KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: http://www.kinyat.com.hk

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Directors (the "Board") of Kin Yat Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019, together with the comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*2*	**4,221,878**	3,034,274
Cost of sales		**(3,919,149)**	(2,728,278)
Gross profit		**302,729**	305,996
Other income and gains, net	*3*	**77,885**	105,874
Selling and distribution expenses		**(69,989)**	(57,585)
Administrative expenses		**(164,277)**	(169,615)
Impairment losses on financial assets		**(3,621)**	–
Finance costs, net		**(12,729)**	(2,345)
Share of losses of associates		**(827)**	–
Profit before tax	*4*	**129,171**	182,325
Income tax expense	*5*	**(18,760)**	(32,619)
Profit for the year		**110,411**	149,706
Profit attributable to:			
Equity holders of the Company		**112,384**	149,821
Non-controlling interests		**(1,973)**	(115)
		110,411	149,706
Earnings per share attributable to equity holders of the Company	*7*		
Basic		**HK25.61 cents**	HK34.71 cents
Diluted		**HK25.59 cents**	HK34.42 cents

Details of the dividends paid and proposed for the year are disclosed in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**110,411**	149,706
Other comprehensive income:		
Items that may be reclassified to the income statement:		
Exchange translation reserve on translation of foreign operations	**(76,896)**	63,221
Release of exchange translation reserve upon disposal of subsidiaries	**–**	(19,720)
	(76,896)	43,501
Other comprehensive income not to be reclassified to the income statement in subsequent periods:		
Gain on revaluation of land and buildings	**68,930**	34,968
Deferred tax debited to asset revaluation reserve	**(13,977)**	(5,821)
	54,953	29,147
Other comprehensive (loss)/income for the year, net of tax	**(21,943)**	72,648
Total comprehensive income for the year	**88,468**	222,354
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**90,519**	222,479
Non-controlling interests	**(2,051)**	(125)
	88,468	222,354

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,123,724**	866,668
Investment properties		**65,070**	63,061
Prepaid land lease payments		**23,437**	24,772
Properties under development		**44,847**	47,168
Intangible assets	*8*	**35,779**	7,872
Investment in associates		**12,065**	6,183
Prepayments and deposits	*9*	**210,642**	191,092
Deferred tax assets		**25,920**	33,695
Total non-current assets		**1,541,484**	1,240,511
Current assets			
Properties under development		**485,863**	247,795
Inventories		**615,365**	477,062
Accounts and bills receivable	*10*	**312,149**	370,326
Contract assets	*2(d)*	**22,983**	–
Prepayments and deposits	*9*	**155,772**	274,934
Financial assets at fair value through profit or loss		**14,140**	31,254
Tax recoverable		**791**	5,197
Time deposits		**13,754**	11,645
Cash and bank balances		**227,170**	205,011
Total current assets		**1,847,987**	1,623,224
Total assets		**3,389,471**	2,863,735
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**43,896**	43,846
Reserves		**1,161,616**	1,112,932
		1,205,512	1,156,778
Non-controlling interests		**4,414**	1,266
Total equity		**1,209,926**	1,158,044

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income and other payable	*11*	**82,090**	109,208
Bank borrowings	*12*	**–**	294,750
Deferred tax liabilities		**57,285**	37,502
Total non-current liabilities		**139,375**	441,460
Current liabilities			
Accounts and bills payable, other payables and provisions	*11*	**1,000,597**	953,372
Contract liabilities	*2(d)*	**166,181**	–
Bank borrowings	*12*	**810,106**	237,140
Tax payable		**63,286**	73,719
Total current liabilities		**2,040,170**	1,264,231
Total liabilities		**2,179,545**	1,705,691
Total equity and liabilities		**3,389,471**	2,863,735

NOTES

1.1 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 ("HKICPA"), 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 land and buildings, investment properties and financial assets at fair value through profit or loss, 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.

1.2 GOING CONCERN BASIS

During the year ended 31 March 2019, the Group reported an operating cash outflow of HK$28,237,000. As at the same date, the Group's current liabilities exceeded its current assets by HK$192,183,000, and its total bank borrowings, all classified as current liabilities (including those with contractual repayment dates beyond one year after 31 March 2019 (see below)), amounted to HK$810,106,000, while its cash and bank balances amounted to HK$227,170,000.

Under the relevant bank loan agreements of certain term loans, the relevant banks have the overriding right to demand for repayment even though the scheduled repayment dates are beyond one year. Due to the oversight of management, the Group had not applied for and thus had not obtained before the year end date a confirmation from the banks to waive such rights for its bank loans totalling HK$364,750,000. As a result, certain of these loans with scheduled repayment dates beyond one year amounted to HK$235,500,000 had to be classified as current liabilities as at 31 March 2019.

As a result of the foregoing, as at 31 March 2019, the Group has not complied with a restrictive financial covenant requirement of certain bank borrowings amounted to HK$484,750,000 (including those loans described in the preceding paragraph), which included bank borrowings of HK$325,500,000 with scheduled repayment dates beyond one year after 31 March 2019. Under the relevant bank loan agreements, such non-compliance of covenant may cause the relevant bank borrowings of HK$484,750,000 become immediately due and payable should the lenders exercise their rights under the loan agreements. In addition, such non-compliance also triggered the cross-default terms of certain other current bank borrowings of HK$173,543,000 and bank borrowings of HK$32,000,000 with scheduled repayment dates beyond one year after 31 March 2019, which may also cause these loans to become immediately due and payable should the lenders exercise their rights under the loan agreements. Accordingly, the total relevant bank borrowings of HK$690,293,000 were included in current liabilities as at 31 March 2019.

All of the above conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

1.2 GOING CONCERN BASIS (Continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(i) subsequent to 31 March 2019, the Group successfully obtained written waivers from the relevant banks in relation to the relevant bank loans of HK$484,750,000 from complying with the relevant financial covenant for the year ended 31 March 2019. In addition, the Group also successfully obtained written confirmation from a bank to revise down the relevant financial covenant ratio requirement temporarily until 31 March 2020 in respect of bank loans amounting to HK$265,000,000. The Group will continue to monitor its compliance with the covenant requirements. Should the Group be unable to comply with the covenant requirements, the management of the Company will discuss and negotiate with the respective banks and will seek to further revise the terms and covenant requirements or obtain a waiver of compliance with the covenant requirements from the banks, if needed;

(ii) based on the communication with the banks, the directors considered that the banks will not exercise their rights under the cross-default clauses for the bank borrowings totalling HK$205,543,000 given the Group has successfully obtained the waivers from the other relevant banks as mentioned in (i) above, despite a written wavier was not provided by the banks;

(iii) the banks have also agreed in writing to waive their overriding rights to demand for repayment in relation to certain bank borrowings amounted to HK$244,750,000 in the coming twelve months from the balance sheet date, which included HK$143,000,000, with scheduled repayment dates beyond one year after 31 March 2019;

(iv) based on the on-going discussions with the relevant banks, these banks would continue to make the respective uncommitted banking facilities available to the Group in the coming twelve months from 31 March 2019. The directors of the Company are of the opinion that such banking facilities will be renewed when they expire such that they will continue to be available to the Group for the next twelve months from 31 March 2019;

(v) the Group has substantially completed certain property development projects. The sales of these projects are expected to be launched in the coming year. With respect to these projects, the Group has already signed a framework agreement with a local PRC government authority for the sale of certain property units and is expecting to receive certain advance payments in the coming twelve months. The directors of the Company thus are of the opinion that the property development projects will be able to generate operating cash inflow to the Group in the next twelve months;

(vi) the Group will continue to take active measures to improve profitability and cash flow of the Group through various initiatives including further leveraging on capital investments made in manufacturing process automation to reduce production cost and improve efficiency and further strengthening of its relationship with major customers to negotiate for better price and terms;

1.2 GOING CONCERN BASIS (Continued)

(vii) the Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditure; and

(viii) the Group will also continue to seek for other alternatives to increase its working capital such as divesting of the Group's land and buildings and investment properties, if needed.

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of twelve months from 31 March 2019. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the following plans and measures:

(i) continuous compliance by the Group of the existing and revised terms and conditions of the bank borrowings and, where applicable, successful negotiation with the banks to obtain wavier or to revise the terms and conditions of the bank borrowings for the continuous compliance thereof as and when needed such that the existing bank borrowings and facilities will continue to be available to the Group and be repaid in accordance with the agreed repayment schedules;

(ii) successful launch of the property development projects on hand and collection of proceeds from sales of properties under development and completed properties in the expected timeframe;

(iii) successful implementation of measures to improve profitability and cash flow so as to strengthen its working capital position;

(iv) successfully raising of additional sources of financing or bank borrowings as and when needed; and

(v) successful divestment of its land and buildings and investment properties when needed for working capital.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HK(IFRIC) 22	Foreign currency transactions and advance consideration
HKAS 40 (Amendment)	Transfers of investment property
Annual improvement project of HKFRS 1 and HKAS 28	Annual improvements 2014-2016 Cycle

Apart from HKFRS 9 and HKFRS 15, there are no other new standards or amendments to standards that are effective for the first time for this reporting period that could be expected to have a material impact on the Group.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provision for HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 "Financial Instruments" from 1 April 2018 resulted in changes in accounting policies.

(a) Classification and measurement

The financial assets currently held by the Group include financial instruments previously classified as loans and receivables which continue to be measured at amortised cost under HKFRS 9. Accordingly, there is no impact on the classification and measurement of its financial assets. There will be no impact on the Group's accounting for financial liabilities, as HKFRS 9 only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed. The Group also has financial assets at fair value through profit and loss which will continue to be measured at fair value through profit and loss.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 9 "Financial Instruments" (continued)

(b) Impairment of financial assets

The Group's accounts and bills receivable, deposits and contract assets are subject to the new expected credit loss model of the new HKFRS. The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measure expected credit loss allowance for accounts and bills receivable, deposits and contract assets based on credit risk characteristics and the days past due. Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The Group has assessed the expected credit loss model applied as at 1 April 2018 and the change in impairment methodologies has no significant impact on the Group's consolidated financial statements and the comparative figures have not been restated in this respect.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has first time adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 18 which cover contracts for goods and services and HKAS 11 which cover construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time.

Reclassification were made as at 1 April 2018 to be consistent with the terminology used under HKFRS 15 for contract liabilities in relation to payment received in advance from customers for properties sales which were previously presented as receipt in advance.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 15 "Revenue from Contracts with Customers" (continued)

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 April 2018		
Consolidated statement of financial position (extract)	**As previously stated**	**Reclassification under HKFRS 15**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	–	138,524	138,524
Receipt in advance	138,524	(138,524)	–

New standards and amendments to HKFRS in issue but not yet effective

Certain new accounting standards and amendments have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS	Annual improvements to HKFRS 2015-2017 cycle	1 April 2019
HKAS 1 and 8 (Amendments)	Definition of material	1 April 2020
HKAS 19 (Amendments)	Plan amendment, curtailment or settlement	1 April 2019
HKAS 28 (Amendments)	Long-term interests in associates and joint ventures	1 April 2019
HKAS 9 (Amendments)	Prepayment features with negative compensation	1 April 2019
HKFRS 3 (Amendments)	Definition of business	1 April 2020
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance contracts	1 April 2021
HK(IFRIC) – Int 23	Uncertainty over income tax treatments	1 April 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$1,204,000. Of these lease commitments, the Group estimates those related to payments for short-term and low value leases which will be recognised on straight-line basis as expense in profit or loss are insignificant. For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately HK$962,000 on 1 April 2019, lease liabilities of HK$964,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019). Overall net assets will be approximately HK$2,000 lower, and net current assets will be approximately HK$521,000 lower due to the presentation of a portion of the liability as a current liability.

Except some additional disclosures will be required from next year, the Group does not expect any significant impact on the financial statements in relation to the activities as a lessor.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

Chief operating decision maker ("CODM") has been identified as the Board of Directors of the Company (the "Directors"). CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

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

(a) the electrical and electronic products segment consists of the manufacture and sale of AI robotics, IoT and smart home products, electronic entertainment products and other related products;

(b) the motors segment consists of the manufacture and sale of motors and encoder film;

(c) the glass technology and application segment consists of the sale and downstream processing of glass as well as the design, manufacture and installation of curtain wall systems; and

(d) the real estate development segment.

The disposal of the core operating subsidiaries of the Company relating to the resources development segment was completed in September 2017.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to the third parties at the then prevailing market prices.

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.

2. SEGMENT INFORMATION (continued)

(a) Operating segments

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.

	Electrical and electronic products		Motors		Glass technology and application		Real estate development		Resources development		Eliminations		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue														
Revenue from external customers														
Timing of revenue recognition														
– At a point of time	**3,166,417**	2,137,529	**972,817**	896,745	**46,307**	–	**–**	–	**–**	–	**–**	–	**4,185,541**	3,034,274
– Over time	**–**	–	**–**	–	**36,337**	–	**–**	–	**–**	–	**–**	–	**36,337**	–
	3,166,417	2,137,529	**972,817**	896,745	**82,644**	–	**–**	–	**–**	–	**–**	–	**4,221,878**	3,034,274
Intersegment sales	**46,471**	54,560	**7,491**	8,541	**825**	–	**–**	–	**–**	–	**(54,787)**	(63,101)	**–**	–
Total	**3,212,888**	2,192,089	**980,308**	905,286	**83,469**	–	**–**	–	**–**	–	**(54,787)**	(63,101)	**4,221,878**	3,034,274
Other income and gains, net	**14,312**	45,004	**41,809**	48,072	**1,485**	–	**6,310**	9,399	**7,197**	2,182	**–**	–	**71,113**	104,657
Segment results	**93,035**	121,252	**56,793**	73,204	**(6,538)**	–	**(402)**	(2,591)	**5,512**	215	**–**	–	**148,400**	192,080
Interest and unallocated gains													**6,772**	1,217
Unallocated expenses													**(12,445)**	(8,627)
Finance costs, net													**(12,729)**	(2,345)
Share of losses of associates													**(827)**	–
Profit before tax													**129,171**	182,325
Income tax expense													**(18,760)**	(32,619)
Profit for the year													**110,411**	149,706
Segment assets	**2,014,725**	1,894,199	**1,146,035**	989,914	**143,066**	–	**590,609**	515,026	**40,791**	36,980	**(922,392)**	(935,418)	**3,012,834**	2,500,701
Unallocated assets													**376,637**	363,034
Total assets													**3,389,471**	2,863,735
Segment liabilities	**682,729**	582,231	**489,415**	450,030	**139,255**	–	**663,131**	591,450	**230,980**	371,164	**(922,392)**	(935,418)	**1,283,118**	1,059,457
Unallocated liabilities													**896,427**	646,234
Total liabilities													**2,179,545**	1,705,691
Other segment information:														
Capital expenditure	**129,395**	54,107	**169,160**	112,303	**1,762**	–	**408**	507	**68**	165	**–**	–	**300,793**	167,082
Unallocated amounts													**–**	1,442
													300,793	168,524

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Electrical and electronic products		Motors		Glass technology and application		Real estate development		Resources development		Eliminations		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information: *(continued)*														
Depreciation and amortisation	**52,244**	43,754	**47,049**	34,121	**4,874**	–	**230**	333	**1,270**	1,282	**-**	–	**105,667**	79,490
Unallocated amounts													**1,705**	1,249
													107,372	80,739
(Gain)/loss on disposal of property, plant and equipment, net	**(1,343)**	(850)	**(95)**	69	**-**	–	**-**	–	**-**	–	**-**	–	**(1,438)**	(781)
Surplus on revaluation of land and buildings recognised directly in equity	**(41,487)**	(23,822)	**(14,725)**	(734)	**-**	–	**-**	–	**(7,158)**	(212)	**-**	–	**(63,370)**	(24,768)
Unallocated amounts													**(5,560)**	(10,200)
													(68,930)	(34,968)
Fair value (gain)/loss on investment properties	**638**	(270)	**-**	–	**-**	–	**(6,021)**	(4,665)	**-**	–	**-**	–	**(5,383)**	(4,935)

(b) Geographical information

	United States of America		Europe		Asia		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**1,715,470**	1,058,444	**949,124**	658,044	**1,365,149**	1,183,802	**192,135**	133,984	**4,221,878**	3,034,274

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

	Hong Kong		Mainland China		Malaysia		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**109,114**	109,241	**1,378,076**	1,072,046	**28,374**	25,529	**1,515,564**	1,206,816

The non-current assets for the above segment information consist of property, plant and equipment, investment properties, prepaid land lease payments, investment in associates, properties under development, intangible assets and prepayments and deposits, but exclude deferred tax assets.

2. **SEGMENT INFORMATION (continued)**

(c) Information about major customers

Revenue of HK$2,667,326,000 (2018: HK$1,861,050,000) was derived from sales of electrical and electronic products to a major customer, which accounted for over 10% of the Group's total revenue.

(d) Assets and liabilities related to contract with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2019	2018
	HK$'000	*HK$'000*
Contract assets related to glass production and installation *(Note)*	**23,305**	–
Loss allowance	**(322)**	–
Total contract assets	**22,983**	–

Note:

There consist of revenue from glass services recognised prior to the date on which it is invoiced to customers.

	2019	2018
	HK$'000	*HK$'000*
Contract liabilities related to sales of goods *(Note i)*	**92,618**	–
Contract liabilities related to glass production and installation *(Note i)*	**1,267**	–
Contract liabilities related to sales of properties *(Note ii)*	**72,296**	–
	166,181	–

Notes:

(i) These consist of advanced payments received from customers for goods that have not yet been transferred to the customers.

(ii) These consist of advanced payments received from customers resulting from the properties sales.

(e) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised for the year ended 31 March 2019 relates to carried-forward contract liabilities that were satisfied in a prior year:

	2019
	HK$'000
Contract liabilities related to sales of goods	**69,855**

3. OTHER INCOME AND GAINS, NET

	2019	2018
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**–**	850
Fair value gain on financial assets at fair value through profit or loss, net	**6,720**	8
Fair value gain on investment properties	**5,383**	4,935
Gain on disposal of property, plant and equipment, net	**1,438**	781
Gain on disposal of subsidiaries	**–**	10,126
Gross rental income	**3,778**	1,026
Sales of scrap materials	**3,662**	6,942
Subsidy income *(Note)*	**46,147**	69,840
Write-back of impairment in properties under development	**–**	4,582
Write-back of impairment in property, plant and equipment	**7,189**	–
Others	**3,568**	6,784
	77,885	105,874

Note:

Various government subsidies have been received from the local government authorities for subsidising the operating activities, research and development activities, and acquisition of fixed assets. During the year ended 31 March 2019, subsidies amounting to HK$46,147,000 (2018: HK$69,840,000) are recognised in profit or loss, including the recognition of deferred government subsidies of HK$33,112,000 (2018: HK$26,338,000).

4. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**2,971,560**	1,955,739
Amortisation of prepaid land lease payments	**650**	641
Amortisation of intangible assets	**1,807**	–
Depreciation	**104,915**	80,098
Direct operating expenses (including repairs and maintenance) arising from rental earning investment properties	**281**	193
Employee benefit expense	**746,903**	601,004
Impairment of accounts receivable	**–**	3,784
Legal and professional fee	**9,028**	10,690
Operating lease payments in respect of land and buildings	**7,579**	3,264
Impairment/(write-back of impairment) of inventories, net	**3,034**	(14,895)
Write-off of property, plant and equipment	**904**	–

5. 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 applicable rates of tax prevailing in the counties in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**12,142**	8,311
Adjustment for current tax of prior years	**2,180**	(2,354)
Current – Elsewhere		
Charge for the year	**2,173**	20,095
Adjustment for current tax of prior years	**(8,118)**	276
Deferred tax	**10,383**	6,291
Total tax charge for the year	**18,760**	32,619

6. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends paid during the year		
Final dividend in respect of the financial year ended 31 March 2018 – HK7.0 cents per ordinary share (2018: final dividend in respect of the financial year ended 31 March 2017 – HK5.0 cents per ordinary share)	**30,728**	21,518
Interim dividend – HK3.0 cents per ordinary share (2018: HK3.0 cents)	**13,168**	13,063
	43,896	34,581
Proposed final dividend		
Final – Nil (2018: HK7.0 cents per ordinary share)	**–**	30,692

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

Basic earnings per share is calculated by dividing:

– profit for the year attributable to equity holders of the Company of HK$112,384,000 (2018: HK$149,821,000),

– by the weighted average number of ordinary shares of 438,831,233 (2018: 431,580,548) in issue during the year.

A reconciliation of the weighted average number of ordinary shares used in calculating the basic and diluted earnings per share is as follows:

	2019	2018
Weighted average number of ordinary shares used in calculating basic earnings per share	**438,831,233**	431,580,548
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**369,565**	3,728,407
Weighted average number of ordinary shares used in calculating diluted earnings per share	**439,200,798**	435,308,955
Basic earnings per share	**HK25.61 cents**	HK34.71 cents
Diluted earnings per share	**HK25.59 cents**	HK34.42 cents

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$112,384,000 (2018: HK$149,821,000) and 439,200,798 ordinary shares (2018: 435,308,955), being the number of shares outstanding during the year, adjusted for the effects of the dilutive potential ordinary shares outstanding during the year ended 31 March 2019.

8. INTANGIBLE ASSETS

	Goodwill *HK$'000*	Technology *HK$'000*	Contracts *HK$'000*	Total *HK$'000*
At 31 March 2018 and 1 April 2018				
Cost	7,872	–	–	7,872
Accumulated amortisation	–	–	–	–
Net book value	7,872	–	–	7,872
Opening net book amount	7,872	–	–	7,872
Acquisition of a subsidiary *(Note)*	10,713	18,100	900	29,713
Amortisation	–	(1,207)	(600)	(1,807)
Exchange alignment	1	–	–	1
Closing net book amount	18,586	16,893	300	35,779
At 31 March 2019				
Cost	18,586	18,100	900	37,586
Accumulated amortisation	–	(1,207)	(600)	(1,807)
Net book value	18,586	16,893	300	35,779

Amortisation of intangible assets is included in administrative expenses in the consolidated income statement.

Note:

On 3 April 2018, Kin Yat Enterprises (BVI) Limited ("Kin Yat Enterprises"), a wholly-owned subsidiary of the Group, entered into a sales and purchase agreement with a third party to acquire 13% equity interest in Progress Power-Saving Glass Technology Co., Limited ("Progress Power-Saving") together with shareholder's loan amounting to HK$1,386,000 provided by the seller to Progress Power-Saving at a total cash consideration of HK$7,647,000.

On 25 July 2018, Kin Yat Enterprises entered into a sales and purchase agreement with Silurian Resources Limited, which is wholly owned by Mr. Cheng Chor Kit, the chairman of the Board of Directors and chief executive officer of the Company. Pursuant to the agreement, Kin Yat Enterprises will further acquire 51% equity interest in Progress Power-Saving together with shareholder's loan amounting to HK$16,820,000 provided by Mr. Cheng Chor Kit to Progress Power-Saving at a total cash consideration of HK$30,000,000.

The acquisition was completed on 14 August 2018. Upon the completion, the Group holds 64% equity interest of Progress Power-Saving, of which its wholly owned subsidiaries are principally engaged in the sales and downstream processing of glass.

8. INTANGIBLE ASSETS (continued)

Note: (continued)

The fair values of the identifiable assets and liabilities of Progress Power-Saving at the acquisition date were as follows:

	HK$'000
Consideration:	
Cash	37,647
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	856
Property, plant and equipment	38,340
Inventories	14,885
Accounts and other receivables	33,897
Intangible assets	19,000
Accounts and other payables	(88,590)
Deferred tax liability	(4,750)
Total identifiable net assets	13,638
Non-controlling interests	(4,910)
Amounts due to shareholders assigned to Kin Yat Enterprises	18,206
Goodwill	10,713
	37,647

The goodwill of HK$10,713,000 arising from the acquisition is attributable to the synergies from combining the operations of the Group and Progress Power-Saving. None of the goodwill recognised is expected to be deductible for income tax purpose.

9. PREPAYMENTS AND DEPOSITS

	2019	2018
	HK$'000	*HK$'000*
Prepayment for property, plant and equipment	**195,667**	180,411
Prepaid construction cost *(Note i)*	**21,165**	184,926
VAT recoverable	**52,603**	32,395
Other prepayment and receivables *(Note ii)*	**67,831**	40,337
Tax reserve certificates	**25,408**	25,408
Other deposits	**3,740**	2,549
	366,414	466,026
Less: Current portion	**(155,772)**	(274,934)
Non-current portion	**210,642**	191,092

9. PREPAYMENTS AND DEPOSITS (continued)

Notes:

(i) As at 31 March 2019, such prepaid construction cost include prepaid construction cost of approximately HK$6,693,000 (2018: HK$174,380,000) to a main constructor for the properties development project in Dushan County ("Dushan"), Guizhou Province, the People's Republic of China (the "PRC" or "China"). The properties, upon completion, are for selling purpose and are expected to be completed within twelve months, therefore, it is classified as current assets.

(ii) Other prepayment and receivables include receivable amounting to HK$15,955,000 (2018: Nil) from a bank regarding certain factoring without recourse totalling HK$162,147,000 (2018: Nil). As the Group has transferred the credit risk and late payment risk of the accounts receivable to the bank, the corresponding accounts receivable balance is derecognised from the consolidated statement of financial position.

10. ACCOUNTS AND BILLS RECEIVABLE

An aging analysis of the accounts and bills receivable as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**166,541**	237,216
31 – 60 days	**51,263**	71,253
61 – 90 days	**59,536**	43,651
Over 90 days	**38,960**	19,058
	316,300	371,178
Loss allowance	**(4,151)**	(852)
	312,149	370,326

11. ACCOUNTS AND BILLS PAYABLE, OTHER PAYABLES AND PROVISIONS

	2019	2018
	HK$'000	*HK$'000*
Accounts and bills payable *(Note a)*	**740,050**	549,993
Accrued liabilities, provisions and other payables	**217,785**	216,633
Deferred income *(Note b)*	**103,300**	137,755
Payable for construction work	**21,552**	19,675
Receipt in advance	**–**	138,524
	1,082,687	1,062,580
Less: Current portion	**(1,000,597)**	(953,372)
Non-current portion	**82,090**	109,208

11. ACCOUNTS AND BILLS PAYABLE, OTHER PAYABLES AND PROVISIONS (continued)

Notes:

(a) The accounts and bills payable and other payables are non-interest-bearing and are normally settled within credit terms of two months, extending up to three months.

The carrying amounts of accounts and other payables are considered to be the same as their fair values, due to their short term nature.

At 31 March 2019, the aging analysis of the accounts and bills payable based on invoice date are as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**268,120**	230,838
31 – 60 days	**112,284**	124,582
61 – 90 days	**147,826**	121,598
Over 90 days	**211,820**	72,975
	740,050	549,993

(b) The balance mainly represented government grants received in respect of the subsidies from The People's Government of the Dushan County, Guizhou Province (the "Dushan County Government") for the Group's manufacturing company located in Dushan County, Guizhou Province, the PRC. These grants are held as deferred income and recognised to the income statement on a systematic basis to match with the costs or the assets' useful lives that they are intended to compensate in accordance with the agreements with the Dushan County Government. During the year ended 31 March 2019, subsidies of HK$33,112,000 (2018: HK$26,338,000) had been recognised and included in subsidy income of "Other income and gains, net" in the consolidated income statement.

12. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Unsecured		
Current portion	**810,106**	237,140
Non-current portion	**–**	294,750
	810,106	531,890

Under the relevant bank loan agreements of certain term loans, the relevant banks have the overriding right to demand for repayment even though the schedule repayment dates are beyond one year. Due to the oversight of management, the Group had not applied for and thus had not obtained before the year end date a confirmation from the banks to waive such rights for its bank loans totalling HK$364,750,000. As a result, certain of these loans with scheduled repayment dates beyond one year amounted to HK$235,500,000 had to be classified as current liabilities as at 31 March 2019.

As a result of the foregoing, as at 31 March 2019, the Group has not complied with a restrictive financial covenant requirement of certain bank borrowings amounted to HK$484,750,000 (including those loans described in the preceding paragraph), which included bank borrowings of HK$325,500,000 with scheduled repayment dates beyond one year after 31 March 2019. Under the relevant bank loan agreements, such non-compliance of covenant may cause the relevant bank borrowings of HK$484,750,000 become immediately due and payable should the lenders exercise their rights under the loan agreements. In addition, such non-compliance also triggered the cross-default terms of certain other current bank borrowings of HK$173,543,000 and bank borrowings of HK$32,000,000 with scheduled repayment dates beyond one year after 31 March 2019, which may also cause these loans to become immediately due and payable should the lenders exercise their rights under the loan agreements. Accordingly, the total relevant bank borrowings of HK$690,293,000 were included in current liabilities as at 31 March 2019.

Bank borrowings bear average interest at 3.7% per annum (2018: 2.9%).

At 31 March 2019, the maturity analysis of the Group's bank borrowings following the contracted repayment schedule would be as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 year or on demand	**688,106**	237,140
Between 1 and 2 years	**102,000**	119,250
Between 2 and 5 years	**20,000**	175,500
	810,106	531,890

The Group's banking facilities are secured by the corporate guarantees given by the Company and certain subsidiaries of the Company. The carrying amounts of the Group's bank borrowings approximate their fair values. Except for a bank borrowing of RMB80,000,000 (2018: RMB57,000,000), equivalent to HK$93,863,000 (2018: HK$70,494,000), all other bank borrowings are denominated in Hong Kong dollars.

As at 31 March 2019, the Group has undrawn uncommitted bank facilities amounting to HK$56,377,000 (2018: HK$421,433,000).

13. CONTINGENT LIABILITIES

From March 2014 to March 2019, the Hong Kong Inland Revenue Department ("IRD") issued estimated assessments ("EA") for the years of assessment from 2007/08 (which were statutorily time-barred after 31 March 2014) to 2012/13 (which were statutorily time-barred after 31 March 2019) with total tax demanded of approximately HK$52,281,000 to certain subsidiaries of the Group (the "Subsidiaries"). The EA were issued as a consequence of the tax audit being carried out on the tax affairs of the Subsidiaries. The Subsidiaries lodged objections to the EA and the IRD subsequently ordered the Subsidiaries to purchase tax reserve certificates ("TRC") in the total amount of approximately HK$25,408,000 and to holdover the balance on the condition that an 8.125% annual interest (varies from time to time as gazetted) will be charged should be balance become payable upon settlement of the objections.

The tax audit case of certain of the Subsidiaries has been concluded in March 2019 subsequent to the management's submission of settlement proposals of tax, penalty and judgement interest covering up to year of assessment 2017/18 of approximately HK$4,616,000 to the IRD in late 2018 and early 2019. In this connection, the Group has recognised a taxation charge of HK$4,616,000 upon such settlement with the IRD during the year ended 31 March 2019. Overpaid TRC of approximately HK$15,467,000 paid by these subsidiaries with the tax audit settled has been refunded to these subsidiaries accordingly after the balance sheet date.

The tax audit case of the remaining subsidiaries is still ongoing, EA up to 2012/13 with total tax demanded of HK$22,713,000 in respect of these remaining subsidiaries is still in dispute with IRD, and the TRC in the amount of HK$5,325,000 for these remaining subsidiaries is still retained by the IRD. The management is continuing the discussion with the IRD for the tax audit case in respect of these remaining subsidiaries, and there is no specific basis which indicated potential adjustments were warranted. As such, the management considers no additional tax provision for Hong Kong profits tax is required at this stage.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 1.2 to the consolidated financial statements, which states that during the year ended 31 March 2019, the Group reported an operating cash outflow of HK$28,237,000. As at the same date, the Group's current liabilities (after reclassifying certain bank loans with scheduled repayment dates beyond one year after 31 March 2019 as current liabilities) exceeded its current assets by HK$192,183,000. In addition, the Group has not complied with the financial covenant requirements of certain bank borrowings. Such non-compliance may cause certain bank borrowings become immediately due and payable. These conditions, along with other matters as described in Note 1.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an industrial enterprise specialising in the technology-driven production of electrical and electronic products, including robotics, Internet of things ("IoT") and smart home items, along with a diverse portfolio of motor drives and related products. The latest addition of a glass technology and application segment has further extended our manufacturing scope. The Group is also engaged in certain real estate development projects in Guizhou Province, the PRC.

CONSOLIDATED RESULTS

The Sino-US trade war has not had much adverse impact on the Group as a whole during the year ended 31 March 2019 (the "Year") in terms of business turnover. Business momentum remained strong for the robotics and motors product lines. The Group's consolidated turnover increased by 39.1% year-on-year to HK$4,221,878,000 during the Year (2018: HK$3,034,274,000). This turnover growth helped set another record high for the Group, and was driven both by its electrical and electronics and motors businesses. Set out below is a breakdown of the Group's segmental external turnover:

- HK$3,166,417,000 from the electrical and electronic products business, representing 75.0% of the consolidated turnover of the Group for the Year (2018: HK$2,137,529,000; 70.1%);

- HK$972,817,000 from the motors business, contributing 23.0% of the consolidated turnover (2018: HK$896,745,000; 29.9%);

- HK$82,644,000 from the new business segment – glass technology and application business, accounting for 2.0% of the consolidated turnover (2018: Nil; 0%).

Basic earnings per share for the Year were HK25.61 cents (2018: HK34.71 cents).

The table below sets out the results of the Group by business segment, together with the comparative figures of the previous year:

Results by business segment	**2019**	**2018**	**Year-on-year change**
	HK$'000	*HK$'000*	*%*
Electrical and electronic products	93,035	121,252	**-23.3**
Motors	56,793	73,204	**-22.4**
Glass technology and application	(6,538)	–	
Real estate development	(402)	(2,591)	**84.5**
Resources development	5,512	215	
Total segment results	148,400	192,080	**-22.7**

Amidst a challenging operating environment, the Group's profit attributable to equity holders of the Company declined 25.0% year-on-year to HK$112,384,000 (2018: HK$149,821,000). Before inclusion of those one-off gains/expenses including the recognition of subsidy income of HK$46,147,000 (2018: HK$69,840,000), write-back of impairment of properties under development of nil (2018: HK$4,582,000), write-back of impairment of property, plant and equipment of HK$7,189,000 (2018: Nil), fair value gain on investment properties of HK$5,383,000 (2018: HK$4,935,000), and gain on disposal of subsidiaries of nil (2018: HK$10,126,000), a profit (before non-controlling interests) of HK$53,665,000 (2018: HK$60,338,000) was recorded.

The earnings decline was mainly due to the decrease in profitability of the electrical and electronic products segment and the motors segment, attributable to the general increase in labour and material costs. The increase in cost was aggravated by additional costs incurred owing to an overloading of facilities during certain peak months which outweighed the positive effect induced by the mild depreciation in the Renminbi exchange rate against the United States ("US") dollars during the Year. The facilities overload was caused by an overlapping of orders resulting from the postponement of substantial robotic product orders by a client towards the end of 2018, thereby upsetting the production schedule. In particular, the surge in labour costs and the problem of labour supply shortage in the PRC were intense particularly during the last quarter of the calendar year 2018 when a lot of manufacturers were rushing to meet deadlines to cope with the tariffs hike for goods to the US market.

Second, the Group's plan was to utilise the new production facilities in Dushan, Guizhou Province in order to fulfil increased orders. However, there was a delay in the handover of the factory premises by the Dushan County government, which has brought interruption to the Group's capacity expansion plan, subsequent allocation of production and additional manufacturing outsourcing expenses.

OPERATIONAL REVIEW

Manufacturing Businesses

The Group now operates three manufacturing business streams on three major production centres in the PRC. Two of the production centres are based in Guangdong Province, respectively in Songgang, Baoan District, Shenzhen City ("Shenzhen") and Shixing County, Shaoguan City ("Shixing"). The third production centre is located in Dushan. Additionally, a motor facility is in operation in Malaysia.

During the Year, the Shenzhen centre continues to be dedicated to high-value-added processes for robotics and IoT manufacturing, while Shixing centre is the major production base for motor drives and other electrical and electronic products. The Dushan centre currently houses motors production, glass technology and application business, and robotics sub-assembly business.

Electrical and Electronic Products Business Segment

The segment is engaged in the development, design and manufacture of: (i) artificial intelligence ("AI") robotics, (ii) IoT, smart home and entertainment products, and (iii) other products such as home electrical appliances.

Driven by robust sales of robotic vacuum cleaners ("RVC"), the juvenile series products and other AI robotic products, segment external turnover grew 48.1% year-on-year to HK$3,166,417,000 during the Year (2018: HK$2,137,529,000). However, the general surge in labour and material costs and additional outsourcing expenses have brought the segment's operating profit down 23.3% year-on-year to HK$93,035,000 (2018: HK$121,252,000).

The increase in cost was partially caused by a general labour shortage and more stringent social welfare requirements in China. The postponement of a client's substantial robotic product orders also resulted in an overlapping of production with some other scheduled projects, and thus a short-term overloading of the facilities in Shenzhen centre.

Going forward, there exists considerable uncertainties in the global economic environment, and uncertainties associated with the transition of China from an export-led growth model to one that is domestic demand driven. The Group maintains a stable and healthy outlook for the electrical and electronic products segment in the coming financial year, but will adopt a more conservative business plan in order to control its risk exposure to the external instabilities.

Robotics

With a strong foundation in robotics manufacturing, the Group has sought to expand from its core RVC line to other home-use and outdoor robots. During the Year, an underwater robot has completed development and was moved to production. In addition to home applications, the Group has also taken up the research and development ("R&D") and production of robots with nursing functions, a STEM kit set, and an educational robot for interactive language learning.

From industry data, the demand for consumer robotic products has remained strong. However, as the Sino-US trade battle escalates, US brand owners and other clients are increasingly cautious about sourcing from China. Order placements tend to become more conservative as competition in the market intensifies and uncertainties continue to emerge.

In light of the challenges and market uncertainties, the Group has strategised to maintain a more focused and selective business portfolio. This will allow the Group to utilise existing capacities more efficiently and thus seek profit margin improvement in the longer term.

On the other hand, the Group has not slowed its efforts in furthering its technological edge and production competence. In particular, the Group will work to enhance its AI capability, which is expected to lead the development of new breeds of robotics commanding premium design and prices. Management notes the prospect of innovation and technology development in the Guangdong-Hong Kong-Macao Greater Bay Area, and will explore the opportunity of leveraging this huge R&D platform in the future.

As discussed in our interim report for the six months ended 30 September 2018, the utilisation rate of our Shenzhen facilities has reached a high level, and the Group originally planned to shift part of the robotics supply chain to Dushan. However, owing to a delay in the handover of the factory premises by the Dushan County government, the capacity expansion plan has been postponed. For the near term, the Group will adopt a more selective approach in procuring orders, and will aim for a more even distribution of production throughout the Year.

The Group is confident of the ongoing development of its robotics business, which will remain the core of the electrical and electronic products segment in the years ahead.

Internet of Things, Smart Home and Entertainment Products

Based on the premise of data-driven and machine learning technologies acquired through years of robotics manufacturing, the Group has gained ground in the development of an array of IoT, smart home and entertainment products.

These product lines have remained in relatively small volumes, and the Group will continue to adopt a selective pitching strategy in order to better allocate development resources and production capacities. Among them, the baby gear line and robotic products for pets have continued to record stable sales. Development of a wearable keyboard for inputting and controlling Bluetooth-enabled devices is also ongoing.

The Group is optimistic about the sales of an entertainment product series which will be carried in a new line of theme parks based on a blockbuster movie. Two parks have already been opened in the US, with one more currently under construction in Europe. These additional points of sale will help boost the business volume of the product series. The pitching of other entertainment projects will be more selective as the Group opts to go for margin instead of volume growth.

Overall, the toys market is competitive with manufacturing margins under pressure. In view of the tariffs imposed by the US on Chinese-made products, the management has been exploring the opportunity of relocating part of its capacities to other Asian locations. Under consideration is the setting up of pilot production lines for some IoT and baby products in Malaysia, as well as small-scale production in Vietnam for entertainment items with lower technological requirements. The feasibility of other locations, including India, is also being examined. The Group is well aware of the risks associated with the relocation of manufacturing activities, and will proceed cautiously with the establishment of trial production lines before moving ahead on a larger scale.

Home Appliances/Electrical Appliances

The home appliances business line continued to witness stable growth, with the introduction of new products and acquisition of new business. The Group has built a successful product portfolio, and is currently developing an ODM line of electrical appliances and an innovative home appliance featuring RFID technology.

This business line is expected to continue contributing stable sales for the segment.

Motors Business Segment

The motors segment is engaged in the development, design, manufacture and sale of electric motor drives and related products. Its major facilities are currently located in Shixing centre and Dushan centre, supplemented by a production facility in Malaysia. Equipped with high-precision technologies and equipment, this robust production and R&D platform enables the segment to roll out innovative and reliable deliverables for clients.

The segment strategically manages its product portfolio to respond to market changes and capture technological trends. In this direction, the segment has continued with the development of larger motor drives and has debuted a series of brushless motors.

Segment external turnover increased by 8.5% year-on-year to a record level of HK$972,817,000 (2018: HK$896,745,000) on the back of a robust order book, and driven by the furtherance of strategic plans to expand market share in various sectors particularly the home and office appliances sectors. Amongst others, the further increase in labour rates was one of the key factors drove segment profit down by 22.4% to HK$56,793,000 (2018: HK$73,204,000). To relieve the limiting effect of labour shortage on the segment's manufacturing activity, the Group will continue to raise the level of automation at its facilities.

Given the segment's insignificant direct export to the US, the trade frictions did not bring substantial direct impact on the motor business. However, the management considers that a weakened global economy will have an indirect but broad-based effect on all business sectors. The Group will therefore adopt a more conservative strategy for this segment in the year ahead. It will also continue to develop and expand its domestic sales in the PRC market, which is still relatively robust.

During the Year, the segment's business was mainly driven by the home and office appliances sectors, while the Group is actively developing the automobile market. The automobile line performed well and delivered increased sales in spite of a negative growth in automobile production and sales in China. The segment has established capabilities in the production of motor for headlights, rear-view mirrors and air-conditioning. Going forward, it will expand into solutions that support other functions such as door locks, sunroofs, seat adjusters, windows lifts, electronic parking brakes and other assistive facilities. The management will also seek to capture opportunities that are expected to emerge from the growth of electric cars.

Another key task for the management is to improve the profit margin of the segment. In this connection, the segment has sought to improve the operational efficiency through optimisation of equipment utilisation, and implement more stringent cost control measures. In addition, the segment is also developing products of higher value. To this end, the segment has expanded from micro to mid-sized motors, and re-launched its alternating current motor business after years of planning and development.

Efforts have also been made to enhance the technological content of the segment's motor drives in order to achieve increased performance, reliability and durability. In this direction, the segment has developed a line of brushless direct current motors constructed with electrical components. The advantages of brushless motors over brushed motors include higher efficiency, reduced operational noise, low electromagnetic interference, longer lifespan, greater adjustability and precise movement control. Brushless motors find applications in a broad range of computer peripherals, hand-held tools and vehicles.

As part of the segment's proactive measures to address the difficulties brought by the trade barriers, plans are underway to diversity its production base. A motor production line is scheduled to be commissioned by July 2019 in Malaysia, signifying our initial step toward the production of motors outside China which expected to induce demands from customers from Association of Southern Asian Nations or Trans-Pacific Partnership member countries which enjoy export tax concessions.

In view of the healthy business rollout of the motors segment, the segment looks to the coming year with a neutral stance, while holding an upward outlook for the motors segment in the longer term, and we also caution on the potential dampening effect of the ongoing Sino-US trade war on the overall business environment.

Glass Technology and Application Segment

This new segment is engaged mainly in the sale and downstream processing of glass including but not limited to insulating glass, glass window modules and marble glass products, as well as the design, manufacture and installation of curtain wall systems. The segment is basically engaged in domestic sales in the PRC with a small amount of export sales of processed glass, and its facilities are currently located in Dushan.

The Group holds a 64% interest in a glass technology and application company, Progress Power-Saving Glass Technology Company Limited ("PPSGT"), with a major subsidiary, Chuangjian Jieneng Glass (Guizhou) Company Limited operating in our Dushan centre. PPSGT has become a subsidiary of the Group since August 2018, and generated a segment turnover of HK$82,644,000 (2018: Nil) after acquisition. A segment loss of HK$6,538,000 (2018: Nil) was incurred.

With the slower than expected collection of accounts receivables from certain curtain wall projects for government buildings since the end of 2018, despite that the collectability of those receivables should not be problematic as the developers are associated entities of the government , the segment's working capital turnover rate has inevitably been affected.

With its capital-intensive business nature, management expects capital recovery from this segment to be slow considering a general slowdown in the PRC economy. The Group has therefore adopted a more conservative business strategy for this segment by downsizing the operating scale and slowing down the expansion plan with respect to other projects including the sale of advertising rights on switchable project glass systems and the coating of glass surfaces for electrochromic glass smart shading systems.

Non-manufacturing Businesses

Real Estate Development Business Segment

During the Year, the Group was engaged in two residential and commercial property development projects in Dushan Economic Development Zone, namely *The Royale Cambridge Residences* and *The Jardin Montsouris*.

The Royale Cambridge Residences

Phase 1 of this residential project was completed, with sales ongoing at a slow pace.

Under HKFRS15, for properties which have no alternative use to the Group and the Group has no enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied at a point in time when the customer obtains control of the property and the Group satisfies the performance obligations.

As at 31 March 2019, HKD72,297,000 was received for its contracted sales of such property development.

The Group is confident of the long-term potential of this property development, and will continue to maintain an appropriate pace of development so as to maximise long-term returns from the project.

The Jardin Montsouris

This resettlement project is located on a site opposite to our *The Royale Cambridge Residences* project. Construction works on Phase I of this project are ongoing, and application is underway for a pre-sale permit.

The project was developed with an aim of providing housing for residents in need of shabby town relocation owing to resettlement. However, there has been a delay in the county administration's acquisition of units owing to a change in local government officials during the Year. Progress of this project has subsequently been slowed.

Phase I of this development was finally fixed at six residential buildings with a total saleable floor area for residential units of approximately 200,000 square metres. As sales to the government in respect of administration's acquisition of units for relocation purposes have slowed, the segment has been in the process of soliciting sales of the property units from resettlement in relation to transportation projects such as the Dushan Station of the Guiyang-Nanning High Speed Rail next to the site of our project.

The management has confidence that this project will make contribution to the cash flow and revenue stream of the Group in the long-run.

The Group considers the two existing projects on hand as one-off real estate development opportunities and does not expect in general to tender for other property development projects in other locations in the PRC.

DIVIDENDS

Interim dividend of HK3.0 cents per ordinary share, totaling HK$13,168,000 were paid to the shareholders of the Company on 11 January 2019.

In furtherance of the Company's strategy of building up war chest to cope with the uncertainties in the future, the Board has resolved not to declare any final dividend for the Year (2018: HK7.0 cents per ordinary share).

FINANCIAL CONDITIONS, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily used its internally generated cash flows and banking facilities to finance its operations and business development. The Group has always been executing a prudent and conservative strategy in its financial management. As at 31 March 2019, the Group had time deposits of HK$13,754,000 (31 March 2018: HK$11,645,000), cash and bank balances of HK$227,170,000 (31 March 2018: HK$205,011,000), and net current liabilities of HK$192,183,000 (31 March 2018: net current assets HK$358,993,000). As at 31 March 2019, shareholders' equity was HK$1,205,512,000 (31 March 2018: HK$1,156,778,000). Total consolidated banking facilities of the Group from all banks as at 31 March 2019 amounted to approximately HK$917,563,000 (31 March 2018: HK$983,074,000). As at 31 March 2019, total bank borrowings amounted to HK$810,106,000 (31 March 2018: HK$531,890,000).

During the preparation of the annual results of the Company for the year ended 31 March 2019, the management has found out that, due to the oversight of the management, the Company has not applied for obtaining waivers from the relevant banks to waive their rights to demand for repayment on demand with respect to certain long-term bank loans (in an amount of approximately HK$235,500,000) (the "LT Loans") for the 12 months period from 1 April 2019 ("Confirmation"). In accordance with the relevant accounting standards, the LT Loans shall be classified as current liabilities instead of non-current liabilities as at 31 March 2019. As a result, as at 31 March 2019, the Group's bank loan in the amount of HK$484,750,000 had been classified as current liabilities. Consequently, as at 31 March 2019, the Group had net current liabilities and there was a non-compliance with the financial covenant with respect to certain loan agreements between the banks and the Group.

Subsequent to 31 March 2019, the Group has successfully obtained (i) written consents from all relevant banks to grant waiver to the Group for the compliance with the relevant financial covenant; (ii) Confirmation in relation to all LT Loans (except for two long-term loans amounting of HK$92,500,000 with scheduled repayment dates beyond one year after 31 March 2019); and (iii) confirmation from all relevant banks as a whole that the banking facilities available to the Group will not be demanded or cancelled such that they will continue to be available to the Group for 12 months from 1 April 2019. In view of the situation, the Group will implement measures, inter alia, to monitor cash flows through cutting costs and proactively take measures to accelerate the recouping of investments in our real estate development business and collections of outstanding receivables, and dispose of non-core assets to enhance cashflow position. In view of these, the directors of the Company believe that the Group will have sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The Group has been in the past two years particularly in the areas of equipment and plant for production automation and property under development. The management of the Company is of the view that the Group is poised to reap the benefits of these investment in the coming years.

However, in view of all uncertainties the Company faces, particularly the trade dispute between the US and China, the management adopted a more prudent strategy in treasury management with an aim of building up war chest to fight the possible future challenges.

As at 31 March 2019, the bank borrowings of the Group was repayable within one year amounted to HK$810,106,000 (31 March 2018: HK$237,140,000) and the remaining balance of nil (31 March 2018: HK$294,750,000) was repayable within second to fifth years.

As at 31 March 2019, the current ratio of the Group (current assets divided by current liabilities) was maintained at 0.9 times (31 March 2018: 1.3 times) and the gearing ratio of the Group (total bank borrowings divided by total equity) was 67.0% (31 March 2018: 45.9%).

CAPITAL STRUCTURE

As at 31 March 2019, the total issued share capital of the Company was HK$43,896,000 (31 March 2018: HK$43,846,000), comprising 438,960,000 (31 March 2018: 438,460,000) ordinary shares of HK$0.10 each.

During the Year, the Company issued 500,000 ordinary shares (31 March 2018: 10,100,000 ordinary shares) upon exercise of share options granted to employees of the Company under the share option scheme of the Company.

CHARGE ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 March 2019 (31 March 2018: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi or United States dollars. The Group does not have a foreign currency hedging policy on it. In order to manage and minimise the foreign exchange risk, the management shall from time to time review and monitor the foreign exchange exposure and will consider hedging the significant foreign currency exposure when appropriate and necessary.

INTEREST RATE RISK

The Group's financial facilities are denominated in Hong Kong dollars and Renminbi and interests on bank borrowings are chargeable based on certain interest margin over the Hong Kong Interbank Offered Rate and the People's Bank of China lending rate which are therefore of floating rate in nature. The Group has not entered into any interest rate risk hedge to mitigate exposure to interest rate risk during the Year.

MATERIAL ACQUISITIONS, DISPOSALS, SIGNIFICANT INVESTMENT AND CONNECTED TRANSACTIONS

On 25 July 2018, Kin Yat Enterprises (BVI) Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "S&P Agreement") with Silurian Resources Limited (the "Vendor"). Pursuant to which the Purchaser agreed to acquire the shares, representing 51% of the issued share capital of Progress Power-Saving Glass Technology Co., Limited ("PPSGT"), together with the sale loan, at a consideration of HK$30,000,000 (the "Acquisition"). Before the Acquisition, the Purchaser has acquired 13% of the issued share capital of PPSGT from an independent third party. Upon completion of the Acquisition, PPSGT became a 64%-owned subsidiary of the Company.

The Vendor is a company wholly-owned by Mr. Cheng Chor Kit, an executive Director, the chairman of the Board and the chief executive officer of the Company and controlling shareholder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company. Hence, the transaction contemplated under the S&P Agreement constituted a connected transaction of the Company. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the announcement and reporting requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The announcement in respect of the aforesaid transaction was made on 25 July 2018.

Apart from described above, under the Listing Rules, the Company did not have any other discloseable non-exempted connected or continuing connected transaction during the Year and up to the date of this announcement. As the same time, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

DISCLOSURES PURSUANT TO R13.21 OF THE LISTING RULES

In April 2015 and November 2017, the Company as a borrower, entered into a renewed and new term loan facility agreements of HK$100,000,000 each with The Hongkong and Shanghai Banking Corporation Limited for a term of 60 months of each term loan facility respectively.

In July 2015 and November 2017, the Company as a borrower, entered into term loan facility agreements of HK$100,000,000 and HK$150,000,000 with Hang Seng Bank Limited for a term of 36 months of each term loan facility respectively.

In May 2018, an indirect wholly-owned subsidiary of the Company as a borrower, entered into a new term loan and trade-line facility agreement of total HK$100,000,000 with Bank of China (Hong Kong) Limited for a term of 36 months and the purpose of the aforesaid term loan is used for financing capital expenditure.

In January 2019, Hang Seng Bank Limited revised the term loan facilities granted as above mentioned and entered into a renewed term loan facility agreement with the Company (the "Renewed Agreement"). Pursuant to the Renewed Agreement, the renewed term loan is for a period of 36 months and included term loans of HK$45,000,000 to finance capital expenditure of the Company and of HK$217,500,000 to refinance the outstanding balance of the loans previously granted.

In addition to general conditions, each of the term loan facility agreement imposes, inter alia, a condition that Mr. Cheng Chor Kit, the Director and the controlling shareholder (as defined under the Listing Rules) of the Company, and the discretionary trust set up by him for the benefit of his family; collectively shall beneficially or directly maintain a shareholding of not less than 50% of the issued share capital of the Company (the "Specific Performance Obligations"). A breach of the Specific Performance Obligations will constitute an event of default under the relevant facility letter. Upon the occurrence of such event, each of the loan shall become immediately due and repayable on demand.

CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the guidelines and latest development in corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the Year except for the deviation from provision A.2.1 of the CG Code. The Board has also reviewed the Corporate Governance Report (the "CG Report") and is satisfied that it has been in full compliance with all the requirements stipulated in the CG Report in Appendix 14 of the Listing Rules.

Chairman and Chief Executive Officer

Pursuant to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Cheng Chor Kit. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals, with a highly independent element in the Board where the Board members meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code on terms no less exacting than the required standard set out in the Model Code regarding securities transactions by the Directors.

Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year. All relevant employees of the Group who, because of their office in the Group, are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board has reviewed the consolidated results (including the consolidated financial statements) of the Group for the Year.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members 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 effected. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Wednesday, 28 August 2019, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 August 2019.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and is available on the Company's website at www.kinyat.com.hk. An annual report for the Year will be dispatched to the Company's shareholders and available on the said websites in due course.

On behalf of the Board
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 27 June 2019

As at the date of this announcement, the Board comprises ten Directors, of which six are executive Directors, namely Mr. CHENG Chor Kit, Mr. FUNG Wah Cheong, Vincent, Mr. LIU Tat Luen, Mr. CHENG Tsz To, Mr. CHENG Tsz Hang and Mr. HUI Ka Po, Alex and four independent non-executive Directors, namely Mr. WONG Chi Wai, Dr. SUN Kwai Yu, Vivian, Mr. CHENG Kwok Kin, Paul and Mr. CHEUNG Wang Ip.