Karrie International Holdings Limited
嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1050)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	2018	2017 (Restated)	Changes in %
CONTINUING OPERATIONS			
Revenue *(HK$'000)*	**2,919,880**	2,699,638	+8%
Profit for the year from continuing operations *(HK$'000)*	**217,707**	189,553	+15%
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations *(HK$'000)*	**(35,414)**	(21,341)	+66%
Profit for the year attributable to equity shareholders of the Company *(HK$'000)*	**182,563**	168,333	+8%
Basic earnings per share *(HK cents)*			
— Continuing operations	**10.9**	9.5	+15%
— Profit for the year	**9.2**	8.4	+10%
Interim dividend per share *(HK cents)*	**1.60**	1.30	+23%
Special dividend per share *(HK cents)*	**2.55**	1.00	+155%
Final dividend per share *(HK cents)*	**4.75**	4.20	+13%
Total dividends per share for the year *(HK cents)*	**8.90**	6.50	+37%

The board (the "Board") of directors (the "Directors") of Karrie International Holdings Limited (the "Company") and its subsidiaries ("collectively", "we" or the "Group") announce the consolidated results of the Group for the year ended 31 March 2018 together with the comparative figures for 2017 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Hong Kong dollars)

	Note	**31 March 2018** **$'000**	31 March 2017 $'000
ASSETS			
Non-current assets			
Land use rights		**16,663**	17,135
Property, plant and equipment		**449,206**	439,017
Investment properties		**336,250**	301,710
Intangible assets		**9,317**	24,760
Investments in associates		**16,562**	14,136
Available-for-sale financial assets		**18,916**	18,597
Other non-current assets	*4*	**46,224**	36,676
Deferred tax assets		**7,354**	1,524
		900,492	853,555
Current assets			
Inventories		**381,143**	384,883
Property development	*5*	**657,428**	479,811
Trade and bills receivable	*4*	**403,794**	321,113
Prepayments, deposits and other receivables	*4*	**28,469**	80,078
Current tax recoverable		**138**	1,701
Cash and bank deposits	*6*	**272,153**	215,363
		1,743,125	1,482,949
Total assets		**2,643,617**	2,336,504
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital		**199,456**	199,620
Other reserves		**287,519**	212,604
Retained earnings		**701,307**	666,279
		1,188,282	1,078,503
Non-controlling interests		**–**	(1,750)
Total equity		**1,188,282**	1,076,753

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
(Expressed in Hong Kong dollars)

	Note	**31 March 2018 *$'000***	31 March 2017 *$'000*
LIABILITIES			
Current liabilities			
Trade payables	*7*	**208,737**	230,309
Accruals and other payables		**345,886**	315,565
Receipts in advance		**65,411**	35,191
Bank borrowings		**135,002**	50,333
Obligations under finance leases		**–**	17
Amount due to an associate		**2,587**	2,992
Amount due to a related company		**123,397**	65,067
Current tax payable		**71,727**	55,402
		952,747	754,876
Non-current liabilities			
Bank borrowings		**490,900**	489,467
Obligations under finance leases		**–**	111
Provision for long service payments		**7,718**	5,642
Deferred tax liabilities		**3,970**	9,655
		502,588	504,875
Total liabilities		**1,455,335**	1,259,751
Total equity and liabilities		**2,643,617**	2,336,504
Net current assets		**790,378**	728,073
Total assets less current liabilities		**1,690,870**	1,581,628

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2018
(Expressed in Hong Kong dollars)

	Note	**2018** **$'000**	2017 $'000 (Restated)
CONTINUING OPERATIONS			
Revenue	*8*	**2,919,880**	2,699,638
Cost of revenue	*9*	**(2,497,094)**	(2,331,434)
Gross profit		**422,786**	368,204
Distribution and selling expenses	*9*	**(29,677)**	(23,194)
General and administrative expenses	*9*	**(136,885)**	(129,632)
Other income/gains and (losses)	*8*	**5,889**	3,733
Net valuation gain on investment properties		**2,078**	1,358
Operating profit		**264,191**	220,469
Finance income		**1,542**	1,058
Finance costs		**(14,883)**	(11,579)
Finance costs, net	*10*	**(13,341)**	(10,521)
Share of profits of associates		**872**	247
Profit before taxation		**251,722**	210,195
Income tax	*11*	**(34,015)**	(20,642)
Profit for the year from continuing operations		**217,707**	189,553
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	*14*	**(35,414)**	(21,341)
Profit for the year		**182,293**	168,212

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
for the year ended 31 March 2018
(Expressed in Hong Kong dollars)

	Note	**2018** **$'000**	2017 *$'000* (Restated)
Attributable to:			
Equity shareholders of the Company		**182,563**	168,333
Non-controlling interests		**(270)**	(121)
		182,293	168,212
Profit/(loss) attributable to equity shareholders of the Company arises from:			
— Continuing operations		**217,707**	189,553
— Discontinued operations		**(35,144)**	(21,220)
		182,563	168,333
Earnings per share from continuing and discontinued operations attributable to equity shareholders of the Company			
Basic earnings/(loss) per share (HK cents)	*12*		
— Continuing operations		**10.9**	9.5
— Discontinued operations		**(1.7)**	(1.1)
— Profit for the year		**9.2**	8.4
Diluted earnings/(loss) per share (HK cents)	*12*		
— Continuing operations		**10.8**	9.5
— Discontinued operations		**(1.7)**	(1.1)
— Profit for the year		**9.1**	8.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2018
(Expressed in Hong Kong dollars)

	2018 *$'000*	2017 *$'000* (Restated)
Profit for the year	**182,293**	168,212
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
Remeasurement of provision for long service payments	**(2,213)**	2,017
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas operations, net of $Nil tax	**65,974**	(29,876)
Fair value gains on available-for-sale financial assets, net of $Nil tax	**223**	9
Other comprehensive income for the year	**63,984**	(27,850)
Total comprehensive income for the year	**246,277**	140,362
Attributable to:		
Equity shareholders of the Company	**246,547**	140,483
Non-controlling interests	**(270)**	(121)
Total comprehensive income for the year	**246,277**	140,362
Total comprehensive income attributable to equity shareholders of the Company arises from:		
— Continuing operations	**281,430**	161,960
— Discontinued operations	**(34,883)**	(21,477)
	246,547	140,483

NOTES:

1. BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2018 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual 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 ("Listing Rules").

The consolidated financial statements for the year ended 31 March 2018 comprise the Group and its interests in associates. The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties, employee benefit assets/liabilities and available-for-sale financial assets which have been measured at fair value.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in the Group's consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Group's chief operating decision-maker 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.

The Group is organised on a worldwide basis into three (2017: four) major operating segments. They are (i) metal and plastic business; (ii) electronic manufacturing services business; and (iii) real estate business. Consumer and services business was formerly a major operating segment until it was disposed of to a related party during the year ended 31 March 2018 (note 14).

Management considers the business from both a geographic and products and services perspective. From a products and services perspective, management assesses the performance of metal and plastic business, electronic manufacturing services business, real estate business and discontinued operations. In addition, there is further evaluation on a geographic basis (Japan, Hong Kong, the People's Republic of China (the "PRC"), Asia (excluding Japan, Hong Kong and the PRC), North America and Western Europe). Management assesses the performance of the operating segments based on operating profit. Segment information provided to management for decision making is measured in a manner consistent with that in the financial statements.

3. **SEGMENT REPORTING (Continued)**

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

The segment results for the year ended 31 March 2018 are as follows:

	2018						
	Continuing operations					Discontinued operations	Total
	Metal and plastic business $'000	Electronic manufacturing services business $'000	Real estate business $'000	Others $'000	Sub-total $'000	$'000	$'000
Segment revenue							
Reportable segment revenue	1,628,292	1,294,778	48,540	419	2,972,029	25,896	2,997,925
Inter-segment revenue	(52,149)	–	–	–	(52,149)	–	(52,149)
	1,576,143	1,294,778	48,540	419	2,919,880	25,896	2,945,776
Revenue among continuing and discontinued operations	(1,170)	–	–	–	(1,170)	(242)	(1,412)
Revenue from external customers	1,574,973	1,294,778	48,540	419	2,918,710	25,654	2,944,364
Gross profit/(loss)	320,279	83,505	18,778	224	422,786	(24,191)	398,595
Distribution and selling expenses and general and administrative expenses	(118,015)	(29,599)	(18,817)	(131)	(166,562)	(10,625)	(177,187)
Other income/gains and (losses)	3,334	928	1,626	1	5,889	(92)	5,797
Net valuation gain on investment properties	–	–	2,078	–	2,078	–	2,078
Operating profit/(loss)	205,598	54,834	3,665	94	264,191	(34,908)	229,283
Operating profit/(loss) includes:							
Depreciation	45,417	3,345	357	–	49,119	5,871	54,990
Amortisation of land use rights	288	64	120	–	472	–	472
Amortisation of intangible assets	1,293	–	–	–	1,293	2,400	3,693

3. SEGMENT REPORTING (Continued)

The segment results for the year ended 31 March 2017 are as follows:

	2017 (Restated)						
	Continuing operations					Discontinued operations	Total
	Metal and plastic business	Electronic manufacturing services business	Real estate business	Others	Sub-total		
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Segment revenue							
Reportable segment revenue	1,488,874	1,256,973	4,186	1,636	2,751,669	17,408	2,769,077
Inter-segment revenue	(52,031)	–	–	–	(52,031)	–	(52,031)
	1,436,843	1,256,973	4,186	1,636	2,699,638	17,408	2,717,046
Revenue among continuing and discontinued operations	(945)	–	–	–	(945)	(242)	(1,187)
Revenue from external customers	1,435,898	1,256,973	4,186	1,636	2,698,693	17,166	2,715,859
Gross profit/(loss)	282,716	81,239	3,231	1,018	368,204	(13,528)	354,676
Distribution and selling expenses and general and administrative expenses	(114,831)	(32,130)	(3,890)	(1,975)	(152,826)	(7,811)	(160,637)
Other income/gains and (losses)	1,994	795	951	(7)	3,733	(6)	3,727
Net valuation gain on investment properties	–	–	1,358	–	1,358	–	1,358
Operating profit/(loss)	169,879	49,904	1,650	(964)	220,469	(21,345)	199,124
Operating profit/(loss) includes:							
Depreciation	51,190	3,089	145	–	54,424	3,764	58,188
Amortisation of land use rights	281	71	120	–	472	–	472
Amortisation of intangible assets	1,257	–	–	–	1,257	2,400	3,657
Write-down of obsolete and slow-moving inventories	8,382	1,491	–	–	9,873	–	9,873

3. **SEGMENT REPORTING (Continued)**

A reconciliation of operating profit to profit before taxation is provided as follows:

	2018	2017
	$'000	*$'000*
		(Restated)
Operating profit from continuing operations	**264,191**	220,469
Finance income	**1,542**	1,058
Finance costs	**(14,883)**	(11,579)
Share of profits of associates	**872**	247
Profit before taxation from continuing operations	**251,722**	210,195

The following table sets out information about the geographical location of (i) the Group's revenue and (ii) the Group's land use rights, property, plant and equipment, investment properties, intangible assets and investments in associates ("specified non-current assets"). The geographical location of revenue is based on the country in which the final destination of shipment is located or services are provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of land use rights, property, plant and equipment, investment properties and the location of the operations to which they are allocated, in the case of intangible assets and investments in associates.

	The Group's revenue		**Specified non-current assets**	
	2018	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*
		(Restated)		
Hong Kong (place of domicile)	**847,080**	761,035	**41,216**	69,265
Japan	**366,379**	260,004	**–**	–
The PRC	**811,184**	745,701	**786,760**	724,125
Asia (excluding Japan, Hong Kong and the PRC)	**78,942**	183,192	**–**	3,358
North America	**437,687**	351,899	**22**	10
Western Europe	**378,608**	397,807	**–**	–
Sub-total	**2,072,800**	1,938,603	**786,782**	727,493
	2,919,880	2,699,638	**827,998**	796,758

The Group's customer base includes three (2017: three) customers with whom transactions have exceeded 10% of the Group's revenue. For the year ended 31 March 2018, the total revenue from sales of merchandise in the metal and plastic business and electronic manufacturing services business, including sales to entities which are known to the group to be under common control with these customers, amounted to approximately $2,414,473,000 (2017: $2,253,045,000) and arose in all geographical regions in which the businesses are active.

The Group's sales are made primarily to a few key customers. For the year ended 31 March 2018, the revenue derived from five largest customers accounted for approximately 91% (2017: 93%) of the Group's total revenue.

4. TRADE AND BILLS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	$'000	*$'000*
Trade and bills receivable	**407,815**	325,134
Other receivables	**34,860**	46,965
	442,675	372,099
Less: Allowance for impairment of trade, bills and other receivables	**(4,021)**	(4,021)
	438,654	368,078
Prepayments	**10,059**	14,479
Deposits	**29,774**	55,310
	478,487	437,867
Less: Other non-current assets *(Note)*	**(46,224)**	(36,676)
	432,263	401,191
Representing:		
Trade and bills receivable, net of allowance	**403,794**	321,113
Prepayments, deposits and other receivables	**28,469**	80,078
	432,263	401,191

Note: Other non-current assets represent deposits paid for the purchase of property, plant and equipment amounted to approximately $24,474,000 (2017: $17,014,000), a government grant receivable from Jiangsu Yixing Economic Development Zone Investment and Development Company Limited amounted to approximately $21,750,000 (2017: $19,662,000) in relation to the acquisition of a piece of land in Yixing, Jiangsu, the PRC.

4. TRADE AND BILLS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The Group generally grants credit periods ranging from 30 to 90 days, except for two (2017: one) of the customers who is granted a credit period of 150 days. An ageing analysis of trade, bills and other receivables, based on invoice date, is as follows:

	2018	2017
	$'000	*$'000*
0 to 90 days	**325,046**	333,045
91 to 180 days	**94,723**	31,687
181 to 360 days	**19,778**	4,196
Over 360 days	**3,128**	3,171
	442,675	372,099

5. PROPERTY DEVELOPMENT

	2018	2017
	$'000	*$'000*
Property under development for sale	**639,557**	435,013
Completed property held for sale	**17,871**	44,798
	657,428	479,811

6. CASH AND BANK DEPOSITS

	2018	2017
	$'000	*$'000*
Cash at bank and in hand	**270,811**	206,137
Time deposits	**1,342**	9,226
	272,153	215,363

7. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Trade payables ageing analysis, based on invoice date, is as follows:

	2018	2017
	$'000	*$'000*
0 to 90 days	**197,284**	220,017
91 to 180 days	**8,047**	9,216
181 to 360 days	**2,794**	276
Over 360 days	**612**	800
	208,737	230,309

8. REVENUE, OTHER INCOME/GAINS AND (LOSSES)

	Continuing operations		**Discontinued operations**	
	2018	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*
		(Restated)		(Restated)
Revenue				
Sales of merchandise and provision of services				
— Metal and plastic business	**1,576,143**	1,436,843	**–**	–
— Electronic manufacturing services business	**1,294,778**	1,256,973	**–**	–
— Others	**419**	1,636	**25,896**	17,408
	2,871,340	2,695,452	**25,896**	17,408
Sale of properties	**48,540**	4,186	**–**	–
	2,919,880	2,699,638	**25,896**	17,408
Other income/gains and (losses)				
Rental income	**2,622**	2,719	**–**	–
Gain/(loss) on disposal of property, plant and equipment	**3,175**	1,101	**(93)**	(6)
Gain on liquidation of a subsidiary	**–**	487	**–**	–
Impairment loss on available-for-sale financial assets	**–**	(201)	**–**	–
Impairment loss on investment in an associate	**–**	(2,490)	**–**	–
Others	**92**	2,117	**1**	–
	5,889	3,733	**(92)**	(6)

9. EXPENSES BY NATURE

	Continuing operations 2018 $'000	Continuing operations 2017 $'000 (Restated)	Discontinued operations 2018 $'000	Discontinued operations 2017 $'000 (Restated)
Carrying amount of inventories sold	**2,134,068**	2,011,845	**15,306**	10,357
Carrying amount of properties sold	**29,762**	955	**–**	–
Depreciation of property, plant and equipment:				
— owned assets	**49,119**	49,806	**5,844**	3,750
— leased assets	**–**	4,618	**27**	14
	49,119	54,424	**5,871**	3,764
Amortisation of land use rights	**472**	472	**–**	–
Amortisation of intangible assets	**1,293**	1,257	**2,400**	2,400
Employee benefit expenses (including directors' remuneration)	**385,912**	356,570	**17,329**	10,743
Operating lease rental of premises	**5,565**	9,813	**12,759**	7,345
Net exchange (gain)/loss	**(4,947)**	(2,937)	**359**	(61)
Auditor's remuneration	**3,300**	3,081	**18**	11
Other expenses	**59,112**	48,780	**6,670**	4,188
	2,663,656	2,484,260	**60,712**	38,747
Representing:				
Cost of revenue	**2,497,094**	2,331,434	**50,087**	30,936
Distribution and selling expenses	**29,677**	23,194	**1,699**	893
General and administrative expenses	**136,885**	129,632	**8,926**	6,918
	2,663,656	2,484,260	**60,712**	38,747

10. FINANCE COSTS, NET

	Continuing operations 2018 $'000	Continuing operations 2017 $'000 (Restated)	Discontinued operations 2018 $'000	Discontinued operations 2017 $'000 (Restated)
Finance costs				
— Interest expense on bank borrowings wholly repayable within five years	**27,143**	18,343	**–**	–
— Finance charges on obligations under finance leases	**–**	141	**5**	1
Less: interest expenses capitalised into property under development for sale *(Note)*	**(12,260)**	(6,905)	**–**	–
	14,883	11,579	**5**	1
Finance income				
— Interest income from bank deposits	**(1,128)**	(662)	**(4)**	(5)
— Other interest income	**(414)**	(396)	**–**	–
	(1,542)	(1,058)	**(4)**	(5)
Finance costs, net	**13,341**	10,521	**1**	(4)

Note: The borrowing costs have been capitalised at a rate of 3.23% (2017: 2.73%) per annum.

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The amount of taxation charged to consolidated statement of profit or loss represents:

	Continuing operations		**Discontinued operations**	
	2018	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*
Current taxation				
Hong Kong Profits Tax				
— Current year	**19,224**	18,431	**–**	–
— Under/(over)-provision in prior years	**135**	(581)	**–**	–
PRC taxes	**22,115**	3,547	**–**	–
Deferred taxation	**(7,459)**	(755)	**–**	–
	34,015	20,642	**–**	–

Hong Kong Profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year for all group companies incorporated in Hong Kong.

The Group's operations in the PRC are subject to Corporate Income Tax Law of the PRC at the standard tax rate of 25%. Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

12. EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue after adjusting the potential dilutive effect of the outstanding options during the year.

	2018	2017 (Restated)
Profit/(loss) attributable to equity shareholders of the Company arises from *($'000)*		
— Continuing operations	**217,707**	189,553
— Discontinued operations	**(35,144)**	(21,220)
	182,563	168,333
Weighted average number of ordinary shares in issue *(in thousand shares)*	**1,995,081**	1,996,196
Effect of outstanding share options *(in thousand shares)*	**18,265**	6,354
Weighted average number of ordinary shares (diluted) in issue *(in thousand shares)*	**2,013,346**	2,002,550
Basic earnings/(loss) per share *(HK cents)*		
— Continuing operations	**10.9**	9.5
— Discontinued operations	**(1.7)**	(1.1)
— Profit for the year	**9.2**	8.4
Diluted earnings/(loss) per share *(HK cents)*		
— Continuing operations	**10.8**	9.5
— Discontinued operations	**(1.7)**	(1.1)
— Profit for the year	**9.1**	8.4

13. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2018	2017
	$'000	*$'000*
Interim dividend declared and paid of HK1.6 cent per ordinary share (2017: HK1.3 cent per ordinary share)	**31,942**	25,951
Final dividend proposed after the end of the reporting period of HK4.75 cents per ordinary share (2017: HK4.2 cents per ordinary share)	**94,661**	83,841
Special dividend declared of HK2.55 cents per ordinary share (2017: HK1.0 cent per ordinary share proposed after the end of the reporting period)	**50,861**	19,962
	177,464	129,754

The final and special dividends proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2018	2017
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK4.2 cents per ordinary share (2017: HK2.75 cents per ordinary share)	**83,841**	54,895
Special dividend in respect of the previous financial year, approved and paid during the year, of HK1.0 cent per ordinary share (2017: Nil)	**19,962**	–
	103,803	54,895

14. DISCONTINUED OPERATION

On 12 January 2018, the Company entered into an agreement with a related party, The Wedding Square Company Limited, to dispose of the Company's entire equity interest in a wholly-owned subsidiary, Full Benefit Global Holdings Limited, and its subsidiaries at an aggregate consideration of $51,000,000. The transaction was completed on 29 March 2018. A loss on disposal of $505,000 was recognised in profit or loss for the year ended 31 March 2018 under discontinued operations. Further details are set out in the Company's announcement dated 15 January 2018.

Full Benefit Global Holdings Limited and its subsidiaries are principally engaged in consumer and services business under the brand of "Fullhouse World", such as provision of catering services and sales of themed gifts in Hong Kong, the PRC and Malaysia. In accordance with the Group's accounting policy, as the discontinued operation represented a separate major line of business of the Group, its financial information were separately presented in the financial statements of the Group. Accordingly, the comparative amounts in the consolidated statement of profit or loss were restated.

The results of the discontinued operations for the period from 1 April 2017 to 29 March 2018 and for the year ended 31 March 2017 are set out as below:

	Period from 1 April 2017 to 29 March 2018 *$'000*	Year ended 31 March 2017 *$'000*
Revenue	**25,896**	17,408
Cost of revenue	**(50,087)**	(30,936)
Gross loss	**(24,191)**	(13,528)
Distribution and selling expenses	**(1,699)**	(893)
General and administrative expenses	**(8,926)**	(6,918)
Other losses	**(92)**	(6)
Operating loss	**(34,908)**	(21,345)
Finance income	**4**	5
Finance costs	**(5)**	(1)
Finance (costs)/income, net	**(1)**	4
Loss before taxation	**(34,909)**	(21,341)
Income tax	**–**	–
Loss after tax from discontinued operations	**(34,909)**	(21,341)
Net loss on disposal of subsidiaries	**(505)**	–
Loss for the period/year from discontinued operations	**(35,414)**	(21,341)
Attributable to:		
Equity shareholders of the Company	**(35,144)**	(21,220)
Non-controlling interests	**(270)**	(121)
Loss for the period/year from discontinued operations	**(35,414)**	(21,341)

PRINCIPAL ACTIVITIES AND RESULTS

For the year ended 31 March 2018, the Group was principally engaged in:

Continuing Operations

— Metal and Plastic Business ("M&P"): manufacturing and sale of metal and plastic products, including server casings, moulds, plastic and metal parts and household products;

— Electronic Manufacturing Services Business ("EMS"): manufacturing and sale of magnetic tape data storage, point-of-sale ("POS") system, medical products, office automation products and other computer peripherals;

— Real Estate Business: urban renewal, real estate project investment, property leasing and development; and

Discontinued Operations

— Consumer and Services Business: building of "Fullhouse World" Brand, provision of relevant services, such as catering services and sales of themed gifts. During the year ended 31 March 2018, the Consumer and Services Business segment was disposed of to a related party and the results of this segment have been classified as discontinued operation of the Group.

1. Business Review

I. Results

Continuing Operations

For the year ended 31 March 2018, the revenue of the Group was HK$2,919,880,000 (for the year ended 31 March 2017: HK$2,699,638,000), increased by approximately 8% when compared with the corresponding period of last year, while profit for the year from continuing operations of the Company amounted to HK$217,707,000 (for the year ended 31 March 2017: HK$189,553,000), increased by approximately 15% when compared with the corresponding period of last year. The increase in revenue was mainly due to the improvement in revenue from both M&P and EMS. The profit for the year from continuing operations of the Group recorded a sound growth, which was mainly due to the merging of plants and the continuous deepening of automation application, as well as the enhancement of production efficiency.

In addition, for Real Estate Business, we recorded revenue of approximately HK$48,540,000 for the year (for the year ended 31 March 2017: HK$4,186,000). Such increase in revenue was mainly attributable to the recognition of revenues from the sale of more than thirty units situated at Area B, Castfast Villas (嘉輝豪庭B區). As the Real Estate Business was still under development and at the pre-sale stage, it has not yet made substantial contributions to the Group's profits for the year.

Discontinued Operations

In order to avoid the risk of continued losses of Consumer and Services Business and allow putting efforts for concentrating resources on the development of core businesses such as M&P, EMS and Real Estate Business, the Company entered into an agreement to dispose of its Consumer and Service Business on 12 January 2018. The completion of disposal took place on 29 March 2018. Accordingly, the results of the Consumer and Service Business were classified as discontinued operations during the current year. For the year ended 31 March 2018, the loss for the year from discontinued operations was HK$35,414,000 (for the year ended 31 March 2017: HK$21,341,000). Such increase in loss was mainly due to the rapid changes and the extraordinarily intense competition of the industry.

II. M&P and EMS ("Industrial Business")

Revenue for 2017/18 increased by approximately 7% when compared with last year, which was mainly due to:

(a) Revenue of the M&P for the year ended 31 March 2018 increased by approximately 10% to HK$1,576,143,000 (for the year ended 31 March 2017: HK$1,436,843,000) when compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in the shipment resulting from the rising demand for server chassis products.

(b) Revenue of the EMS for the year ended 31 March 2018 slightly increased by approximately 3% to HK$1,294,778,000 (for the year ended 31 March 2017: HK$1,256,973,000) when compared with the corresponding period of last year, which was mainly due to an increase in sales of magnetic tape data storage product, which was resulted from the integration of the storage product market driving the increase in customer demand; and some of the increase was partially set off by decrease in revenue from POS system and the decrease in the manufacturing of lower profit margin products by the Group. The drop in revenue of the POS system was due to the delay in delivery from the customers.

(c) The Group's Industrial Business achieved fabulous remarkable results and played a leading role in the international server casing manufacturing market. It also passed the ISO certification and the more stringent Responsible Business Alliance ("RBA") Code of Conduct audit smoothly within a short period of time after the plant merging, which made the Group maintain good competitiveness and leading position among the industry peers. The results of which are shown as follows:

   (i) Plant integration: the Group has improved the effectiveness of its production equipment, speeded up the process for solving engineering problems, and reduced the time required for moulds fabrication and the frequency of mould repairs, which in turn increased work efficiency and saved both working hours and manpower.

(ii) Continuous deepening our automation initiatives: the Group succeeded in the full implementation of automated production in the riveting and stacking process. Automation and integration were also achieved in degating with welding, plastic injection and secondary processes such as nailing and pad printing. Accordingly, the improvement of scope and level of automation can effectively reduce the rising wage pressure.

(iii) Efforts to expand research and development of products: the Group successfully developed a series of product technologies, which significantly strengthened its capability to deal with the production of various parts and thus broadened its business scope inclusive of upstream moulds export, personal medical product and consumer products.

(iv) Human resources development: the Group introduced of a new human resources system platform and started up the talent pool project; strengthened training, strived to the establish the system of talent cultivation and echelon construction in order to enhance team capabilities, and set up a reserve core talents to meet the needs of Industrial Business development. In addition, the Group successfully implemented Key Performance Indicators (KPIs) performance appraisal so as to strengthen its information management platform.

(v) Improvement of the production system: The production department introduced the Manufacturing Execution System (MES), which was a set of workshop production information management system and built a solid, reliable and comprehensive manufacturing collaboration management platform for the Company, hence the products quality and customer satisfaction were improved since production and outflow of defective products were reduced.

(d) The Group continuously strived to maintain its position as a global leading mechanical parts manufacturer. The Group's major customers were leading enterprise of the industry from the international market. Having been working together with these customers for more than 15 years, the Group has maintained a good relationship of cooperation and has also signed orders for a new generation models, with these customers, which lay a better foundation for future earnings; in addition, the Group has still been striving to become a supplier to other international technology enterprise customers and actively made approaches to potential Chinese customers to expand the market in the PRC.

III. Real Estate Business

The Group achieved better utilization of land resources to maximize the value of the land and to expand Real Estate Business. To cope with the development of Real Estate Business, the Group had a well-established professional Real Estate Business team. It was believed that the Real Estate Business would definitely be another revenue source of the Group. As such sector has started bringing in revenues to the Group, potential contributions would gradually emerge in the future.

Its main development projects include:

(1) The Guanjingtou Plant modification project (官井頭舊廠房改造項目)

In responding to the local government's urban, plant and village policy, the old Guanjingtou Plant in Fenggang, Dongguan has been relocated to Yuquan, Fenggang, Dongguan. The relocation was completed successfully in 2016. The original Guanjingtou plant had a site area of approximately 60,000 square meters and a gross floor area of approximately 120,000 square meters, which will be developed into a residential project for the Fourth and Fifth Phases of Castfast Villas (嘉輝豪庭). Currently, it has obtained a substructure works permit, and has carried out substructure works with good progress having been achieved.

(2) New Cooperation Agreement Development Project:

The Company has invested HK$140,000,000 under the residential project of the Third Phases of Castfast Villas (嘉輝豪庭) which was jointly developed with the Company's substantial shareholder. The project covered an area of approximately 32,000 square meters, which could be developed into a total of more than 600 residential units with a floor area of over 61,000 square meters. The Company would enjoy 50% of the profits derived from this development project under cooperation agreement. The main building of this project has been completed. The greening works are currently under progress. The first batch of units have launched for pre-sales which received enthusiastic response with over 200 units having been pre-sold. The Board believed that it will soon bring significant returns to the Group.

(3) Refurbishment Project of 47 residential units

The 47 residential units in Area B, Castfast Villas (嘉輝豪庭B區), Fenggang, which were purchased and refurbished in 2016, have a floor area of approximately 3,600 square meters. More than 30 units have been sold, some of which were recorded during the current year, and the remaining units will be sold successively.

(4) Boluo County residential project (博羅縣住宅項目)

In February 2017, the Group won the tender of a piece of land in Boluo County of Huizhou for a residential development project, with a gross floor area of approximately 30,000 square meters. Demolition work has been done on the site on which is conducting foundation pit work. Substructure works have been commenced and satisfactory progress has been made.

(5) Yantian Plant (雁田廠房)

Regarding the approximately 20,000 square meters land plot of the idle Yantian Plant in Fenggang, Dongguan, the Group is actively discussing on the plan of the change in land use and modification of the old plant buildings to better use the land resources so as to enhance the potential value of the land with the relevant local authorities. It is hoped that an agreement can be arrived as soon as possible to enrich the Group's real estate projects.

Conclusion

Industrial Business remains the core focus of the Group. It may continue to grow steadily and its result is encouraging. The Group has been striving to achieve the vision of "becoming the most sophisticated mechanical parts manufacturing solution and value-added electronics assembly services provider within global industry". To stand out from many strong competitors, except for emphasizing the value of "proactive, services and commitment," the Group shall also have the ability to break through adversities. To own such ability, the Group shall embrace the concept of "gathering of excellence and breaking new ground", following which turn the plight into an opportunity under the highly competitive business environment; then experience metamorphosis, subsequently innovate, so as to flourish. Finally, achievements can be successively maintained, and the Group may grow into a centennial enterprise.

Gathering: It represents a collection of exquisite things, including talent, design, production, materials, quality and facilities, etc., to meet the growing demands from customers. Accordingly, the Group can maintain long-term good cooperation relationship with international prestigious brands; meanwhile it aims to reduce the risk of customer concentration and to expand its customer base through developing new potential customers of technology enterprise internationally and domestically.

The exquisite design needs talented people to contemplate, the intelligent plants need talented people to operate and the premium products need talented people to develop and research. Therefore, the Group attaches great importance to establish the system of talent cultivation and echelon construction. Moreover, the Group continually provides high-quality training to improve the quality of its talents. The Group believes that gathering of excellent talents may inherit the development achievement which shall be passed down in the future.

The Group maintains strong business activities to focus on the development of core Industrial Business and the promising Real Estate Business which may further improve profitability.

Innovation: By continually bringing up innovative ideas and breaking through the traditional framework, the Group constantly underwent various innovation and transformation as time changes. The Group has expanded and implemented plant integration; meanwhile it continuously deepened the automated production, which made its production become standardized, digitized, analyzable data, integrated and comprehensive. Intelligent production mode has been established to increase efficiency and reduce costs. Meanwhile, such mode can also improve customer satisfaction, which in turn can maintain a sustained increase in orders.

Finally, in order to increase revenue sources, the Group also commenced Real Estate Business. Such sector enabled the release of the value of the old plant and significantly increased the profitability of the Group, which facilitated better profits for the shareholders.

2. Dividend Policy

The Board has adopted a set of "New Dividend Policy" in the announcement of results for the first quarter of 2006/07, which outlines the factors that should be taken into account in determining any dividend for distribution, such as the profit attributable to equity shareholders of the Company, cash flow and investment budgets. After careful consideration of the aforementioned factors, and given that the Board maintains the Company's track record of paying dividends continuously to our shareholders every year the Board has decided to recommend to pay a final dividend of HK4.75 cents per share to our shareholders whose names appear on the register of member of the Company on 31 August 2018.

3. Geographical Distribution

The Group has always adopted a diversified approach in shipping its goods and does not rely on one single market. Details of the Group's geographical distribution are set out in the segment report in note 3 to the annual results announcement.

4. Prospects

I. Industrial Business

To align with its high efficient feature, the Group has been regarding "Made in China 2025" as its development guideline. The Industrial Business remains the core business of the Group which shall not be overlooked. After surpassing the changes in 2017 to 2018, the Group will meet new challenges with new opportunities. Therefore, in the coming years, the Group will take the following issues as its first priority:

(i) To consolidate the existing Industrial Business, exploit markets for potentially profitable products, open up new market space by leveraging on the improved production capacity achieved after automation to meet the needs of business development;

(ii) To promote the use of logistics chain (suppliers) intelligent systems, improve the comprehensive management of procurement, quotation, production costs and sales prices, so that the management can be more cost-efficient, as well as timely reflect the current status, in order to rapidly respond to the fast-changing environment;

(iii) To promote staff training and introduce external professional training, enhance the professional skills of team talent pool, upgrade the quality of talents, further optimize the human resources, hold a reserve of sufficient talents, establish cooperation between different tiers of staff, so as to reduce talent loss and make the Group more competitive;

(iv) To implement continuous deepening of automation application, especially automation in plastic injection and assembly, whereby it can meet the diversification, individualization and technical requirements of our customers, as well as improve shipping capacity, production flexibility and quality inspection to achieve a more solid foundation for its Industrial Business; and

(v) To optimize and improve the internal management system, increase the development of new product technologies, enhance the competitiveness of the Group in undertaking new business, and gradually move towards standardization, regularization and institutionalization, so as to improve efficiency and quality and to realize costs reduction.

Under a highly competitive industry environment, the Group will constantly spare no efforts to achieve outstanding performance, continue to deepen automation applications, reduce operating costs, enhance efficiency, build talent teams, improve product range, maintain competitiveness, so as to stay ahead of the competition among industry peers.

II. Real Estate Business

The Group's real estate projects are located in the Guangdong-Hong Kong-Macau Bay Area (the "Bay Area") which is one of the four biggest bay areas in the world. The Bay Area forms a closely-connected urban group through well-developed infrastructure facilities. Complying with the complementary advantages and economic integration of the Bay Area, the Group's real estate development projects have unique potentials. The Group is confident that these development projects will bring substantially rich results to the Group.

Overall Outlook

Looking forward, the Group is committed to maintaining stable and lasting growth. It will capitalise on its success and achieve continued success in the future. The Group will gather excellence, stay innovative, seize the opportunity, transform into flourish, and strive to engage profitable projects and businesses. The Group also actively develops its Real Estate Business when sticking to the Industrial Business, so as to increase corporate value and bring substantial results to shareholders. Furthermore, in addition to pursuing profitable growth, the Group pays more attention to the quality of profit growth, and at the same time fulfills social corporate responsibilities, implements cleaner production, coexists in harmony with society, and takes sustainable development as its mission to lay the cornerstone for Karrie to become a centennial enterprise.

FINANCIAL RESOURCES

Borrowings

With the commencement of Real Estate Business, net interest-bearing borrowings[#] as at 31 March 2018 were approximately HK$353,749,000 and the net interest-bearing borrowings ratio (being the proportion of total net interest-bearing borrowings over total equity) was 30% (as at 31 March 2017: net interest-bearing borrowings were approximately HK$324,565,000 and net interest-bearing borrowings ratio was 30%). The financial position of the Group remains healthy.

Represent bank borrowings and obligations under finance leases less cash and bank deposits ("net interest-bearing borrowings")

Non-current Assets to Shareholders' Fund Ratio maintaining below the level of 1

The non-current assets to total equity ratio as at 31 March 2018 maintained at the healthy level of 76% (as at 31 March 2017: 79%), which represents the Group's non-current assets, such as plant and machineries are using its stable total equity as a support.

Capital Expenditure ("CAPEX")

The initial estimate of the CAPEX Budget for the financial year 2018/19 is approximately HK$115,000,000, of which HK$110,000,000 relates to the Industrial Business and HK$5,000,000 is for the investment property. The CAPEX was mainly used for acquiring new machinery and equipment and upgrading computer system.

Resources Available

Currently, total interest-bearing borrowings are approximately HK$625,902,000. The Group is confident that with the cash in hand and bank deposits of approximately HK$272,153,000 and the unutilised banking facilities of HK$1,025,005,000, it is able to meet its current operational and capital expenditure requirements and to make strategic investments when opportunities arise.

Exchange Rate Exposure

Most of the Group's assets, liabilities and transactions are denominated in HKD, USD and RMB. Foreign currency risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a currency other than the Group's functional currency, which in turn exerts pressure on the Group's production cost. To mitigate the impact of exchange rate fluctuation of RMB on its business, the Group will actively communicate with its customers in order to adjust the selling prices of its products and may use foreign exchange forward contracts to hedge against foreign currency risk (if and when necessary).

Contingent Liabilities

As at 31 March 2018, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 3,910 employees on average (an average of 4,060 employees in the corresponding period last year) during the year. With a good reputation in the local community, the Group has rarely encountered major difficulties in recruiting employees.

Employee remuneration packages are determined in accordance with prevailing market standards and the employee's performance and experience. The Group may also grant bonuses to employees with outstanding performance based on its own audited business performance and the appraisal and reward system. Other employee benefits include medical insurance and mandatory provident fund.

In addition, to cope with domestic development in PRC and the actual need for talent-retaining, the Group establishes a "Cooperative Home & Car Ownership Scheme" to encourage and finance potential elites in buying a flat and a car as a means to retain talents who may otherwise be lost in the competitive labour market.

Performance Based Incentives

The Group adopted performance based bonus system and objective performance assessment. Employees with outstanding performance will now receive more bonus than before the new system was implemented.

DIVIDEND

The Board has recommended to pay a final dividend of HK4.75 cents per share (2016/17 final dividend: HK4.2 cents per share and a special dividend of HK1 cent per share), to shareholders whose names appear on the register of members of the Company on 31 August 2018. Together with the interim dividend of HK1.6 cents per share and special dividend of HK2.55 cents per share (2016/17 interim dividend: 1.3 cents per share), total dividend paid/payable for this year amounted to HK8.9 cents per share (2016/17: HK6.5 cents per share). The final dividend will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company to be held on 24 August 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the entitlement to attend and vote at the AGM to be held on 24 August 2018, the register of members of the Company will be closed from Monday, 20 August 2018 to Friday, 24 August 2018 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 17 August 2018.

Assuming that the final dividend is approved by the shareholders of the Company at the AGM, for the purposes of ascertaining the entitlement to the final dividend, the register of members of the Company will be closed from Thursday, 30 August 2018 to Friday, 31 August 2018 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 29 August 2018. It is expected that the final dividend will be payable and issued to those entitled on or around Tuesday, 18 September 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

Due to the fact that the share price of the Company is unable to fully reflect its intrinsic value, the Company repurchased 7,142,000 shares on the Stock Exchange during the year ended 31 March 2018 at an aggregate consideration paid of HK$8,701,900 and these shares were subsequently cancelled by the Company. Details of these transactions are as follows:

Month/year	Number of Shares repurchased	Highest price paid per Share *(HK$)*	Lowest price paid per Share *(HK$)*	Total paid *(HK$)*
April 2017	230,000	1.04	0.96	230,300
May 2017	3,836,000	1.26	1.18	4,658,400
August 2017	1,106,000	1.16	1.15	1,279,220
January 2018	1,686,000	1.30	1.28	2,177,660
February 2018	284,000	1.29	1.22	356,320
	7,142,000			8,701,900

Save as disclosed above, the Company has not redeemed any of its shares during the year and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company is committed to achieving the highest standards of corporate governance. Throughout the year ended 31 March 2018, the Company had applied the principles and complied with the requirements set out in the Corporate Governance Code ("CG Code") in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited, except the following:

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not segregate the roles of its Chairman and Chief Executive Officer and Mr. Ho Cheuk Fai ("Mr. Ho") currently holds both positions.

Being the founder of the Group, Mr. Ho has substantial experience in the manufacturing industry, as well as in the property development and culture related industries. At the same time, Mr. Ho has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the Chief Executive Officer. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person would provide the Group with strong and consistent leadership and allow the Group to be more effective and efficient in developing long-term business strategies and executing business plans. Hence, the Board considers that there is no need to segregate the roles of the Chairman and the Chief Executive Officer and both roles should continue to be performed by Mr. Ho.

According to Code Provision A.4.1 of CG Code, non-executive director should be appointed for a specific term, subject to re-election. Mr. Ho Cheuk Ming was re-designated as Non-executive Director on 1 June 2007 and he was appointed as Deputy Chairman on 1 May 2011 without a specific term. Mr. Ho Kai Man was re-designated as the Non-executive Director on 1 November 2012 without a specific term. Although Mr. Ho Cheuk Ming and Mr. Ho Kai Man are not appointed for a specific term, they are subject to retirement by rotation according to the Bye-laws of the Company.

Moreover, Code Provision A.4.2 of CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Company's Bye-laws, at each annual general meeting, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, the number nearest to one-third but not greater than one-third shall retire from office provided that notwithstanding anything in the Company's Bye-laws, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the Board should hold office only until the next following annual general meeting and would then be eligible for re-election. The Chairman and/or the Managing Director of the Group will consider to voluntarily retire at the annual general meeting at least once every three years in line with Code Provision A.4.2 of the CG Code. As such, the Company considers that sufficient measures have been taken to ensure good corporate governance of the Company.

According to Code Provision A.5 of the CG Code, the Company should establish a nomination committee, which is chaired by the chairman of the Board or an independent non-executive Director and comprises a majority of the independent non-executive Directors. The Company has not established a nomination committee due to the fact that the function of the nomination committee was delegated to the Board, which is responsible for reviewing its own structure, size and composition in accordance with the board diversity policy adopted by the Company (the "Policy") annually; considering the re-appointment of Directors; evaluating the Policy as well as assessing the independence of independent non-executive Directors. The Board has taken sufficient measures to avoid the conflict of interests in carrying out such functions. For instance, the relevant Director would abstain from voting for any resolution relating to his or her own reappointment. As such, the Board is of the view that the members of the Board possess the necessary experience and knowledge to discharge the functions of a nomination committee. The Board shall review the composition and operation of the Board from time to time and shall consider establishing a nomination committee if such need arises.

AUDIT COMMITTEE

The Company has established an audit committee currently made up of one non-executive Director and three independent non-executive Directors whose duties include resolving issues in relation to audit such as reviewing and supervising the Company's financial reporting process and internal control systems. The audit committee and the management have reviewed the accounting principles and major policies adopted by the Group and have discussed the auditing, internal control and financial reporting in the current year with the external auditors. The audit committee has reviewed the consolidated annual results of the Group as of 31 March 2018.

REVIEW OF ANNUAL RESULTS

The audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2018. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG 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 KPMG on the preliminary announcement.

APPRECIATION

I would like to thank our customers, suppliers, bankers, shareholders and others who have extended their invaluable support to the Group, and my fellow Directors, managers and all staff for their considerable contributions to the Group.

As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai and Mr. Chan Raymond; the non-executive Directors are Mr. Ho Cheuk Ming and Mr. Ho Kai Man; the independent non-executive Directors are Mr. So Wai Chun, Mr. Fong Hoi Shing and Mr. Yam Chung Shing.

By Order of the Board
Karrie International Holdings Limited
Ho Cheuk Fai
Chairman

Hong Kong, 25 June 2018

* *For identification purpose only*