KINGMAKER

KINGMAKER FOOTWEAR HOLDINGS LIMITED

信星鞋業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01170)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

	2019	2018	Change
	HK$'000	*HK$'000*	
CONTINUING OPERATIONS			
Revenue	**1,100,649**	1,164,873	-5.5%
Gross profit	**116,255**	182,621	-36.3%
Gross profit margin	**10.6%**	15.7%	-5.1 points
Profit for the year attributable to equity holders of the Company			
Recurring profit#	**39,466**	80,714	-51.1%
Non-recurring profit^/(loss)	**(3,873)**	176,546	
Total	**35,593**	257,260	-86.2%
	HK cents	*HK cents*	
Basic earnings per share			
– For profit for the year	**5.14**	36.82	-86.0%
– For profit for the year from continuing operations	**5.14**	36.51	-85.9%
	HK cents	*HK cents*	
Proposed final and special dividends			
Interim dividend per share	**2.8**	3.8	
Special dividend per share	**1.2**	11.2	
Final dividend per share	**–**	2.2	
Special dividend per share	**2.0**	12.8	
Total dividends per share for the year	**6.0**	30.0	-80.0%

- Cash and cash equivalents of approximately HK$610 million

\# *Balance included profit for the year attributable to equity holders of the Company, excluding loss on disposal of investment properties, gain on disposal of subsidiaries from continuing operations and profit for the year from discontinued operation*

^ *Balance included loss on disposal of investment properties, profit for the year from discontinued operation and gain on disposal of subsidiaries from continuing operations*

* *For identification purposes only*

The board (the "Board") of directors (the "Directors") of Kingmaker Footwear Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019, together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
CONTINUING OPERATIONS			
REVENUE	3	**1,100,649**	1,164,873
Cost of sales		**(984,394)**	(982,252)
Gross profit		**116,255**	182,621
Other income and gains, net		**41,152**	29,167
Distribution and selling expenses		**(30,555)**	(26,084)
Administrative expenses		**(113,421)**	(120,819)
Finance costs	4	**(46)**	(9)
Share of losses of associates		**(7,429)**	(11,628)
Gain on disposal of a subsidiary	12	**–**	174,381
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**5,956**	227,629
Income tax credit	6	**27,978**	25,634
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**33,934**	253,263
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	7	**–**	2,165
PROFIT FOR THE YEAR		**33,934**	255,428
Attributable to:			
Equity holders of the Company		**35,593**	257,260
Non-controlling interests		**(1,659)**	(1,832)
		33,934	255,428

	Notes	2019 HK$'000	2018 HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic			
– For profit for the year		**HK5.14 cents**	HK36.82 cents
– For profit from continuing operations		**HK5.14 cents**	HK36.51 cents
Diluted			
– For profit for the year		**HK5.13 cents**	HK36.66 cents
– For profit from continuing operations		**HK5.13 cents**	HK36.36 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
PROFIT FOR THE YEAR	**33,934**	255,428
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) they may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment revaluation reserve:		
Changes in fair value	**–**	82
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**–**	(540)
	–	(458)
Exchange differences:		
Exchange differences on translation of foreign operations	**(17,058)**	25,820
Reclassification adjustments for a foreign operation disposed of during the year	**–**	(22,441)
Reclassification adjustment for deregistration of a subsidiary	**(1,816)**	–
	(18,874)	3,379
Net other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods	**(18,874)**	2,921
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Asset revaluation reserve:		
Gain on revaluation of buildings	**18,751**	4,567
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**(123)**	7,488
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**33,811**	262,916
Attributable to:		
Equity holders of the Company	**35,470**	264,748
Non-controlling interests	**(1,659)**	(1,832)
	33,811	262,916

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**250,454**	278,740
Prepaid land lease payments		**85,744**	91,048
Investment properties		**203,565**	197,718
Investments in associates		**38,501**	45,930
Investments in club memberships		**1,970**	858
Total non-current assets		**580,234**	614,294
CURRENT ASSETS			
Inventories		**148,321**	169,945
Accounts receivable	*10*	**109,321**	95,886
Prepayments, deposits and other receivables		**14,277**	13,437
Due from an associate		**37,873**	31,633
Tax recoverable		**763**	1,336
Cash and cash equivalents		**609,834**	804,292
Total current assets		**920,389**	1,116,529
CURRENT LIABILITIES			
Accounts payable	*11*	**96,391**	132,959
Accrued liabilities, other payables and contract liabilities		**107,912**	165,304
Tax payable		**134,511**	165,320
Derivative financial instruments		**–**	927
Total current liabilities		**338,814**	464,510
NET CURRENT ASSETS		**581,575**	652,019

	2019	2018
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,161,809**	1,266,313
NON-CURRENT LIABILITIES		
Deposits received	**1,005**	1,348
Deferred tax liabilities	**24,151**	23,711
Total non-current liabilities	**25,156**	25,059
Net assets	**1,136,653**	1,241,254
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**68,875**	69,350
Reserves	**1,049,057**	1,151,524
	1,117,932	1,220,874
Non-controlling interests	**18,721**	20,380
Total equity	**1,136,653**	1,241,254

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4 and *Annual Improvements* to *HKFRSs 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	HKAS 39 measurement		HKFRS 9 measurement	
	Category	**Amount**	**Amount**	**Category**
		HK$'000	*HK$'000*	
Financial assets				
Accounts receivable	L&R[1]	95,886	95,886	AC[2]
Financial assets included in prepayments, deposits and other receivables	L&R[1]	6,435	6,435	AC[2]
Due from an associate	L&R[1]	31,633	31,633	AC[2]
Cash and cash equivalents	L&R[1]	804,292	804,292	AC[2]
		938,246	938,246	

	HKAS 39 measurement		HKFRS 9 measurement	
	Category	**Amount**	**Amount**	**Category**
		HK$'000	*HK$'000*	
Financial liabilities				
Accounts payable	AC[2]	(132,959)	(132,959)	AC[2]
Financial liabilities included in accrued liabilities and other payables	AC[2]	(102,902)	(102,902)	AC[2]
Derivative financial instruments	FVPL[3]	(927)	(927)	FVPL[3]
		(236,788)	(236,788)	

[1] L&R: Loans and receivables

[2] AC: Financial assets or financial liabilities at amortised cost

[3] FVPL: Financial assets or financial liabilities at fair value through profit or loss

Impairment

There was no significant impact from replacing the aggregate opening impairment allowance under HKAS 39 with expected credit losses ("ECLs") allowances under HKFRS 9 on the above financial assets as at 1 April 2018.

(c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018. The initial application of HKFRS 15 has had no effect on the timing and measurement of revenue recognition as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as accrued liabilities and other payables. Under HKFRS 15, the amount is classified as contract liabilities which are included in accrued liabilities and other payables and contract liabilities. Therefore, upon adoption of HKFRS 15, the Group reclassified HK$4,342,000 from accrued liabilities and other payables to contract liabilities as at 1 April 2018 in relation to the consideration received from customers in advance as at 1 April 2018. As at 31 March 2019, under HKFRS 15, HK$899,000 was reclassified from accrued liabilities and other payables to contract liabilities in relation to the consideration received from customers in advance.

(d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 *The Effects of Changes in Foreign Exchange Rates* to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that 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) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business activities and has two reportable operating segments as follows:

(a) manufacturing and sale of footwear products; and

(b) property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs and other unallocated income and gains/(losses), net and unallocated expenses are excluded from the measurement.

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2019 and 2018.

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**1,100,649**	1,164,873	**–**	–	**1,100,649**	1,164,873
Rental income	**–**	–	**12,603**	10,539	**12,603**	10,539
Segment results	**(15,156)**	209,991	**15,006**	12,317	**(150)**	222,308
Unallocated income and gains, net					**1**	4,439
Interest income					**16,823**	15,562
Unallocated expenses					**(10,672)**	(14,671)
Finance costs					**(46)**	(9)
Profit before tax from continuing operations					**5,956**	227,629
Income tax credit					**27,978**	25,634
Profit for the year from continuing operations					**33,934**	253,263
Assets and liabilities						
Segment assets	**685,372**	717,148	**203,565**	197,718	**888,937**	914,866
Unallocated assets					**611,686**	815,957
Total assets					**1,500,623**	1,730,823
Segment liabilities	**172,567**	294,270	**1,587**	1,878	**174,154**	296,148
Unallocated liabilities					**189,816**	193,421
Total liabilities					**363,970**	489,569

	Manufacturing and sale of footwear products		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information						
Depreciation:						
Segment	**32,794**	35,432	**–**	–	**32,794**	35,432
Unallocated					**585**	2,456
					33,379	37,888
Amortisation of prepaid land lease payments	**2,719**	1,758	**–**	–	**2,719**	1,758
Capital expenditure	**18,085**	59,204	**–**	–	**18,085**	59,204
Share of losses of associates	**7,429**	11,628	**–**	–	**7,429**	11,628
Impairment of property, plant and equipment	**–**	9,221	**–**	–	**–**	9,221
Fair value gains on revaluation of investment properties	**–**	–	**(10,130)**	(5,449)	**(10,130)**	(5,449)
Gain on disposal of a subsidiary	**–**	(174,381)	**–**	–	**–**	(174,381)
Gain on deregistration of a subsidiary	**(1,816)**	–	**–**	–	**(1,816)**	–
Provision/(write-back) of provision for inventories	**5,034**	(6,186)	**–**	–	**5,034**	(6,186)
Loss on disposal of investment properties	**–**	–	**3,873**	–	**3,873**	–

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
The United States of America	**130,295**	171,265
Europe	**347,385**	392,686
Asia	**448,552**	417,135
Others	**174,417**	183,787
	1,100,649	1,164,873

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**48,725**	23,097
Mainland China	**217,102**	250,875
Cambodia	**95,251**	100,814
Vietnam	**177,260**	191,896
Others	**1,425**	824
	539,763	567,506

The non-current asset information of continuing operations above is based on the locations of the assets and excludes investments in associates and club memberships.

Information about major customers

Revenue from continuing operations derived from the manufacturing and sale of footwear products business with over 10% of the total revenue from continuing operations of the Group during the years ended 31 March 2019 and 2018 is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**403,260**	391,980
Customer B	**274,562**	228,670
Customer C	**185,868**	193,482
Customer D	**121,139**	253,829
	984,829	1,067,961

The above amounts include sales to a group of entities which are known to be under common control with these customers.

4. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loans	**46**	9

5. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**573,848**	617,399
Depreciation	**33,379**	37,888
Amortisation of prepaid land lease payments	**2,719**	1,758
Amortisation of club memberships	**38**	12
Fair value losses/(gains) on derivative financial instruments	**(1,295)**	7,598
Fair value gains on revaluation of investment properties	**(10,130)**	(5,449)
Impairment of property, plant and equipment	**–**	9,221
Loss on disposal of investment properties	**3,873**	–
Bank interest income	**(16,499)**	(14,865)
Interest income from accounts receivable	**(324)**	(697)
Dividend income	**–**	(20)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**28**	357
Overprovision in prior years	**–**	(20)
Current – Elsewhere		
Charge for the year	**5,034**	12,785
Overprovision in prior years	**(35,000)**	(40,438)
Deferred	**1,960**	1,682
Total tax credit for the year	**(27,978)**	(25,634)

The applicable tax rate is calculated based on the Hong Kong profits tax rate of 16.5% (2018: 16.5%), the Vietnam Corporate Tax rates of 15% to 20% (2018: 15% to 20%), the Cambodia Corporate Tax rate of 20% (2018: 20%), the Taiwan Corporate Tax rate of 17% (2018: 17%), the Corporate Income Tax rate in Mainland China of 25% (2018: 25%) and the respective tax holidays granted to the subsidiaries of the Group in Cambodia (2018: Vietnam and Cambodia).

7. DISCONTINUED OPERATION

On 29 August 2016, the Company announced the decision of its board of directors to wind down, discontinue or sell its retailing and wholesaling business (the "Retailing and Wholesaling Business"). The Group had decided to cease the Retailing and Wholesaling Business because it planned to focus its resources on its manufacturing and sale of footwear products business. As at 31 March 2017, the Retailing and Wholesaling Business was classified as a disposal group held for sale and as a discontinued operation. With the Retailing and Wholesaling Business being classified as a discontinued operation, the retailing and wholesaling business was no longer included in the note for operating segment information.

On 28 May 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest of 上海君勳如舞國際貿易有限公司, a wholly-owned subsidiary of the Company, at a cash consideration of RMB2,962,000, equivalent to HK$3,380,000. The disposal was completed during the year ended 31 March 2018.

The results of the Retailing and Wholesaling Business for the year ended 31 March 2018 are presented below:

	2018 *HK$'000*
Other income and losses, net	(32)
Administrative expenses	(85)
Loss before tax from discontinued operation	(117)
Income tax expense	–
Loss for the year before gain on disposal of a subsidiary	(117)
Gain on disposal of a subsidiary *(note 12(a))*	2,282
Profit for the year from discontinued operation	2,165

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$35,593,000 (2018: HK$257,260,000), and the weighted average number of ordinary shares of 693,065,324 (2018: 698,709,631) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$35,593,000 (2018: HK$257,260,000) and 694,213,271 (2018: 701,663,133) ordinary shares, being the weighted average number of ordinary shares in issue during the year, adjusted for the effects of the potentially dilutive ordinary shares outstanding during the year.

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company:		
From continuing operations	**35,593**	255,095
From discontinued operation	**–**	2,165
	35,593	257,260

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares used in calculating the basic earnings per share	**693,065,324**	698,709,631
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all dilutive options in issue during the year	**1,147,947**	2,953,502
Weighted average number of ordinary shares used in calculating the diluted earnings per share	**694,213,271**	701,663,133

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends paid during the year		
Final in respect of the financial year ended 31 March 2018 – HK2.2 cents per ordinary share (2018: final dividend of HK5.5 cents per ordinary share, in respect of the financial year ended 31 March 2017)	**15,264**	38,434
Special in respect of the financial year ended 31 March 2018 – HK12.8 cents per ordinary share (2018: special dividend of HK4.5 cents per ordinary share, in respect of the financial year ended 31 March 2017)	**88,806**	31,446
Interim – HK2.8 cents (2018: HK3.8 cents) per ordinary share	**19,426**	26,562
Special – HK1.2 cents (2018: HK11.2 cents) per ordinary share	**8,326**	78,287
	131,822	174,729
Proposed final dividend		
HK Nil cents (2018: HK2.2 cents) per ordinary share	**–**	15,257
Proposed special dividend		
HK2.0 cents (2018: HK12.8 cents) per ordinary share	**13,775**	88,768
	13,775	104,025

The proposed final dividend and the proposed special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividends payable.

10. ACCOUNTS RECEIVABLE

The Group's accounts receivable mainly relate to a few recognised and creditworthy customers. Payment terms with customers are largely on credit. Invoices are normally payable within 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the Group's senior management.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the date of goods delivered, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**102,710**	95,515
Between 91 and 180 days	**5,392**	366
Between 181 and 365 days	**1,219**	1
Over 365 days	**–**	4
	109,321	95,886

11. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the date of goods received, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**86,787**	115,162
Between 91 and 180 days	**7,627**	13,201
Between 181 and 365 days	**69**	220
Over 365 days	**1,908**	4,376
	96,391	132,959

The accounts payable are non-interest-bearing and are normally settled on 90-day terms.

12. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2018

(a) *Disposal of 上海君勳如舞國際貿易有限公司*

	2018
	HK$'000
Net assets disposed of:	
Accounts receivable	1,098
	1,098
Gain on disposal of a subsidiary *(note 7)*	2,282
	3,380
Satisfied by:	
Cash consideration	3,380

(b) *Disposal of Kingmaker Footwear (Zhong Shan) Co., Ltd.*

	2018
	HK$'000
Net assets disposed of:	
Property, plant and equipment	43,441
Prepaid land lease payments	7,440
Accrued liabilities and other payables	(6,255)
Tax payables	(8,982)
	35,644
Exchange fluctuation reserve	(22,441)
Gain on disposal of a subsidiary	174,381
	187,584
Satisfied by:	
Cash consideration	187,584

DIVIDENDS AND SHARE REPURCHASES

To reward our shareholders for their long-term support, the Board recommends the payment of a final dividend of HK Nil cents per share and a special dividend of HK2.0 cents per share. Together with the interim and special dividends of HK4.0 cents per share, the Group has delivered a total dividend for the year of HK6.0 cents per ordinary share, a decrease of approximately 80.0% over the previous financial year.

The proposed final and special dividends are subject to the approval of the shareholders at the Annual General Meeting ("AGM") which is scheduled to be held on Wednesday, 28 August 2019. The payment of final and special dividends will be payable on or about Thursday, 26 September 2019.

In addition to dividend payments, during the course of the financial year, the Company repurchased and cancelled 5,046,000 of its ordinary shares at prices ranging from HK$1.62 to HK$1.75 per share. We consider such repurchases to be a constructive element in the prudent management of the overall capital structure and in enhancing returns to shareholders over time.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Friday, 23 August 2019 to Wednesday, 28 August 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22 (will be changed to Level 54 with effect from 11 July 2019), Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 August 2019.

(b) Entitlement to the proposed final and special dividends

The record date for entitlement to the proposed final and special dividends is Friday, 6 September 2019. The register of members of the Company will be closed from Wednesday, 4 September 2019 to Friday, 6 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Tuesday, 3 September 2019.

CHANGE OF ADDRESS OF BRANCH SHARE REGISTRAR IN HONG KONG

With effect from 11 July 2019, the Company's branch share registrar in Hong Kong, Tricor Tengis Limited will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All its telephone and facsimile numbers will remain unchanged.

CHAIRMAN'S STATEMENT

MACROECONOMIC DISCUSSION

The financial year ended 31 March 2019 witnessed notably slowed global economic activity. The trade frictions between the United States (the "US") and China impacted not only these two economies but also increasingly on global business confidence and consumer demand. At the same time, the global trade and Brexit uncertainties had taken a toll on the euro area economy, reflected in some lost momentum in the zone's economic growth. Ongoing volatility and trade tensions will likely continue to dim the prospects of the advanced economies in 2019.

Southeast Asia's growth rate dropped last year as the region was hit by external and domestic headwinds. In line with global trends, Asia's economy will continue to be under pressure in the current year, with China's growth expected to slow further.

The footwear industry reported generally weak retail sales in major markets during the past year, with some brand owners giving cautious revenue guidance for 2019. In the US, a number of notable footwear businesses have filed for bankruptcy since 2018 citing competition, underperforming stores and supply-chain interruptions among the factors in their decision. Retail conditions have also been tough in the United Kingdom (the "UK"), with further declines in clothing, footwear and outdoor sales towards mid-2019 as the country met with higher political and economic uncertainty. Industry data show that appetite for this year is waning and retailers are sitting on piles of sale stock.

GROWTH STRATEGIES

Strategic goals:

1. Take a prudent and proactive approach to growth.

2. Invest in technology and innovation to provide effective solutions to customers.

3. Explore opportunities for asset enhancement to increase return for shareholders.

4. Talent development – a continuous task for management.

Operational goals:

1. Seek an optimal scale to balance business volume and profitability, by focusing on higher-value products and brands with growth potential.

2. Continue with the deployment of lean manufacturing and semi-automation in the southern Vietnam and Cambodia production bases.

3. Enforce stringent cost control measures in the light of weak market conditions.

4. Attract, retain and engage talents from diverse backgrounds to strengthen the Group's professional management.

Financial goals:

1. Continue prudent financial management.

2. Maintain a healthy financial position.

3. Improve the Return on Investment (ROI) in the long term.

4. Maintain a broadly stable dividend policy while seeking to deliver higher payouts if deemed appropriate.

STRATEGIES AND OUTLOOK

Invest for the Future – Platform Readied for Long-term Growth

We believe in every crisis lies an opportunity, but in order to be well prepared we need to invest for the future.

The trend of footwear brand customers moving their sourcing locations from China to other manufacturing hubs will likely continue as the costs remain on the rise in the country.

Staying alert to the trend of rising costs and tightening operating conditions in China, we have planned well in advance since the turn of the century to diversify our manufacturing locations. After years of capacity planning across a multi-country layout, the Group now commands a strong platform comprising two main and scalable production hubs in Vietnam and Cambodia, with a supportive center in Mainland China.

The planning and investment in strengthening and rationalizing our production competence is a continuous process for the Group, and has helped us serve the evolving needs of our customers. This multi-year program first involved the scaling down of our capacities in Zhongshan (Guangdong Province) and Jiangxi, and the eventual disposal of these two centers after a careful evaluation of the clients' manufacturing requirements and the value of these assets. Currently we are retaining the Zhuhai center as a research and development ("R&D") and alternative production location.

As an important part of our rationalization program, we have set up a robust and scalable production base in southern Vietnam and Cambodia. In order to prepare for further expansion, we have already completed the construction of a new factory on a site adjacent to our existing facilities in southern Vietnam. Our short-to-medium-term plan ahead is to ramp up production in the new factory premises when our existing plant reaches a higher level of utilization. For medium-term development, a plot of land has been reserved on a site within half-an-hour's drive from the existing plant.

Our strong manufacturing competence has placed the Group well to meet future customer needs despite the current short-term business volume decline. We therefore view the costs spent on readying our production platform as a necessary investment to capture growth opportunities as the market rebounds.

With a core competence in the manufacturing of premium casual, children's and rugged athletic footwear, we have sought to expand our capability in other types of footwear and outsoles through an investment in an affiliated company, Alliance Investment Development Limited. Based in central Vietnam, this affiliate was established jointly with Evervan Group, which has a strong background in the production of international top-of-the-line sports shoes. We aim to achieve synergies with the affiliate as it rolls out its business development initiatives.

The affiliate's business plan has lagged behind its original schedule owing to weak retail conditions. A loss was therefore incurred in the financial year ended 31 March 2018. With dedicated efforts to raise the efficiency of the plant and to control costs, the loss was narrowed during the reporting year. As the affiliate anticipates an increase in orders in the coming year, investments are being made to build a new factory building and ancillary facilities, and purchase machineries for additional production lines and modify them to suit the requirements of a new customer. The affiliate will also continue to enhance its automation and lean manufacturing process in order to seek further efficiency improvements. To facilitate this, as announced on 25 April and 30 April 2019, the Group has advanced a shareholder's loan of approximately US$4,000,000 to the affiliate on 30 April 2019 and will provide further financial assistance of approximately US$4,000,000 to this affiliate by way of shareholders' loan or guarantees on a several basis in respect of borrowings from banks by the end of this calendar year.

Process Evolution and Technological Advancement

As discussed in the last annual report, we work together with our clients to meet market trends and challenges. The uncertainty in the global economy and soft retail environment have driven footwear brand owners to turn to a more conservative procurement strategy, while testing market acceptance with the introduction of more product designs, resulting in generally smaller order batch sizes.

We understand that smaller quantities and a wider array of models have become a norm in the footwear industry. In order to help our clients cope with the market challenges, we have designed a concept-line system which is equipped with a leaner workforce with the work process revamped to cater to small orders, quick turnaround time and frequent assembly line rearrangements. The design of this system also allows us to improve our quality checks with immediate spotting and correction of errors, and to have more transparent daily output records.

Despite higher costs on material usage and staff adaptation at the initial stage of transition to concept lines, we believe this change is the right approach to tackle the market trend shift. The unit material and staff costs can be brought down as efficiency gradually increases and the production scale rebounds. The transition from the traditional production line setup to concept lines will continue in this coming year.

Higher levels of automation, innovation and digitalization are also underway to drive efficiency and quality enhancements. We foresee that labor shortage and cost inflation will increasingly be a challenge for manufacturers, and in view of this we will continue to explore and apply innovative technologies, including the use of artificial intelligence and the continued advancement of lean manufacturing and semi-automation processes. Digital transformation of our facilities also enables real-time monitoring and prompt reaction to various operational processes, from production planning to products delivery.

While we continue to invest in refining our manufacturing process and technology, we will maintain strict cost control, such as closely managing headcounts and working hours, in order to deliver value to our customers.

Talent Development and Leadership Succession

We develop and retain a diverse and talented team of people who are committed to making our customers successful and to growing a world-class company that can share in that success. And with the recruitment and nurturing of young talents, we aim to build a robust second-generation management team to continue the succession of managerial roles.

I would like to take the opportunity to welcome Mr. Chen Yi-wu, Ares to the Board as an Executive Director and our Chief Operating Officer. Mr. Chen joined the Group in 2016 and has contributed to our marketing and business development efforts. In his new capacity, Mr. Chen will work closely with our production and marketing teams to drive business growth. On behalf of the Board, I also express my gratitude to Mr. Mumma, Adin David for his contribution during his service.

As our production centers in Vietnam and Cambodia continue to grow and mature, we are training local staff members to take up management roles for these facilities. Localization will be an important step to strengthen the long-term development of these manufacturing locations.

I believe the Group is well on track to achieve its talent development and succession goals.

Asset Enhancement

In line with the Group's business and capacity planning, some self-owned factory and office properties may not be fully utilized at times. The Board has initiated a long-term asset enhancement program to consider the potential of sale or leasing in order to create returns on these assets.

During the year, the Group continued to lease out its self-owned property in Shanghai to independent third parties. In Hong Kong, the Group has reorganized its office and warehouse properties, after which a warehouse had been leased out. One floor of office space in Hong Kong was also rented out recently.

As for the Zhuhai site, the Board will continue to evaluate its potential and value. Due consideration will be given to the potential of capital appreciation of this asset as the development of the Greater Bay Area continues to roll out. Management will carefully weigh the pros and cons, with a view to coming up with a plan that is in the best interest of the shareholders.

Concluding Remarks

The subdued retail conditions in major footwear markets have continued in 2019, reflected in the conservative procurement patterns of our brand customers. While we have yet see major breakthroughs in the order book during the new financial year 2019/20, we remain confident in a longer-term market revival for the footwear industry.

Indeed, the Group has persevered through a series of economic cycles and major macro challenges. We believe that our deep-rooted culture to maintain steady business progress, financial stability and strong governance has guided our path one step after another in our decades-long history. And in future, the Group will continue to adopt a prudent management approach to achieve sustainable development.

Our reliability and client-oriented solutions have earned us long-term partnership relationships with many well established and up-and-coming footwear brands. We value these partnerships, and our customer-centric approach will continue to drive our progress in constantly renewing our manufacturing competence.

We maintain a cautiously optimistic outlook for the current financial year, while we will work hard to enhance the efficiency and thus performance of our various facilities. Equipped with a strong production platform, we are well positioned to remain competitive in the evolving marketplace. Together with the Kingmaker family, the Group will stay as the best run in the industry.

APPRECIATION

I am grateful to all our business partners and clients who have supported our tireless efforts to create long-term value for our shareholders and society. I also take the opportunity to thank my fellow directors, senior management and all staff members for their dedicated service. The Group will continue to take prudent yet steadfast steps forward towards our corporate and business goals.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board is pleased to announce the annual results of Kingmaker Footwear Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2019.

The year under review was a period of multiple and complex challenges. On the sales front, slower growth in many economies, a deepening Brexit crisis and its impact on the European markets, as well as expectations of prolonged and costlier Sino-US trade conflicts, have imposed a major hit on the retail environment. Operationally, the increasing client requirement for smaller order sizes and quick turnaround time has resulted in frequent assembly line rearrangements, which have undermined the economies of scale. The Group's resilience was tested against this background.

Turnover

During the year ended 31 March 2019, turnover decreased by 5.5% year on year to approximately HK$1,101 million (2018: approximately HK$1,165 million) on a 10.9% drop in business volume (pairs).

Despite a mild turnover growth in the first half of the financial year 2018/19, footwear retail sales in major markets dropped significantly during the second half amid a number of uncertainties and challenges. This led brand customers to become even more conservative in procurement. Reduced order sizes, combined with the Group's adoption of a more selective sales strategy, resulted in a decline in full-year business volume.

The strategy to pitch for higher-value products and to enhance the business portfolio drove a 4.6% improvement in the average selling price ("ASP") of the Group's sales.

Gross Profit

As disclosed in the annual report of the Company for the year ended 31 March 2018 and the interim report for the six months ended 30 September 2018, continuous rising costs and changes of safety standards remained a major pressure on the gross margin. The gross profit decline also took into account additional staff training and product development costs incurred from the conversion of traditional production lines into concept lines. Some efficiency loss was incurred due to the moving of production lines between centers as some clients opted to shift manufacturing locations to meet their business and operational needs.

The concept lines were designed to accommodate small batch size production, as well as fast and frequent assembly line changes. However, with the lack of repeat orders, re-adaptations to new production processes were required and workers' training could not translate into efficiency. Material usage and labor input both increased under this circumstance.

The gross profit margin was also adversely affected by increased minimum wages in Vietnam and Cambodia, as well as salary raises owing to inflation and competition for labor amid strong foreign direct investments into these two manufacturing hubs. In light of ongoing labor shortages, the Group opted to maintain a relatively stable pool of skilled workers in spite of the short-term order fluctuations. With the labor force already deployed, a scale down of production volume has brought utilization lower and thus higher unit labor costs.

Wages and salaries, including allowances and other benefits, increased to approximately HK$355 million (2018: approximately HK$315 million). This cost item's proportion to turnover rose 5.2 percentage points to 32.2% (2018: 27.0%).

Costs associated with the furtherance of process automation, as well as resources invested to cope with changes in employee rights regulations, also had an effect on the gross profit.

The gross profit margin dropped to 10.6% (2018: 15.7%) as a result of the above factors.

Net Profit

The Group recorded an approximately 86.2% year-on-year decrease in profit attributable to equity holders of the Company to approximately HK$36 million (2018: approximately HK$257 million). The decline in net profit was principally attributable to: (a) the absence of the non-recurring profit of approximately HK$174 million from the net gain on disposal of Kingmaker Footwear (Zhong Shan) Co., Ltd. as recognized for the year ended 31 March 2018, the effect of which had already been shown in the interim results of the Group for the six months ended 30 September 2018; and (b) the approximately 51.1% year-on-year decrease in recurring profit.

The decrease in recurring profit was in turn attributable to: (a) a decrease in revenue attributable to the Group's core business of manufacturing and sale of footwear products, thereby reducing the cost benefits from scale economies; (b) additional labour costs incurred in association with the conversion of traditional production lines into concept lines; and (c) additional costs incurred and associated with re-evaluation of the Group's business model, client and product mix aimed at shifting its focus onto products with higher profit margins in the long run. These negative factors were nevertheless partially offset by the reversal of a tax provision in the amount of approximately HK$35 million due to an overprovision in prior years' income taxes.

The net profit also took into account a share of losses of associates amounting to approximately HK$7.4 million (2018: approximately HK$11.6 million), as well as the impact of the devaluation of the Renminbi ("RMB") on the Group's RMB-denominated financial assets.

Earnings per share attributable to equity holders of the Company for the year decreased by 86.0% year on year to approximately HK5.14 cents (2018: approximately HK36.82 cents).

Key Financial Ratios

Healthy financial ratios were maintained during the year:

- Debtors' turnover decreased to 34 days for the year ended 31 March 2019 (2018: 37 days);

- Stock turnover was 101 days (2018: 97 days) owing to a temporary holding of stock on customers' request;

- Strong liquidity with net cash in hand of approximately HK$610 million as at 31 March 2019 (2018: approximately HK$804 million);

- Current and quick ratios were 2.7 and 2.3 respectively (2018: 2.4 and 2.1 respectively).

Final and Special Dividends

In anticipation of ongoing strong cash generated from the manufacturing and investment properties segments and considering the Group's healthy financial position, the Group pledges to continue its dividend policy of sharing results with shareholders.

Accordingly, the Board recommended the payment of a final dividend and special dividend of HK Nil cents (2018: HK2.2 cents) and HK2.0 cents (2018: HK12.8 cents), respectively, which together with the interim dividend of HK2.8 cents and the special dividend of HK1.2 cents (2018: interim and special dividends of HK3.8 cents and HK11.2 cents, respectively), represents a payout ratio of 116.7% (2018: 81.5%).

OPERATIONAL REVIEW

Macro Environment

After a period of moderate economic growth, the retail environment in the US and Europe had started to lose momentum even before the imposition of tariffs on Chinese-made goods. Brand customers have been highly conservative with new product developments, resulting in a lack of 'star products' that have strong and lasting customer appeal and that command premium pricing in the market. A subsequent drop in footwear retail prices was noted.

As the Sino-US trade conflicts escalate, major US footwear companies have warned that the proposed additional tariff of 25% on footwear imported from China would be 'catastrophic' for American consumers and companies. The US shoe industry is on high alert that the new tariffs would affect the coming back-to-school inventory and holiday sales later this year. This would drive footwear brands to further tighten their procurement plans.

Against this backdrop, the Group has taken a more conservative approach in capacity planning. Although a majority portion of the Group's production is now based outside China, the Board is alert to the broad-based impact of the trade conflicts on global economic conditions. More stringent cost and risk management was also adopted to guard against heightened uncertainty in the operating landscape.

Manufacturing Business

The Group currently operates two core manufacturing bases in southern Vietnam and Cambodia, with a small-scale production center in Zhuhai, the People's Republic of China (the "PRC"). Our production platform also incorporates R&D centers in these three locations, and two outsole factories in southern Vietnam and Cambodia. In addition, the Group holds a 40% interest in a joint-venture factory in central Vietnam.

With the Group's multi-year effort to relocate its production lines from the PRC to the lower-cost Southeast Asian sites, 89.5% of the total production lines were based in Vietnam and Cambodia as at the year-end date, with 10.5% being retained in Mainland China.

As at the year-end date, the Group had a combined production scale of 39 concept and traditional processing lines, aggregating to an annual capacity of around 11.1 million pairs, which were 68.9% utilized (2018: 70.0%). The drop in the utilization rate was mainly a result of the decrease in business volume, the ongoing transition from traditional to concept lines, and the relocation of some production lines between different production centers to meet clients' production requirements.

In southern Vietnam, there were 22 concept lines and 4 traditional lines in operation, while in Cambodia the Group had 6 concept lines and 3 traditional lines. The conversion of traditional lines to concept lines has been ongoing to cater to the trend of small batch order sizes.

In terms of output, the Southeast Asian production base contributed 85.2% of total production (2018: 82.2%) in pairs of footwear, while Mainland China's share was reduced to 14.8% (2018: 17.8%) of total output.

The geographical distribution of markets shifted in accordance with the change in product and clientele portfolios. European markets' contribution remained stable at 31.6% (2018: 33.7%) whereas turnover from the US dropped to 11.8% (2018: 14.7%). Shipments to other markets, including Asia and other areas, accounted for 56.6% (2018: 51.6%).

Premium casual footwear remained the major product category, accounting for 54.3% (2018: 55.5%) of turnover. The rugged shoes category contributed 22.2% (2018: 15.5%) of Group turnover during the year, and management noted that this product line is regaining popularity in the market. Babies' and children's footwear's contribution remained stable at 18.8% (2018: 18.2%), while the performance of the athleisure product category was still lackluster with its share dropping to 4.7% (2018: 10.8%).

Major customers for the year included Asics, Clarks, Quiksilver, Skechers and Wolverine, with the top five customers' aggregate contribution remaining quite stable at 92.2% (2018: 93.7%) of total turnover.

Key developments in the Group's production centers include:

Southern Vietnam

Southern Vietnam remained the core manufacturing site for the Group, contributing 68.8% (2018: 62.1%) of total volume output. In the coming year, 3 production lines will be added to this production center.

A new factory situated on a site adjacent to the existing facilities is ready for future use. With confidence in a longer-term market rebound, the new plant will well prepare the Group for ramping up production capacity within a short lead time. In the meantime, the plan is to fully utilize the capacity of the existing facilities before making moves to install machinery and equipment for the new premises.

The Group has also obtained the land use right of another plot of land located about half-an-hour's drive from the existing facilities. This new site will be reserved for future expansion purposes in the next three to five years.

With a production center in operation, new premises ready to house additional manufacturing within a short lead time, and a plot of land set aside for long-term expansion, the Group is well covered in fulfilling existing demand, while positioned to capture growth opportunities in future.

Cambodia

The number of production lines remained stable, but more of them have been converted to the concept line setup. This manufacturing site contributed 16.4% (2018: 20.1%) of output in pairs during the year.

The Group will seek to further improve the operational efficiency of the Cambodian factory, as this is a key to fulfilling future orders. It is planned that this center will be expanded to 12 production lines in the coming year, with more concept lines to be established.

Mainland China

Our manufacturing activity in Mainland China is based in Zhuhai in southern China. In light of the rising costs in the country and the ongoing Sino-US trade clashes, proportionate output (pairs) from this center has been reduced to 14.8% (2018: 17.8%).

The Zhuhai facilities are currently retained as an alternative site for clients who opted to keep a sourcing base in the country. A lean labor force has therefore been maintained. The Group will continue to review the value of the production site in Zhuhai in terms of its strategic function as an alternative R&D and manufacturing center, against its asset value or redevelopment potential with the commissioning of the Hong Kong-Zhuhai-Macao Bridge. For the coming year, the Board expects that this center will be further scaled down.

The Jiangxi factory has ceased production since 2016 and been rented out for rental income since then. In June 2017, the Group received from the Yifeng County Land and Resources Bureau a notice of idle land investigation in respect of the land on which the Group's facilities in Jiangxi were located. After several rounds of negotiations with the relevant land authority, on 31 October 2018, the Group entered into a sale and purchase agreement to dispose of the land parcel, together with the properties thereon, to the tenant. The Board believes that the disposal decision was arrived at after much deliberation, and is in the best interest of the shareholders.

Investments in associates

The Group holds a 40% interest in an affiliated company jointly owned with Evervan Group ("Evervan") in central Vietnam. Evervan is a leading international footwear manufacturer. As at 31 March 2019, 3 production lines were in operation.

The performance of this affiliated company improved with its loss narrowed. During the year, a share of losses from associates amounting to approximately HK$7.4 million (2018: approximately HK$11.6 million) was incurred mainly on increased costs spent on staff training for new products.

Management noted an opportunity for this affiliated company to capture orders from footwear brands which have taken steps to move from China to Vietnam. Upon receipt of solid procurement plans from a customer, the affiliate has proceeded to install machinery and equipment. To fund the affiliate's business plan, the Group has advanced a shareholder's loan of approximately US$800,000 (equivalent to HK$6,240,000) in the second half of the financial year.

Considering the customers' orders, the Board is confident of the business growth of the affiliate in the coming year. With workers' skills and efficiency further geared up, and economies of scales to be achieved, the affiliate is looking forward to reducing the operating loss in the year ahead.

As always, we will continue to be on the lookout for lucrative opportunities to further expand our business, with the ultimate aim of bringing greater value to our shareholders in the long run.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally and generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled the Group to maintain a strong financial position. As at 31 March 2019, the Group's cash and cash equivalents were approximately HK$610 million (2018: approximately HK$804 million).

The Group is substantially debt-free. As at 31 March 2019, the Group had banking facilities amounted to an aggregate sum of approximately HK$79 million (2018: approximately HK$99 million) with various banks. Out of the trade and overdraft banking facilities of approximately HK$79 million (2018: approximately HK$99 million) in Hong Kong being granted to the Group, no facilities had been utilized as at 31 March 2019 (2018: Nil).

For the year ended 31 March 2019, the current ratio was approximately 2.7 (2018: approximately 2.4) based on current assets of approximately HK$920 million and current liabilities of approximately HK$339 million and the quick ratio was approximately 2.3 (2018: approximately 2.1).

As at 31 March 2019, the Group did not have any interest-bearing bank borrowings (2018: Nil).

The Group will continue to maintain conservative cash flow management to sustain a strong cash position. Having considered the major expansion plans of the Group, including Vietnam and Cambodia in the next two to three years, the Directors are of the opinion that the Group has adequate liquidity to meet its current and future working capital requirements on its operations and expansion.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenue and expenditure are denominated in Hong Kong dollars, the RMB, the Vietnamese Dong ("VND") and the US dollars ("US$"). It is the Group's policy to adopt a conservative approach on foreign exchange exposure management.

However, the Group will continue to monitor its foreign exchange exposure and market conditions to determine if any hedging is required. The Group generally finances its operation with internal resources and bank facilities provided by banks in Hong Kong. Interest rates of borrowings are fixed by reference to the Hong Kong Inter-Bank Offered Rate or the London Inter-Bank Offered Rate.

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations and to minimise the Group's financial risks. As a measure of additional prudence, the Group cautiously uses derivatives financial instruments, principally forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's receivables and payables.

The exposure to foreign currency of the Group mainly arose from the net cash flows and the net working capital translation of its PRC and Vietnam subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options, if consider necessary. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

CAPITAL STRUCTURE

Shareholders' equity decreased to approximately HK$1,118 million as at 31 March 2019 (2018: approximately HK$1,221 million). As at 31 March 2019, the Group did not have any interest-bearing bank borrowings (2018: Nil), resulting Nil% (2018: Nil%) of the shareholders equity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased and cancelled 5,046,000 of its ordinary shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of approximately HK$8,414,000 excluding transaction cost. The repurchase of the Company's shares during the year was effected by the Board, pursuant to the repurchase mandate granted by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Details of the shares repurchase during the year under review are as follows:

Month/Year	**Number of shares repurchased**	**Highest price per share**	**Lowest price per share**	**Aggregate consideration (excluding transaction cost)**
		HK$	*HK$*	*HK$'000*
January 2019	996,000	1.66	1.62	1,641
February 2019	3,450,000	1.69	1.66	5,761
March 2019	600,000	1.75	1.67	1,012
Total	5,046,000			8,414

The premium paid on the repurchase of the shares of approximately HK$7,909,000 has been debited to the share premium account. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Taiwan, the PRC, Vietnam and Cambodia, employed approximately 9,100 employees as at 31 March 2019. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options and awarded shares may also be granted in accordance to the terms of the Group's approved share option scheme and share award scheme, respectively.

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, for the year ended 31 March 2019 in compliance with the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

AUDIT COMMITTEE

The audit committee of the Company (the "Committee") comprises three independent non-executive Directors and one non-executive Director. The primary duties of the Committee are to review and supervise the Group's financial reporting process and internal control systems.

As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Committee reviewed with the management on the accounting principles and practices adopted by the Group, the Group's auditing, internal control and financial reporting matters and the consolidated results for the year ended 31 March 2019, and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The Committee has also met with the external auditor of the Company, Messrs. Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the said code of conduct for the year ended 31 March 2019.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 March 2019 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at http://www.irasia.com/listco/hk/kingmaker/annual/index.htm. An annual report for the year ended 31 March 2019 containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
Chan Ho Man, Daniel
Chairman

Hong Kong, 26 June 2019

As at the date of this announcement, the three executive directors of the Company are Mdm. HUANG Hsiu Duan, Helen, Mr. WONG Hei Chiu and Mr. Chen Yi Wu, Ares; three non-executive directors are Mr. CHAN Ho Man, Daniel, Mr. KIMMEL Phillip Brian and Dr. CHOW Wing Kin, Anthony; and three independent non-executive directors are Mr. TAM King Ching, Kenny, Mr. YUNG Tse Kwong, Steven and Ms. CHAN Mei Bo, Mabel.