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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 2019

FINANCIAL HIGHLIGHTS

	2019	2018	Changes in %
Revenue *(HK$'000)*	**2,651,169**	2,919,880	-9%
Profit for the year attributable to equity shareholders of the Company *(HK$'000)*	**221,386**	182,563	+21%
Basic earnings per share *(HK cents)*	**11.1**	9.2	+21%
Interim dividend per share *(HK cents)*	**3.00**	1.60	+88%
Special dividend per share *(HK cents)*	—	2.55	-100%
Final dividend per share *(HK cents)*	**5.00**	4.75	+5%
Total dividends per share for the year *(HK cents)*	**8.00**	8.90	-10%

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 2019 together with the comparative figures for 2018 as follows:

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

	Note	**31 March 2019** **$'000**	31 March 2018 *$'000*
ASSETS			
Non-current assets			
Land use rights		**16,190**	16,663
Property, plant and equipment		**451,025**	449,206
Investment properties		**318,600**	336,250
Intangible assets		**9,168**	9,317
Investment in an associate		**16,327**	16,562
Other financial assets		**19,325**	18,916
Other non-current assets	*4*	**32,000**	46,224
Deferred tax assets		**5,001**	7,354
		867,636	900,492
Current assets			
Inventories		**335,491**	381,143
Property development	*5*	**689,437**	657,428
Trade and bills receivable	*4*	**279,285**	403,794
Prepayments, deposits and other receivables	*4*	**45,904**	28,469
Amounts due from related companies		**21,503**	—
Current tax recoverable		**632**	138
Cash and bank deposits	*6*	**224,030**	272,153
		1,596,282	1,743,125
Total assets		**2,463,918**	2,643,617
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital		**199,183**	199,456
Other reserves		**254,217**	287,519
Retained earnings		**713,460**	701,307
Total equity		**1,166,860**	1,188,282

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(Expressed in Hong Kong dollars)

	Note	**31 March 2019** **$'000**	31 March 2018 *$'000*
LIABILITIES			
Current liabilities			
Trade payables	*7*	**155,469**	208,737
Accruals and other payables		**437,151**	411,297
Bank borrowings		**66,588**	135,002
Amount due to an associate		**35**	2,587
Amounts due to related companies		**394**	123,397
Current tax payable		**72,606**	71,727
		732,243	952,747
Non-current liabilities			
Bank borrowings		**553,754**	490,900
Provision for long service payments		**7,388**	7,718
Deferred tax liabilities		**3,673**	3,970
		564,815	502,588
Total liabilities		**1,297,058**	1,455,335
Total equity and liabilities		**2,463,918**	2,643,617
Net current assets		**864,039**	790,378
Total assets less current liabilities		**1,731,675**	1,690,870

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	2019 $'000	2018 $'000
CONTINUING OPERATIONS			
Revenue	8	**2,651,169**	2,919,880
Cost of revenue	9	**(2,210,972)**	(2,497,094)
Gross profit		**440,197**	422,786
Distribution and selling expenses	9	**(24,918)**	(29,677)
General and administrative expenses	9	**(107,872)**	(136,885)
Other income/gains	8	**7,532**	5,889
Net valuation gain on investment properties		**898**	2,078
Operating profit		**315,837**	264,191
Finance income		**2,743**	1,542
Finance costs		**(19,187)**	(14,883)
Finance costs, net	10	**(16,444)**	(13,341)
Share of profits of an associate		**693**	872
Profit before taxation		**300,086**	251,722
Income tax	11	**(78,700)**	(34,015)
Profit for the year from continuing operations		**221,386**	217,707
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		**—**	(35,414)
Profit for the year		**221,386**	182,293

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	Note	**2019** **$'000**	2018 $'000
Attributable to:			
Equity shareholders of the Company		**221,386**	182,563
Non-controlling interests		**—**	(270)
		221,386	182,293
Profit/(loss) attributable to equity shareholders of the Company arises from:			
— Continuing operations		**221,386**	217,707
— Discontinued operations		**—**	(35,144)
		221,386	182,563
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		**11.1**	10.9
— Discontinued operations		**—**	(1.7)
— Profit for the year		**11.1**	9.2
Diluted earnings/(loss) per share (HK cents)	*12*		
— Continuing operations		**11.0**	10.8
— Discontinued operations		**—**	(1.7)
— Profit for the year		**11.0**	9.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2019
(Expressed in Hong Kong dollars)

	2019 *$'000*	2018 *$'000*
Profit for the year	**221,386**	182,293
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
Remeasurement of provision for long service payments	**415**	(2,213)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas operations, net of $Nil tax	**(35,677)**	65,974
Fair value gains on other financial assets, net of $Nil tax	**2**	223
Other comprehensive income for the year	**(35,260)**	63,984
Total comprehensive income for the year	**186,126**	246,277
Attributable to:		
Equity shareholders of the Company	**186,126**	246,547
Non-controlling interests	**—**	(270)
Total comprehensive income for the year	**186,126**	246,277
Total comprehensive income attributable to equity shareholders of the Company arises from:		
— Continuing operations	**186,126**	281,430
— Discontinued operations	**—**	(34,883)
	186,126	246,547

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 2019 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 2019 comprise the Group and its interest in an associate. The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties, other financial assets and employee benefit assets/liabilities which have been measured at fair value.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRC) 22, *Foreign currency transactions and advance consideration*

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

(a) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement.* It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets. The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) HKFRS 9, Financial instruments (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. The Group made an election to designate the investments other than equity investments at FVOCI (recycling). Equity investments were designated at FVOCI (non-recycling).

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represents solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) HKFRS 9, Financial instruments (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The following table shows the original measurement categories for each class of the Group's financial assets and financial liabilities under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	**Reclassification**	**HKFRS 9 carrying amount at 1 April 2018**
	$'000	*$'000*	*$'000*
Financial assets carried at FVOCI (recycling)			
— Key management insurance contract (unlisted investment) *(note (i))*	—	18,916	18,916
Financial assets classified as available-for-sale under HKAS 39 *(note (i))*	18,916	(18,916)	—
Other financial assets revaluation reserve (recycling)	—	288	288
Available-for-sale assets revaluation reserve	288	(288)	—

Note:

(i) Under HKAS 39, key management insurance contracts were classified as available-for-sale financial assets. These insurance contracts are classified as at FVOCI (recycling) under HKFRS 9.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) HKFRS 9, Financial instruments (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or re-designate any financial asset or financial liability at FVPL at 1 April 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost (including cash and bank deposits, trade and bills receivables and prepayments, deposits and other receivables);

— Contract assets as defined in HKFRS 15; and

— debt securities measured at FVOCI (recycling).

Financial assets measured at fair value, including debt securities and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

There is no material impact in the amount of ECL recognised as at 1 April 2018 as a result of the adoption of HKFRS 9.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) HKFRS 9, Financial instruments (Continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— information relating to comparative periods has not been restated. The information presented for 2018 continues to be reported under HKAS 39.

— the following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

- the determination of the business model within which a financial asset is held; and

- the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

— if, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(b) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, Revenue from contracts with customers (Continued)

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. when the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. when the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of manufacturing goods and properties. Taking into account the contract terms and the Group's business practice, the sales of manufacturing goods and properties do not meet the criteria for recognising revenue over time and therefore such revenue continues to be recognised at a point in time. This change in accounting policy had no material impact on opening balances as at 1 April 2018.

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, Revenue from contracts with customers (Continued)

(ii) Significant financing component (Continued)

It is not common for the Group to receive payments significantly in advance of revenue recognition in the Group's arrangements with its customers, with the exception of when residential properties are marketed by the Group while the property is still under construction. In this situation, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing, rather than on legal assignment.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*.

This change in accounting policy had no material impact on opening balances as at 1 April 2018.

(iii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as distribution and selling expenses when they were incurred. Under HKFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as distribution and selling expenses at that time.

This change in accounting policy had no material impact on opening balances as at 1 April 2018.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, Revenue from contracts with customers (Continued)

(iv) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The adoption of HKFRS 15 has only affected the presentation and disclosure of contract liability in the consolidated financial statements.

(c) HK(IFRIC) 22, Foreign currency transactions and advance consideration

The interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

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 (2018: three) 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.

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.

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 2019 are as follows:

	2019						
	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							
Revenue from external customers	1,348,230	1,077,231	225,708	—	2,651,169	—	2,651,169
Inter-segment revenue	42,402	—	—	—	42,402	—	42,402
Reportable segment revenue	1,390,632	1,077,231	225,708	—	2,693,571	—	2,693,571
Gross profit	260,343	57,719	122,135	—	440,197	—	440,197
Distribution and selling expenses and general and administrative expenses	(93,325)	(22,356)	(17,060)	(49)	(132,790)	—	(132,790)
Other income/gains	4,938	795	1,799	—	7,532	—	7,532
Net valuation gain on investment properties	—	—	898	—	898	—	898
Operating profit/(loss)	171,956	36,158	107,772	(49)	315,837	—	315,837
Operating profit/(loss) includes:							
Depreciation	48,397	2,497	769	—	51,663	—	51,663
Amortisation of land use rights	290	63	120	—	473	—	473
Amortisation of intangible assets	1,322	—	—	—	1,322	—	1,322
Write down/(reversal of write down) of obsolete and slow-moving inventories	1,094	(1,094)	—	—	—	—	—
(Reversal of)/recognition of loss allowance for trade receivables	(709)	17	—	—	(692)	—	(692)

3. SEGMENT REPORTING (Continued)

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

	2018						
	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							
Revenue from external customers	1,574,973	1,294,778	48,540	419	2,918,710	25,654	2,944,364
Revenue among continuing and discontinued operations	1,170	—	—	—	1,170	242	1,412
	1,576,143	1,294,778	48,540	419	2,919,880	25,896	2,945,776
Inter-segment revenue	52,149	—	—	—	52,149	—	52,149
Reportable segment revenue	1,628,292	1,294,778	48,540	419	2,972,029	25,896	2,997,925
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)**

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

	2019	2018
	$'000	*$'000*
Operating profit from continuing operations	**315,837**	264,191
Finance income	**2,743**	1,542
Finance costs	**(19,187)**	(14,883)
Share of profits of an associate	**693**	872
Profit before taxation from continuing operations	**300,086**	251,722

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 investment in an associate ("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 an associate.

	The Group's revenue (Continuing operations)		**Specified non-current assets**	
	2019	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**820,173**	892,733	**15,379**	16,152
Japan	**170,677**	256,530	**—**	—
The PRC	**874,191**	828,119	**795,926**	811,824
Asia (excluding Japan, Hong Kong and the PRC)	**118,294**	125,637	**—**	—
North America	**347,692**	438,253	**5**	22
Western Europe	**320,142**	378,608	**—**	—
Sub-total	**1,830,996**	2,027,147	**795,931**	811,846
	2,651,169	2,919,880	**811,310**	827,998

The Group's customer base includes three (2018: three) customers with whom transactions have exceeded 10% of the Group's revenue. For the year ended 31 March 2019, 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 $2,078,558,000 (2018: $2,414,473,000) 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 2019, the revenue derived from five largest customers accounted for approximately 84% (2018: 91%) of the Group's total revenue.

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

	2019	2018
	$'000	*$'000*
Trade and bills receivable	**282,614**	407,815
Other receivables	**37,663**	34,860
	320,277	442,675
Less: Loss allowance for trade and bills receivable	**(3,329)**	(4,021)
	316,948	438,654
Prepayments	**23,720**	10,059
Deposits	**16,521**	29,774
	357,189	478,487
Less: Other non-current assets *(Note)*	**(32,000)**	(46,224)
	325,189	432,263
Representing:		
Trade and bills receivable, net of allowance	**279,285**	403,794
Prepayments, deposits and other receivables	**45,904**	28,469
	325,189	432,263

Note: Other non-current assets represent deposits paid for the purchase of property, plant and equipment amounted to approximately $11,468,000 (2018: $24,474,000), a government grant receivable from Jiangsu Yixing Economic Development Zone Investment and Development Company Limited amounted to approximately $20,532,000 (2018: $21,750,000) 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 (2018: two) 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:

	2019	2018
	$'000	*$'000*
0 to 90 days	**256,327**	325,046
91 to 180 days	**58,773**	94,723
181 to 360 days	**2,009**	19,778
Over 360 days	**3,168**	3,128
	320,277	442,675

5. **PROPERTY DEVELOPMENT**

	2019	2018
	$'000	*$'000*
Property under development for sale	**436,269**	639,557
Completed property held for sale	**253,168**	17,871
	689,437	657,428

6. **CASH AND BANK DEPOSITS**

	2019	2018
	$'000	*$'000*
Cash at bank and in hand	**172,451**	270,811
Time deposits	**51,579**	1,342
	224,030	272,153

7. TRADE PAYABLES

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

	2019	2018
	$'000	*$'000*
0 to 90 days	**154,666**	197,284
91 to 180 days	**692**	8,047
181 to 360 days	**90**	2,794
Over 360 days	**21**	612
	155,469	208,737

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

	Continuing operations		**Discontinued operations**
	2019	2018	2018
	$'000	*$'000*	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15			
Sales of merchandise and provision of services			
— Metal and plastic business	**1,348,230**	1,576,143	—
— Electronic manufacturing services business	**1,077,231**	1,294,778	—
— Others	**—**	419	25,896
	2,425,461	2,871,340	25,896
Sale of properties	**225,708**	48,540	—
	2,651,169	2,919,880	25,896
Other income/gains and (losses)			
Rental income	**4,477**	2,622	—
Gain/(loss) on disposal of property, plant and equipment	**293**	3,175	(93)
Others	**2,762**	92	1
	7,532	5,889	(92)

9. EXPENSES BY NATURE

	Continuing operations		Discontinued operations
	2019	2018	2018
	$'000	*$'000*	*$'000*
Carrying amount of inventories sold	**1,807,116**	2,134,068	15,306
Carrying amount of properties sold	**103,573**	29,762	—
Depreciation of property, plant and equipment:			
— owned assets	**51,663**	49,119	5,844
— leased assets	**—**	—	27
	51,663	49,119	5,871
Amortisation of land use rights	**473**	472	—
Amortisation of intangible assets	**1,322**	1,293	2,400
Employee benefit expenses (including directors' remuneration)	**325,177**	385,912	17,329
Operating lease rental of premises	**6,671**	5,565	12,759
Net exchange (gain)/loss	**(13,003)**	(4,947)	359
Auditor's remuneration	**3,616**	3,300	18
Reversal of loss allowance for trade receivable	**(692)**	—	—
Other expenses	**57,846**	59,112	6,670
	2,343,762	2,663,656	60,712
Representing:			
Cost of revenue	**2,210,972**	2,497,094	50,087
Distribution and selling expenses	**24,918**	29,677	1,699
General and administrative expenses	**107,872**	136,885	8,926
	2,343,762	2,663,656	60,712

10. FINANCE COSTS, NET

	Continuing operations		Discontinued operations
	2019	2018	2018
	$'000	*$'000*	*$'000*
Finance costs			
— Interest expense from financial liabilities measured at amortised cost	**37,094**	27,143	—
— Finance charges on obligations under finance leases	**—**	—	5
Less: interest expenses capitalised into property under development for sale *(Note)*	**(17,907)**	(12,260)	—
	19,187	14,883	5
Finance income			
— Interest income from financial assets measured at amortised cost	**(2,336)**	(1,128)	(4)
— Other interest income from financial assets measured at FVOCI (recycling)	**(407)**	(414)	—
	(2,743)	(1,542)	(4)
Finance costs, net	**16,444**	13,341	1

Note: The borrowing costs have been capitalised at a rate of 3.35% (2018: 3.23%) 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
	2019	2018	2018
	$'000	*$'000*	*$'000*
Current taxation			
Hong Kong Profits Tax			
— current year	**15,622**	19,224	—
— (Over)/under-provision in prior years	**(5,200)**	135	—
PRC taxes			
— Corporate Income Tax	**12,431**	16,212	—
— Land Appreciation Tax	**53,647**	5,903	—
Deferred taxation	**2,200**	(7,459)	—
	78,700	34,015	—

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 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.

	2019	2018
Profit/(loss) attributable to equity shareholders of the Company arises from *($'000)*		
— Continuing operations	**221,386**	217,707
— Discontinued operations	**—**	(35,144)
	221,386	182,563
Weighted average number of ordinary shares in issue *(in thousand shares)*	**1,992,426**	1,995,081
Effect of outstanding share options *(in thousand shares)*	**16,505**	18,265
Weighted average number of ordinary shares (diluted) in issue *(in thousand shares)*	**2,008,931**	2,013,346
Basic earnings/(loss) per share *(HK cents)*		
— Continuing operations	**11.1**	10.9
— Discontinued operations	**—**	(1.7)
— Profit for the year	**11.1**	9.2
Diluted earnings/(loss) per share *(HK cents)*		
— Continuing operations	**11.0**	10.8
— Discontinued operations	**—**	(1.7)
— Profit for the year	**11.0**	9.1

13. DIVIDENDS

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

	2019	2018
	$'000	*$'000*
Interim dividend declared and paid of HK3.0 cents per ordinary share (2018: HK1.6 cents per ordinary share)	**59,755**	31,942
Final dividend proposed after the end of the reporting period of HK5.0 cents per ordinary share (2018: HK4.75 cents per ordinary share)	**99,592**	94,661
Special dividend proposed after the end of the reporting period of HKnil cents per ordinary share (2018: declared of HK2.55 cents per ordinary share)	**—**	50,861
	159,347	177,464

The final dividend 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

	2019	2018
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK4.75 cents per ordinary share (2018: HK4.2 cents per ordinary share)	**94,691**	83,841
Special dividend in respect of the previous financial year, approved and paid during the year, of HK2.55 cents per ordinary share (2018: HK1.0 cent per ordinary share)	**50,861**	19,962
	145,552	103,803

PRINCIPAL ACTIVITIES AND RESULTS

For the year ended 31 March 2019, the Group was principally engaged in:

— 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, office automation products and other computer peripherals; and

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

(1) Business Review

I. Results

For the year ended 31 March 2019, the revenue of the Group was HK$2,651,169,000 (for the year ended 31 March 2018: HK$2,919,880,000), which decreased by approximately 9% when compared with the corresponding period last year. Profit for the year attributable to the equity shareholders of the Company amounted to HK$221,386,000 (for the year ended 31 March 2018: HK$182,563,000), which increased by approximately 21% when compared with the corresponding period last year.

The drop in revenue was mainly due to the decline in revenue from both M&P and EMS (the "Industrial Businesses"). The direct impact of the trade dispute between China and the United States on the Group's business is relatively minor as only an insignificant portion of the Group's industrial products are directly sold and exported to the United States. However, the number of orders was inevitably affected by the prevailing external uncertainties and hence the fence-sitting. The revenue of the Industrial Businesses for the year ended 31 March 2019 decreased by approximately 16% to HK$2,425,461,000 when compared with the corresponding period last year (for the year ended 31 March 2018: HK$2,870,921,000). The operating profit of these segments was down by approximately 20% to HK$208,114,000 when compared with the corresponding period last year (for the year ended 31 March 2018: HK$260,432,000).

The Real Estate Business recorded a revenue of HK$225,708,000 for the year (for the year ended 31 March 2018: HK$48,540,000). Such increase was mainly attributable to the gradual delivery of the units of Phase 3 of Castfast Villas (嘉輝豪庭) and the completion of the sale of Area B, Castfast Villas (嘉輝豪庭B區) during the year. Accordingly, the operating profit of this segment also surged to HK$107,772,000 (for the year ended 31 March 2018: HK$3,665,000). With the Real Estate Business beginning to reap its harvest, a greater profit contribution is expected.

II. Industrial Businesses

Revenue for year 2018/19 dropped by approximately 16% when compared with last year, which was principally the net result of the following:

(a) the drop in the revenue of M&P for the year ended 31 March 2019 of approximately 14% to HK$1,348,230,000 when compared with the corresponding period last year (for the year ended 31 March 2018: HK$1,576,143,000), mainly due to the prudent attitude of clients in making purchases and a drop in product demand in view of the cautious market sentiment amid the Sino-US trade dispute and global economic uncertainties.

(b) the drop in the revenue of EMS for the year ended 31 March 2019 of approximately 17% to HK$1,077,231,000 when compared with the corresponding period last year (for the year ended 31 March 2018: HK$1,294,778,000), mainly owing to the Group's strategic decision to reduce the manufacture of lower-margin office automation products and the decrease in the sale of storage products.

(c) the decline in the Industrial Businesses as fears of a global economic slowdown lingers. However, with the concerted efforts and unremitted dedications of the Group's management and staff, the Group saw a steady development of the Industrial Businesses and maintained a leading position in the international server casings production market.

(d) the order from a world-leading renowned technology enterprise for server parts and casings. Such further breakthrough in clientele expansion has demonstrated the further consolidation of the client base and the efforts made by the Group in addition to maintaining good relationship with its existing clients. Meanwhile, the Group has to make timely adjustments to its product mix by phasing out the production of low-margin products so as to divert investment to server casings and related products. On the other hand, orders have been secured from existing clients for new-generation server casing projects until 2022. The Group has also successfully expanded into server and electric vehicle peripheral products and obtained relevant orders.

(e) the Group's established policy of lowering production cost by continuously increasing its automation capacity. This has allowed the expansion of the scope of automation application and enhancement of automation standard. The Group's workshop of the installation and assembly line has undergone full automation. In terms of technique innovation, the Group has completed the integration of the plastic injection products processing procedures. The processes of numerically-controlled bending as well as polish and trimming have been fully automated, thereby reducing the number of transfers during production, effectively boosting production efficiency and reducing the pressure of rising labour costs.

(f) the adoption of the human resources management system to unify its electronic management information platforms for the purpose of enhancing human resources management and standardising operation efficiency. With the introduction of the appraisal of key performance indicators ("KPI(s)"), the evaluation mechanism for talents has been further perfected. The Group also attaches great importance to team building, expanding the reserve of talents, stepping up training and cultivating team spirit with a view to meeting the Group's requirements for business growth.

III. Real Estate Business

The Real Estate Business has begun to reap its harvest with a revenue of HK$225,708,000 for the year (for the year ended 31 March 2018: HK$48,540,000), which was mainly attributable to: 1) the delivery of, and recognition of revenue from, over 170 units of Phase 3 of Castfast Villas (嘉輝豪庭) during the year; and 2) the recognition of revenue from the sale of the remaining 16 units of Area B, Castfast Villas (嘉輝豪庭B區). The progress of the major projects is as follows:

(a) The construction work of the residential project of Phase 3 of Castfast Villas (嘉輝豪庭), which is a joint residential development project, has been completed. The development project, from which the Group would enjoy 50% of the profits, has a saleable floor area of approximately 61,000 square metres with a total of more than 600 units. As at 31 March 2019, the total number of units delivered was approximately 170, with an area of approximately 16,000 square metres. The average selling price was approximately RMB24,000 per square metre and the relevant revenue was recognised. On the other hand, approximately 300 units with an area of over 28,000 square metres were pre-sold up to 31 May 2019 and the average selling price was approximately RMB26,500 per square metre. Approximately 80% of the units of the project was sold. The revenue therefrom will be gradually accounted for in the coming year after the completion of the relevant formalities and delivery, thereby contributing to the Group's profit.

(b) The development of the residential project of Phases 4 and 5 of Castfast Villas (嘉輝豪庭), which was redeveloped from the old Guanjingtou Plant, is making progress as scheduled. Wholly-owned by the Group, the project has a floor area of approximately 120,000 square metres. The construction of the basement was completed and that of the above-ground structures is underway. The pre-sale of the project is expected to begin at the end of the year.

(c) The progress of the residential development of 嘉輝花園 in Boluo County, Huizhou has been satisfactory. Wholly-owned by the Group, the project has a floor area of approximately 30,000 square metres and its basement work is underway. The pre-sale of the project is expected to commence at the end of the year.

(d) In spite of the fact that the global economy is losing its growth momentum and the international environment is marked by increasing complexity, the Real Estate Business has performed well. The 47 units in Area B, Castfast Villas (嘉輝豪庭B區) were sold and such revenue were recognised in full, and the sales target of Phase 3 of Castfast Villas (嘉輝豪庭) were met. With the establishment of a professional team and the optimisation of the operation flow of the Real Estate Business, the Group is all set for the opportunities and challenges of this business.

IV. Discontinued Operation

The consumer and services business was disposed of on 29 March 2018 and was accounted for as a discontinued operation during the year ended 31 March 2018.

Conclusion

Over the past year, the Group remained committed to the idea of staying trendy while upholding quality and demonstrated the "nothing is impossible" entrepreneurial approach. As to the Industrial Businesses, the Group continued its efforts in increasing its automation capacity, securing new clients and researching and developing new products, hence further cementing the solid groundwork of the Industrial Businesses. For the Real Estate Business, as the projects have been in progress as scheduled, the relevant revenue has resulted in profit and such contribution has shown a rising trend. The strength and potential of the Real Estate Business have turned into a new revenue stream of the Group, which will thrive as an enterprise with higher value.

(2) Dividend Policy

In the results announcement for the first quarter of year 2006/07, the Board announced the adoption of a new dividend policy, which outlines the factors that should be taken into account in determining the amount of 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 for the purpose of maintaining the track record of consecutive annual payment of dividends since the listing, the Board has recommended the payment of a final dividend of HK5.0 cents per share to all the shareholders whose names appear on the register of members of the Company on 30 August 2019.

(3) Geographical Distribution

The Group has adopted a diversified approach in product delivery and does not rely on one single market. Details of the Group's geographical distribution are set out in the paragraph headed "Segment Reporting" on page 15 to this annual results announcement.

(4) Prospects

The Group anticipates a number of challenges ahead. Firstly, the cost of labour will continue to surge. Secondly, businesses are expected to keep a tight rein on their purchasing activities in view of the US-China trade dispute and global economic uncertainties. In response, the Group will take the following measures:

(a) It will tighten its relationship and cooperation with the existing customers while developing new customers and projects and continuing to identify new business development opportunities, particularly those in relation to server peripheral products, artificial intelligence and the environmental protection industry;

(b) It will increase investments in server mechanical products by way of the proposed acquisitions of a number of high-end production equipment, which mainly include large 5-axis CNC processing machines, high-speed injection molding machine, high-precision riveting punch, high precision wire cutting machine and graphite electrical discharge machine, in order to meet its business expansion needs and strengthen its competitiveness;

(c) It will promote talent development and enhance the technical capability and expertise of the staff in order to respond rapidly to the fast-changing business environment and improve its adaptability;

(d) It will put more effort to the development of Phases 4 and 5 of Castfast Villas (嘉輝豪庭) by building distinctive neighbourhoods that supplement nearby hotel, art and cultural industry, tourism, leisure and resort developments in order to revitalise the local economy, and take advantage of the development opportunities across the Guangdong-Hong Kong-Macao Greater Bay Area, in which the Group's property projects are located. Situated at the periphery of Shenzhen, Fenggang of Dongguan enjoys a prime geographical position. According to the amended urban rail transit development plan of Shenzhen, Line 10 of the Shenzhen Metro will extend and is expected to add a station near Castfast Villas

(嘉輝豪庭), thereby strengthening the integration of Shenzhen and Dongguan by linking Fenggang of Dongguan with Pinghu and Longgang of Shenzhen. This will bring Fenggang of Dongguan to the living circle of Shenzhen. Furthermore, the Group will also commence the pre-sale of the project in Boluo, Huizhou as soon as possible in order to generate revenue. The Real Estate Business as a whole has begun to make significant profit contribution to the Group, and is expected to contribute even more revenue to the Group and become a lucrative business. The Group is optimistic about the future of the Real Estate Business and will continue to identify suitable land plots for different types of development; and

(e) It will foster the long-term development of the Real Estate Business under the macro-economic control measures implemented by the central government of mainland China, and actively develop and roll out projects in accordance with the philosophy that "residential properties are necessity, not commodity". It will also adopt a flexible sale strategy to achieve its sales target.

We are well aware that no enterprise can get into the groove and stay put. The Group will be innovative and versatile to grasp every opportunity, achieve sustainable development, and maximise profits for its shareholders. Karrie will not only seize the moment, but also lead the trend. It will stay ahead of its peers and make room for development.

Building a Centennial Enterprise

Building a centennial enterprise is not just a slogan or a one-time corporate initiative. It is a constant effort and a consistent development policy that requires continuous talent support. A centennial enterprise has to show its value, move forward through ups and downs, stay abreast of market developments and achieve sustainable development.

Profitability is essential for an enterprise in order to demonstrate its value. After nearly 40 years of development, the Group is still developing and enhancing its investment value by identifying and seizing business opportunities. The management also spares no effort to generate profit for the shareholders every year. Nevertheless, maintaining growth and profitability is never easy. To surmount the wide array of challenges in the ever-changing business environment, the management believes that a centennial enterprise must have the following qualities:

(1) Robust Adaptability:

Being committed to the ideal of staying trendy while upholding quality, the Group will surmount all difficulties and turn challenges into gains by constant adjustment and transformation. To procure further development, it will seize all opportunities and rise to every challenge by expanding automatic production, launching new products, adjusting its strategy from time to time, responding flexibly to changes and staying ahead of its peers;

(2) Diversified Development:

To lay a solid foundation, the Group has to diversify its products and customer base. The management cannot stay put in terms of creativity. Comprising members from different background, the Group's team is well equipped with a wide range of expertise. The Group also diversifies its business lines to expand its income stream. Diversification will mitigate the impact of adverse developments and allow the Group to grow steadily;

(3) Strong Commitment to Core Values:

With a prudent strategy and a clear direction, the Group has been focusing on, and stepping up investment in, its core Industrial Businesses. It is enlarging automated production to enhance production capacity and efficiency. Following the "nothing is impossible" entrepreneurial approach, it has become a pioneer among its peers in solving the deadlock faced by the labour-intensive industry; and

(4) High Alertness:

The Group will not get complacent, stand pat and stay put. It will move forward by constantly developing new products, expanding its customer base, nurturing its talents and cultivating younger team members. Instead of practising the leadership framework of "a lion leading an army of sheep", the Group emphasises on team participation in preventing and mitigating the impact of crisis on the Group.

In addition to generating tangible or intangible assets for its shareholders, the Group also has to earn the recognition of the society by creating long-term value for both the society and the environment and satisfying the needs of different stakeholders. It will fulfil its corporate social responsibilities by, among others, donating to educational institutions and being committed to the protection of the environment. It aims to realise development sustainability and strike a balance among economic development, the environment and the society. With the aim of becoming a sustainable enterprise, the Group will take into account not only the amount, but also the quality of its profit growth during its development.

The Group upgrades its headquarters in order to renew its corporate vitality and demonstrate its determination to become a centennial enterprise. After years of success in maintaining profits and transformation, the Group is striving towards the goal of building a centennial enterprise. It calls for the concerted effort of the entire staff to create value, fight for the future and build a centennial enterprise.

FINANCIAL RESOURCES

Borrowings

With the commencement of Real Estate Business, net interest-bearing borrowings# as at 31 March 2019 were approximately HK$396,312,000 and the net interest-bearing borrowings ratio (being the proportion of total net interest-bearing borrowings over total equity) was 34% (as at 31 March 2018: net interest-bearing borrowings were approximately HK$353,749,000 and net interest-bearing borrowings ratio was 30%). The financial position of the Group remains healthy.

Represent bank borrowings less cash and bank deposits ("net interest-bearing borrowings")

Non-current Assets to Shareholders' Fund Ratio maintaining at below 1

The non-current assets to total equity ratio as at 31 March 2019 maintained at the healthy level of 74% (as at 31 March 2018: 76%), 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 2019/20 is approximately HK$150,000,000, of which HK$148,700,000 relates to the Industrial Business and HK$1,300,000 is for the investment property. The CAPEX was mainly used for acquiring new machinery and equipment and computer system.

Resources Available

Currently, the total interest-bearing borrowings are approximately HK$620,342,000. The Group is confident that with the cash in hand and bank deposits of approximately HK$224,030,000 and the unutilised banking facilities of approximately HK$1,051,549,000, 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 2019, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group had approximately 3,360 employees on average (an average of 3,910 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 will 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 the 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 HK5.0 cents per share (2017/18 final dividend: HK4.75 cents per share), to shareholders whose names appear on the register of members of the Company on 30 August 2019. Together with the interim dividend of HK3.0 cents per share (2017/18 interim dividend: HK1.6 cents per share and special dividend of HK2.55 cents per share), total dividend paid/payable for this year amounted to HK8.0 cents per share (2017/18: HK8.9 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 23 August 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the entitlement to attend and vote at the AGM to be held on 23 August 2019, the register of members of the Company will be closed from Monday, 19 August 2019 to Friday, 23 August 2019 (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, 16 August 2019.

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, 29 August 2019 to Friday, 30 August 2019 (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, 28 August 2019. It is expected that the final dividend will be payable and issued to those entitled on or around Wednesday, 18 September 2019.

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 4,112,000 shares on the Stock Exchange during the year ended 31 March 2019 at an aggregate consideration paid of HK$4,399,940 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 2018	1,066,000	1.16	1.12	1,214,920
May 2018	630,000	1.20	1.15	736,220
June 2018	130,000	1.18	1.16	151,180
July 2018	318,000	1.17	1.15	368,620
September 2018	830,000	1.03	1.00	845,060
October 2018	1,138,000	1.00	0.91	1,083,940
	4,112,000			4,399,940

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 2019, 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. 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 Directors 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 2019.

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 2019. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2019 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, 26 June 2019

* *For identification purpose only*