6.7. Details of such deviation will be explained below.

The CG Code provision A.2.1 stipulates that the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. Mr. Yeung Tin Hung was the Chairman and the CEO during the Financial Year, responsible for the management of the Board and the operation of the Group. The Board considered that Mr. Yeung Tin Hung has thorough understanding and expertise regarding the business operations of the Group and thus enabling him to make appropriate decisions which are in the interests of the shareholders of the Company as a whole on a timely manner. Considering the present size of the Company and the scope of business of the Group, there is no imminent need to separate the roles of the Chairman and the CEO. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman and the CEO is necessary.

CG Code provision A.6.7 requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Messrs. Chua Hoon Chong and Chan Kai Wo, both being the independent non-executive Directors, did not attend the Company's annual general meeting during the Financial Year due to their other unexpected business engagement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises Mr. Li Hin Lung, Mr. Chan Kai Wo and Mr. Chua Hoon Chong, all of whom are independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee has reviewed the results of the Group for the Financial Year.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2013 have been agreed by the Company's auditors, ANDA CPA Limited, to the amounts set out in the Company's draft consolidated financial statements for the Financial Year. The work performed by ANDA 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 ANDA CPA Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support.

By Order of the Board
Fairson Holdings Limited
Yeung Tin Hung
Chairman

Hong Kong, 24 June 2013

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yeung Tin Hung, Mr. Yeung Shing Wai, Mr. Ho Chun Kit Gregory and Mr. Chen Tian Gang; one non-executive Director, namely Mr. Wong Chi Yung and three independent non-executive Directors namely, Mr. Li Hin Lung, Mr. Chua Hoon Chong and Mr. Chan Kai Wo.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the websites of the Company at <http://www.sunfairw.com.hk> and <http://www.irasia.com/listco/hk/fairson>.