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CEC-COILS®

CEC INTERNATIONAL HOLDINGS LIMITED

CEC 國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 759)

2010/2011 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of CEC International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2011 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2011

	Note	**2011** *HK$'000*	2010 *HK$'000* (Restated)
Revenue	*2*	**642,125**	537,352
Cost of sales	*4*	**(523,501)**	(430,661)
Gross profit		**118,624**	106,691
Other income		**51**	55
Other gains, net	*3*	**23,401**	2,899
Selling and distribution expenses	*4*	**(18,870)**	(10,616)
General and administrative expenses	*4*	**(81,162)**	(73,396)
Operating profit		**42,044**	25,633
Finance costs	*5*	**(7,430)**	(8,066)
Profit before taxation		**34,614**	17,567
Taxation	*6*	**(6,024)**	(6,910)
Profit for the year		**28,590**	10,657
Earnings per share, basic and diluted	*7*	**HK4.15 cents**	HK1.49 cents
Dividend	*8*	**3,331**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2011

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**28,590**	10,657
Other comprehensive income/(loss)		
Change in fair value on available-for-sale financial assets	**307**	419
Currency translation differences	**20,544**	(332)
Revaluation of buildings upon transfer to investment properties	**652**	2,180
Total comprehensive income for the year	**50,093**	12,924

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2011

	Note	**As at 30 April 2011 HK$'000**	As at 30 April 2010 HK$'000 (restated)	As at 1 May 2009 HK$'000 (restated)
ASSETS				
Non-current assets				
Land use rights		**21,057**	20,681	21,121
Property, plant and equipment		**288,099**	301,580	370,054
Investment properties		**111,642**	44,020	26,804
Investment in an associate		**–**	–	–
Available-for-sale financial assets		**8,919**	8,612	8,177
Prepayments and deposits		**5,107**	–	–
Deposits paid for acquisition of property, plant and equipment		**3,891**	–	–
		438,715	374,893	426,156
Current assets				
Inventories		**93,709**	82,605	92,084
Accounts receivable	9	**133,891**	131,647	124,307
Prepayments, deposits and other receivables		**8,660**	7,701	5,757
Tax recoverable		**–**	–	652
Pledged bank deposits		**30,486**	25,680	27,690
Bank deposits with maturity over 3 months from date of deposits		**598**	–	–
Cash and cash equivalents		**21,265**	27,080	30,212
		288,609	274,713	280,702
Total assets		**727,324**	649,606	706,858
EQUITY				
Share capital		**66,914**	71,661	71,661
Reserves				
Proposed final dividend		**3,331**	–	–
Others		**385,925**	350,551	337,627
Total equity		**456,170**	422,212	409,288
LIABILITIES				
Non-current liabilities				
Borrowings		**–**	–	49,891
Deferred income tax		**1,466**	625	3,157
		1,466	625	53,048
Current liabilities				
Borrowings		**196,197**	182,104	205,665
Accounts and bills payable	10	**36,938**	20,416	18,145
Accruals and other payables		**27,037**	19,001	20,236
Taxation payable		**9,516**	5,248	476
		269,688	226,769	244,522
Total liabilities		**271,154**	227,394	297,570
Total equity and liabilities		**727,324**	649,606	706,858
Net current assets		**18,921**	47,944	36,180
Total assets less current liabilities		**457,636**	422,837	462,336

Notes:

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair value.

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

Standards, interpretations and amendments effective in 2010

- HKFRS 1 (Revised), "First-time Adoption of HKFRSs"
- HKFRS 1 (Amendment), "Additional Exemptions for First-time Adopters"
- HKFRS 2 (Amendment), "Group Cash-settled Share-based Payment Transactions"
- HKFRS 3 (Revised), "Business Combinations"
- HKFRS 8 (Amendment), "Operating Segments"
- HKAS 1 (Amendment), "Presentation of Financial Statements"
- HKAS 7 (Amendment), "Cash Flow Statements"
- HKAS 17 (Amendment), "Leases"
- HKAS 18 (Amendment), "Revenue"
- HKAS 27 (Revised), "Consolidated and Separate Financial Statements"
- HKAS 32 (Amendment), "Classification of Rights Issues"
- HKAS 36 (Amendment), "Impairment of Assets"
- HKAS 39 (Amendment), "Financial instruments: Recognition and Measurement", Amendment on Eligible Hedged Items
- HK(IFRIC) – Int 16, "Hedges of a Net Investment in a Foreign Operation"
- HK(IFRIC) – Int 17, "Distribution of Non-cash Assets to Owners"
- HK(IFRIC) – Int 18, "Transfers of Assets from Customers"
- HK – Int 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

The adoption of the above revised standards and amendments to standards did not have significant effect on the financial statements except stated as below:

(i) HKAS 17 Amendment, "Leases". It deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease terms was classified as operating lease under "leasehold land and land use right", and amortised over the lease term.

HKAS 17 Amendment has been applied retrospectively by the Group in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 May 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease.

The effect of the adoption of this amendment is as below:

	As at 30 April 2011	As at 30 April 2010	As at 1 May 2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in leasehold land and land use rights	**(21,235)**	(16,838)	(18,922)
Increase in property, plant and equipment	**21,235**	16,838	18,922

(ii) On 29 November 2010, the HKICPA issued HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause. This interpretation states that liability, which may be callable by the lender at any time without cause (an overriding right of demand), must be classified as a current liability in accordance with HKAS 1. In prior years, the Group classified the borrowings based on the maturity of the borrowings. This interpretation has resulted in a change in the accounting policy relating to the classification of borrowings as current liabilities and non-current liabilities and as a result the Group has reclassified certain borrowings from non-current liabilities to current liabilities.

The effect of the adoption of this amendment is as below:

	As at 30 April 2011	As at 30 April 2010	As at 1 May 2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in bank loans – Non-current liabilities	**(23,436)**	(12,599)	(4,121)
Increase in bank loans – Current liabilities	**23,436**	12,599	4,121

The following revised standards, new interpretations, and amendments to standards and interpretation have been issued but are not mandatory for the year ended 30 April 2011:

- HKAS 12 (Amendment), "Deferred Tax – Recovery of Underlying Assets", effective for annual periods beginning on or after 1 January 2012
- HKAS 24 (Revised), "Related Party Disclosures", effective for annual periods beginning on or after 1 January 2011
- HKAS 27 (Revised), "Separate Financial Statements", effective for annual periods beginning on or after 1 January 2013
- HKAS 28 (Revised), "Investments in Associates and Joint Ventures", effective for annual periods beginning on or after 1 January 2013
- HKFRS 1 (Amendment), "Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters", effective for annual periods beginning on or after 1 July 2010
- HKFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters", effective for annual periods beginning on or after 1 July 2011
- HKFRS 7 (Amendment), "Disclosures – Transfers of Financial Assets", effective for annual periods beginning on or after 1 July 2011
- HKFRS 9, "Financial Instruments", effective for annual periods beginning on or after 1 January 2013
- HKFRS 10, "Consolidated Financial Statements", effective for annual periods beginning on or after 1 January 2013
- HKFRS 11, "Joint Arrangements", effective for annual periods beginning on or after 1 January 2013
- HKFRS 12, "Disclosure of Interests in Other Entities", effective for annual periods beginning on or after 1 January 2013
- HKFRS 13, "Fair Value Measurement", effective for annual periods beginning on or after 1 January 2013
- HK(IFRIC) – Int 14 (Amendment), "Prepayments of a Minimum Funding Requirement", effective for annual periods beginning on or after 1 January 2011
- HK(IFRIC) – Int 19, "Extinguishing Financial Liabilities with Equity Instruments", effective for annual periods beginning on or after 1 July 2010

The Group has not early adopted these standards, interpretations and amendments except for the fact that the Group has early adopted HKAS 12 (Amendment) – "Deferred Tax – Recovery of Underlying Assets" as explained below. The directors anticipate that the adoption of other new or revised standards and amendments will not result in a significant impact on the results and financial position of the Group.

Currently HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that investment property measured at fair value is recovered entirely through sale. The effective date for the amendment is annual periods on or after 1 January 2012. As a result of the such early adoption of the amendment, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring the deferred tax liabilities in respect of such properties. The new accounting policy has been applied retrospectively for annual periods beginning before 1 May 2010 and the effects are disclosed as below:

Effect on Consolidated Statement of Financial Position

	As at 30 April 2011	As at 30 April 2010	As at 1 May 2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in deferred tax liabilities	**(7,826)**	(3,440)	(2,714)
Increase in retained earnings	**7,311**	3,032	2,666
Increase in property revaluation reserve	**515**	408	48

Effect on Consolidated Income statement

	For the year ended 30 April 2011	For the year ended 30 April 2010
	HK$'000	*HK$'000*
Decrease in income tax expense	**(4,279)**	(366)
Increase in profit for the year	**4,279**	366
Increase in earnings per share, basic and diluted	**HK0.62 cent**	HK0.05 cent

2. Segment information

The Executive Directors of the Group ("management") reviews the Group's internal reports periodically in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

During the year, management changed its reporting segment to (i) Electronic components manufacturing and (ii) Investment property holding as a result of the growing importance of the later segment to the total assets of the Group. Segment information provided to management for decision making is measured in a manner consistent with that in the financial statements.

Inter-segment sales were made based on mutually agreed terms.

The segment information provided to the management for the reportable segments for the years ended 30 April 2011 and 2010 is as follows:

	Electronic components manufacturing		**Investment property holding**		**Eliminations**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
								(Restated)
Segment revenue								
External sales	**639,061**	535,979	**3,064**	1,373	**–**	–	**642,125**	537,352
Intersegment sales	**–**	–	**185**	185	**(185)**	(185)	**–**	–
	639,061	535,979	**3,249**	1,558	**(185)**	(185)	**642,125**	537,352
Segment results								
Operating profit	**13,807**	22,826	**28,237**	2,807	**–**	–	**42,044**	25,633
Finance costs							**(7,430)**	(8,066)
Profit before taxation							**34,614**	17,567
Taxation							**(6,024)**	(6,910)
Profit for the year							**28,590**	10,657
Depreciation and amortization	**49,797**	66,897	**35**	53			**49,832**	66,950
Distribution cost and administrative expenses	**99,569**	83,617	**463**	395			**100,032**	84,012
Additions to non-current assets (other than financial instruments)	**35,197**	3,098	**42,140**	9,360			**77,337**	12,458
Segment assets	**620,011**	609,161	**112,776**	46,111	**(5,463)**	(5,666)	**727,324**	649,606
Unallocated assets							**–**	–
Total assets							**727,324**	649,606
Segment liabilities	**63,982**	39,421	**5,456**	5,662	**(5,463)**	(5,666)	**63,975**	39,417
Unallocated liabilities								
– Borrowings							**196,197**	182,104
– Deferred income tax							**1,466**	625
– Taxation payable							**9,516**	5,248
Total liabilities							**271,154**	227,394

Geographical information

	Revenue		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (including the Hong Kong Special Administrative Region)	**505,268**	423,136	**438,580**	374,516
Other regions	**136,857**	114,216	**135**	377
	642,125	537,352	**438,715**	374,893

Revenue by geographical location is determined on the basis of the destination of shipment.

Non-current assets by geographical location are determined based on the location of the relevant assets.

For the year ended 30 April 2011, revenues of approximately HK$187,559,000 (2010: HK$155,264,000) are derived from a single external customer. These revenues are attributable to the electronic components manufacturing segment.

Analysis of revenue by category

	2011	2010
	HK$'000	*HK$'000*
Sales of goods	**639,061**	535,979
Rental income	**3,064**	1,373
	642,125	537,352

3. Other gains, net

	2011	2010
	HK$'000	*HK$'000*
Fair value gains on investment properties	**25,933**	2,218
Gain on deregistration of subsidiaries and a branch	**–**	1,174
Net loss on written off/disposal of property, plant and equipment	**(2,532)**	(493)
	23,401	2,899

4. Expenses by nature

Expenses included in cost of sales, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Auditors' remuneration	**1,743**	1,595
Amortisation of land use rights	**495**	486
Raw materials and consumables used	**317,688**	233,024
Changes in inventories of finished goods, and work in progress	**16,067**	1,079
Depreciation of property, plant and equipment	**49,337**	66,464
Direct operating expenses arising from investment properties that generate rental income	**481**	275
Rental compensation arising from restructuring	**–**	266
Employee benefit expenses (including directors' emoluments)	**180,475**	143,169
Net exchange losses	**2,798**	125
Operating lease rentals	**5,274**	2,726
Provision for impairment of accounts receivable	**1,551**	4,333
Impairment/write off of property, plant and equipment arising from restructuring	**–**	519
Other expenses	**47,624**	60,612
Total cost of sales, distribution and selling expenses and general and administrative expenses	**623,533**	514,673

5. Finance costs

	2011	2010
	HK$'000	*HK$'000*
Interest expense on bank borrowings *(Note)*		
– wholly repayable within five years	**7,191**	7,268
– not wholly repayable within five years	**130**	–
Total interest expense incurred during the year	**7,321**	7,268
Amortisation of loan arrangement costs	**109**	798
Finance costs	**7,430**	8,066

Note:

The classification by repayment period is based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

6. Taxation

The amount of taxation charged to the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Hong Kong profits tax		
– current tax	**2,298**	6,745
Overseas taxation including Mainland China		
– current tax	**2,330**	2,628
– (over)/under provision in prior years	**(33)**	69
Deferred taxation	**1,429**	(2,532)
Total taxation	**6,024**	6,910

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax ranging from 12.5% to 25% (2010: 12.5% to 25%) on their taxable income determined according to Mainland China tax laws. Other overseas taxation has been calculated on the estimated assessable profits for the year at the rates prevailing in the respective jurisdictions.

7. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the year of the Company of approximately HK$28,590,000 (2010: HK$10,657,000) and the weighted average number of 689,395,908 (2010: 716,610,798) shares in issue during the year.

For the years ended 30 April 2011 and 30 April 2010, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

8. Dividend

	2011	2010
	HK$'000	*HK$'000*
Proposed final dividend of HK0.50 cent (2010: Nil) per share	**3,331**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

9 Accounts receivable

The aging analysis of accounts receivable based on invoice date is as follows:

	2011	2010
	HK$'000	*HK$'000*
0-30 days	**57,346**	56,827
31-60 days	**44,858**	40,370
61-90 days	**14,873**	11,147
91-120 days	**9,325**	8,239
Over 120 days	**11,033**	21,158
	137,435	137,741
Less: provision for impairment of receivables	**(3,544)**	(6,094)
	133,891	131,647

As at 30 April 2011 and 30 April 2010, the carrying amount of accounts receivable approximated its fair value.

Top management of the Group and an Accounts Receivable Supervisory Committee set up by the Company perform on-going credit and collectability evaluation of each customer. The Group offers an average credit period ranging from one to four months to its customers who have good payment records and well-established relationships with the Group.

10. Accounts and bills payable

	2011	2010
	HK$'000	*HK$'000*
Accounts payable	**36,537**	20,416
Bills payable	**401**	–
	36,938	20,416

The aging analysis of accounts payable based on invoice date is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0-30 days	**32,314**	19,532
31-60 days	**3,243**	204
61-90 days	**143**	97
91-120 days	**152**	137
Over 120 days	**685**	446
	36,537	20,416

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 September 2011 to Tuesday, 27 September 2011(both dates inclusive), during which period no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Company on Tuesday, 27 September 2011 are entitled to attend and vote at the annual general meeting of the Company to be held on Tuesday, 27 September 2011 (the "2011 Annual General Meeting"). In order to qualify to attend and vote at the 2011 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 22 September 2011.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2011 Annual General Meeting. For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 7 October 2011 to Tuesday, 11 October 2011(both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 6 October 2011. The payment of final dividend will be made on or about Friday, 21 October 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the shakeout from the impact of the financial tsunami, the global economy is on the track of resurgence, the market shows a robust development. Business of the Group also benefited from the economic growth of the entire market. In general, revenue of the Group recorded a stable growth. However, economic recovery also brought enormous inflation pressure. Over the period, the Group actively enhanced the operation efficiency and improved the production flow in an effort to lower production cost to resolve unfavorable factors like the significant increase of domestic labour wages and welfare cost, and the continuous rocketing raw materials and commodity prices.

For the year ended 30 April 2011, revenue of the Group was HK$642,125,000 (2010: HK$537,352,000), growing 19.5% as compared with that of last year and the gross profit of the Group was HK$118,624,000 (2010: HK$106,691,000), escalating 11.2% as compared with that of last year, while the gross profit margin slipped by a percentage of 1.4 from the corresponding period last year to 18.5% (2010: 19.9%).

For the year ended 30 April 2011, the consolidated profit of the Group was HK$28,590,000, swelling approximately HK$17,933,000 when compared with HK$ 10,657,000 of the corresponding period last year. The consolidated profit margin was 4.5% (2010: 2.0%). The increase in consolidated profit was mainly attributable by positive revaluation gains on investment property holding and the effect of adoption of new accounting policy on investment property holding.

Electronic Component Manufacturing Business

Electronic component manufacturing business is the principle business of the Group. The products are largely applied in a wide ranging spectrum of electronic and electrical fields, including various mobile communication equipments, lighting products, electrical appliances, computer and its peripheral products, power supply devices, etc. During the period under review, revenue of the Group's electronic component manufacturing business augmented 19.2% to HK$639,061,000 when compared with that of last year, which was attributed to the market recovery and the business growth of customers. Manufacturing business of electronic component represented 99.5% and 97.7% of the Group's total revenue and gross profit respectively.

For the year ended 30 April 2011, gross profit of the electronic component manufacturing business enlarged to HK$115,856,000 (2010: HK$105,408,000), rising 9.9%. Over the period, the Group has been encountering various challenges. In terms of production cost, the raw materials prices experienced a rapid growth over the past year. Take copper and its products, the major raw materials, as example; its commodity prices reached historical heights over last year, higher than the peak level before the financial tsunami. Domestically, it is now in the stage of economic transformation. The continuous inflation and the rise of labour wages, welfare cost and operating expense were far higher than the growth of revenue. Over the period, direct labour cost also soared over 32%, together with the shortage of domestic labour and the continuous appreciation of Renminbi will further increase the Group's production cost.

The Group has been aggressively implementing efficiency improvement measures in strengthening staff productivity and optimizing product portfolio over the years. The cost effectiveness of these measures was reflected within the period and offset part of the rapid rise of production cost. During the period, the gross profit margin just slightly reduced by a percentage of 1.6 to 18.1%.

General and administrative expenses, and selling and distribution expenses increased HK$7,766,000 and HK$8,254,000 respectively as compared with those of last year, amounting to HK$16,020,000 in total, growing 19.1%. General and administrative expenses was HK$81,162,000 and selling and distribution expenses was HK$18,870,000, and the expenses to revenue ratio was 12.6% and 2.9 % respectively. The change of the general and administrative expenses was mainly affected by the following factors, namely 1) growth of revenue over the period, 2) inflation pressure of labour markets, 3) exchange loss resulted from the surge of exchange rate, 4) the collection of accounts receivables was satisfactory and the provision of accounts receivable during the period reduced HK$2,782,000 as compared with that of the corresponding period last year. The uplift of selling and distribution expenses, business growth and inflation were also closely related. The increase was also related to the Group's effort in exploring new business area. The new business is still in its initial stage of development and has not constituted material impact to the overall performance of the Group. In response to the rise of operating cost, moderate adjustment to the price is made. However, any proposed amendment to the terms of sale will also very likely trigger negative effect, which pressurized the profits for the period.

During the period under review, the Group recorded a gain of HK$25,933,000 from the revaluation of investment property and the electronic component manufacturing business recorded an operating profit of HK$13,807,000, together contributing to the overall operating profit of HK$42,044,000. The operating profit to revenue ratio also increased by a percentage of 1.7 to 6.5% of this year from 4.8% of last year.

During the year, the Group still implemented effective controls on the working capital and tried its best endeavors in improving procurement, production and logistics management to lower the inventory level wholeheartedly. As at 30 April 2011, the inventory increased to HK$93,709,000, rose HK$11,104,000 from HK$82,605,000 at 30 April 2010, growing 13.4%, which growth rate was lower than that of the revenue. The inventory turnover day also reduced from 74 days of last year to 61 days. The accounts receivable of the Group also recorded HK$133,891,000 (2010: HK$131,647,000), slightly increased 1.7% when compared with that of the financial year-end date of last year, which evidenced the Group's strong determination in managing the credit risk. The accounts receivable turnover day also shortened 12 days than last year, to 75 days (2010: 87 days).

Investment Property

For the financial year ended 30 April 2011, rental income of the Group was HK$3,064,000 (2010: HK$1,373,000), rising over 120 % as compared with that of last year. For the year ended 30 April 2011, the Group purchased certain properties in Hong Kong for rental purpose at a total consideration of HK$42,140,000. The revaluation gain of the Group's investment properties was HK$25,933,000 during the year. As at the year-end date, the value of investment properties after revaluation was HK$111,642,000.

FINANCIAL REVIEW

Fund Surplus and Liabiities

As at 30 April 2011, the Group's credit facilities granted from banks (excluding that of foreign exchange derivative financial instrument) amounted to HK$246,677,000 (2010: HK$283,221,000), of which HK$50,079,000 (2010: HK$100,686,000) remained unutilised. The balance and the credit limit of the non-revolving loan were decreasing in phase after repaying the principal on schedule. The revolving facilities as at 30 April 2011 amounted to HK$209,300,000 (2010: HK$209,300,000), of which HK$159,221,000 (2010: HK$108,614,000) was utilized. The utilized non-revolving loan facilities amounted to HK$37,377,000 (2010: HK$73,921,000), declining 49% as compared with that of last year. As at 30 April 2011, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK$52,349,000 (2010: HK$52,760,000). The utilized banking facilities amounting to HK$196,598,000 were secured by pledges of the Group's certain land and buildings, investment properties, accounts receivable, bank deposits and available-for-sale financial assets. In addition, as at 30 April 2011, the Group has fully complied with certain restrictive financial covenants agreed with the financing banks.

As at 30 April 2011, the Group's total borrowings granted from banks and financial institutions amounted to HK$196,197,000 (2010: HK$182,104,000). As at 30 April 2011, the Group's gearing ratio* was 0.24 (2010: 0.23). Moreover, the Group did not have any contingent liabilities (2010: Nil) as at the same date.

(* *The ratio of (total borrowings less bank balances and cash) over (total borrowings less bank balances and cash plus total equity))*

Interest Expenses

For the year ended 30 April 2011, interest expenses of the Group amounted to HK$7,321,000 (2010: HK$7,268,000), similar to that of last year.

Financial Resources and Capital Structure

For the year ended 30 April 2011, the Group's net cash outflow was HK$16,075,000 (2010: HK$10,323,000). The net cash inflow from operating activities during the year was HK$77,438,000 (2010: HK$88,382,000), decreasing approximately 12%. The net cash outflow from financing activities during the year was HK$20,783,000 (2010: HK$86,983,000). During the year, the Group repurchased its own shares at a total cost of HK$16,135,000 in order to increase the net asset value per share and the earnings per share while the net cash outflow from financing activities of the corresponding period last year was mainly used to repay non-revolving borrowings. For the year ended 30 April 2011, the net cash outflow from investing activities increased to HK$72,730,000 (2010: HK$11,722,000), which was mainly used to purchase properties in Hong Kong for rental and self-use purposes.

The Group's cash flow for the year ended 30 April 2011 is summarized as follows:

Cash Flow Summary

	2011	2010
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**77,438**	88,382
Net cash outflow from investing activities	**(72,730)**	(11,722)
Net cash outflow from financing activities	**(20,783)**	(86,983)
Decrease in cash and cash equivalents and bank overdrafts	**(16,075)**	(10,323)

As at 30 April 2011, the net current assets was HK$18,921,000 (2010: HK$47,944,000) and the current ratio was 1.07 (2010: 1.21).

Charges on Assets

As at 30 April 2011, certain assets of the Group with an aggregate carrying value of approximately HK$115,256,000 (2010: HK$60,613,000) were pledged to secure banking facilities of the Group.

Exchange Risks

The Group's business is mainly conducted in Hong Kong, Mainland China and South-east Asia. The major revenue currencies are primarily denominated in Hong Kong dollar, Renminbi and United States dollars; whilst the major currencies in purchase commitments are primarily denominated in Hong Kong dollar, Renminbi and United States dollars. If Renminbi has a remarkable appreciation, the Group might experience additional cost pressure. In this connection, the Group will closely monitor the fluctuation trend of Renminbi.

EMPLOYEES

As at 30 April 2011, the Group employed approximately 4,600 staff (2010: 4,800). The remuneration of the employees is determined by reference to market benchmark, individual performance, academic qualification and work experience, subject to periodic review. Other agreed employee benefits includes pension scheme, medical insurance, on-job training, education subsidy and other social security and paid leaves stipulated under the relevant jurisdiction of places of operation. Pursuant to the Company's share option scheme, options may be granted to eligible employees to subscribe for shares in the Company. During the period under review, no option was granted under the scheme (2010: Nil)

CORPORATE SOCIAL RESPONSIBILITY

The Group has taken active role in corporate citizenship practice through participating in various forms of charity, volunteer services and health activities, encouraging its staff to care for the society and promoting their mental and physical development in a healthier and balanced way. The Group has also dedicated in participating charitable community activities by granting donations to charitable organizations and education institutions. In 2010, Coils Electronic Co., Ltd, the main subsidiary of the Group, was awarded the "Caring Company" logo by the Hong Kong Council of Social Service for the fourth consecutive year.

Outlook

Under the external factors such as continuous high rising commodity and raw materials prices, soaring domestic labor welfare and operating cost, and further appreciation of Renminbi, it will undoubtedly pose pressure on the production cost of the Group. Hence, the rise of cost will still be a critical challenge for next year. The Group shall continue to carry out stringent cost control and productivity enhancement, and minimize the impact of aforementioned factors to the entire profit to the largest extent. According to the provisions of the Law of The People's Republic of China on Employment Contracts, the Group is required to enter into employment contracts without a fixed period with all of its relevant employees in Mainland China that met the stipulated conditions under these laws and regulations. At this stage, changes to employment contracts did not have a significant impact on the Group, but we will closely monitor the implementation of relevant measures. The Group is also contemplated to adopt appropriate measures and start price negotiation with its customers, pressuring its customers to share part of the rising cost. The production model of the Group is highly self-sufficiency and thus the supply of raw materials of the Group was not affected by the blocked electronics supply chain in Japan. However, as the design of electronic products is complicated and all parts are indispensable, the division of work within the industry is very precise and is highly mutually dependent. Therefore, the Group will closely monitor the Japan supply chain on its status of recovery from the power rationing after the tsunami and will follow up the progress of raw materials supply and orders of our customers at all times. We will maintain close partnership relationship with our customers riding on our optimal product design, operating efficiency enhancement and scale of economy.

Even though we are encountering the above uncertainties, we are committed to tackle all sorts of challenges and difficulties with strong experience and excellent capacity for the future growth. The Group is in the process of expanding its arms into the local retail business of the snacks and food segments. However, this business segment is in its infancy with limited impact to the Group's results. Next year, we will accelerate the development of such business segment. Business diversification will lead the Group to secure an operating mode with a more balanced and sustainable growth in the long run.

Appreciation

On behalf of the management, I would like to extend my sincere thanks to all staff for their valuable contribution to the Group. We also have to express our gratitude for the long term support of all customers, suppliers and banks to the Group.

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

During the year ended 30 April 2011, the Company acquired an aggregate of 47,466,000 of its own shares through purchases on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$15,999,530 with a view to benefit its shareholders as a whole in enhancing the net assets and earnings per share of the Company. Details of the repurchases are as follows:

Month of repurchase	Number of shares repurchased	Purchase price per share		Aggregate consideration
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*(HK$)*
May 2010	16,738,000	0.295	0.250	4,765,390
September 2010	1,590,000	0.280	0.260	427,670
October 2010	7,706,000	0.310	0.280	2,240,480
December 2010	11,234,000	0.410	0.370	4,532,610
January 2011	4,630,000	0.415	0.405	1,903,970
March 2011	1,356,000	0.385	0.380	519,790
April 2011	4,212,000	0.395	0.360	1,609,620
	47,466,000			15,999,530
		Total expenses on shares repurchased		135,898
				16,135,428

All the 47,466,000 shares repurchased were cancelled on delivery of the share certificates during the year ended 30 April 2011. The issued share capital of the Company was accordingly reduced by the par value of the repurchased shares so cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 30 April 2011.

In June 2011, the Company acquired an aggregate of 2,954,000 of its own shares through purchases on the Stock Exchange at an aggregate consideration of HK$955,840.

CORPORATE GOVERNANCE

The Board believes that good corporate governance is not only in the interest of the Company and its shareholders as a whole, but also increasingly important for maintaining and promoting investor confidence. The Board is responsible for ensuring a high quality of corporate governance. The Company has adopted the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 30 April 2011, except for the following deviations:

1. Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

   One independent non-executive director of the Company has not been appointed for a specific term, but is subject to retirement by rotation at the annual general meetings of the Company at least once every three years in accordance with the Bye-laws of the Company. The Company intended to comply with Code Provision A.4.1 by entering into a letter of appointment with specific term with the independent non-executive director of the Company upon his re-election. The other four independent non-executive directors of the Company have entered into their respective letters of appointment with specific term upon their re-election at the relevant annual general meetings held on 29 September 2009 and 28 September 2010.

2. Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

   Before 29 September 2009, the roles of the Chairman of the Board and the chief executive officer of the Company (the "CEO") were performed by two different executive directors of the Company. Due to the re-allocation of the respective duties of the executive directors of the Company, Mr. Lam Wai Chun, the Chairman of the Board, has been appointed as the Managing Director of the Company with effect from 29 September 2009 and has carried out the responsibilities of the CEO since then. This constitutes a deviation from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, as Mr. Lam Wai Chun is the founder of the Group and possesses substantial and valuable experience in the industry that is relevant to the Group's operation, the Board believes that vesting the roles of the Chairman of the Board and the CEO in the same person will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies and considers that such structure is currently in the best interests of the Company and its shareholders as a whole.

The Audit Committee of the Company, currently comprising four independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group, the internal control of the Group and the annual results of the Company for the year ended 30 April 2011.

Further information on corporate governance practices of the Company will be set out in 2010/2011 annual report of the Company, which will be sent to the shareholders of the Company by the end of August 2011.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on Tuesday, 27 September 2011 and the Notice of Annual General Meeting will be published and despatched in accordance with the Listing Rules in due course.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 26 July 2011

As at the date hereof, the Board comprises four Executive Directors, namely Mr. Lam Wai Chun, Ms. Tang Fung Kwan, Ms. Li Hong and Mr. Chung Wai Kin; and five Independent Non-executive Directors, namely Mr. Au Son Yiu, Mr. Lee Wing Kwan, Denis, Dr. Tang Tin Sek, Mr. Goh Gen Cheung and Professor Zhu Yuhe.

Websites: http://www.0759.com
http://www.ceccoils.com
http://www.irasia.com/listco/hk/cecint

* *For identification purpose only*