中持基業控股有限公司

Kate China Holdings Limited

Incorporated in Hong Kong with limited liability

Stock code : 8125

Annual Report 2014/2015

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Tat Wah *(Chairman)*
Mr. Fok Chun Kit *(Chief Executive Officer)*
Mr. Tsang Kei Cheong

Independent non-executive Directors

Mr. Lam Yiu Kin
Mr. Lu Tak Ming
Prof. Lai Kin Keung

COMPANY SECRETARY

Ms. Lam Yuen Ling Eva (FCS, FCIS)

COMPLIANCE OFFICER

Mr. Chan Tat Wah

BOARD COMMITTEE

Audit committee

Mr. Lam Yiu Kin *(Chairman)*
Mr. Lu Tak Ming
Prof. Lai Kin Keung

Nomination committee

Prof. Lai Kin Keung *(Chairman)*
Mr. Lam Yiu Kin
Mr. Lu Tak Ming

Remuneration committee

Mr. Lu Tak Ming *(Chairman)*
Mr. Lam Yiu Kin
Prof. Lai Kin Keung

Compliance committee

Mr. Lam Yiu Kin *(Chairman)*
Mr. Lu Tak Ming
Prof. Lai Kin Keung

AUTHORISED REPRESENTATIVES

Mr. Chan Tat Wah
Mr. Fok Chun Kit

COMPANY'S WEBSITE

www.katechina.hk

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

LEGAL ADVISER

David Lo & Partners
Suite 402, Nan Fung Tower
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Hong Kong

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

HEADQUARTER, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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San Po Kong
Kowloon
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank
83 Des Voeux Road
Central
Hong Kong

Shanghai Commercial Bank
35/F, Gloucester Tower
The Landmark
15 Queen's Road
Central
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8125

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of the Company, I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2015.

OVERVIEW

This year was a fruitful year for the Group. The Company became a listed company on the GEM of the Stock Exchange on 18 July 2014 (the "Listing"), and raised net proceeds of HK$31 million. The Listing greatly promoted the Group's brand in Hong Kong as well as provided the Group with a readily accessible and a sophisticated capital platform for the Group's future business development.

During the year, the Group has achieved a record high turnover of approximately HK$142.6 million representing a growth of 48.7% as compare with the year ended 31 March 2014 of approximately HK$ 95.9 million while the profit attributable to owners of the Company amounted to approximately HK$5.5 million. Excluding the approximately HK$5.5 million of one-off expenses in relation to the Listing, the profit of the Group would have been approximately HK$11.0 million. Basic earning per share was HK1.95 cents.

FUTURE PROSPECTS

Looking forward, the Group will continue to focus on its core business and utilise our available resources to engage in its current business. As described in the Company's announcement dated 19 December 2014, the Group, RT Management Limited and Mr. Lui Chung Tak Mark will strengthen the brand recognition of the Group and broaden the Group's customer base and in turn enhance the development of its business as a whole. In addition to this, the Group will also continue to explore business opportunities associated with its core business so as to strengthen its revenue base and maximise the return to the shareholders and the value of the Company.

Over the year since the Listing, commercial property prices in the area of San Po Kong had continued to rise due to the expectation of the close proximity to the Shatin to Central Link and the Kai Tak development. Despite the Group having attempted to make some offers, up till the date of this report, nothing had been concluded. Hence, the Group will continue to look for a suitable property in Hong Kong to establish a showroom to enable our potential customers to meet with our designers in person. In this showroom, we will be able to display samples of our designs and furnishings to our potential customers enabling them to understand our design concepts and assess the quality of our products. We believe the establishment of the showroom will increase the effectiveness and convenience of communications between us and the customers as well as to facilitate the expansion of our business.

APPRECIATION

On behalf of the Board, I would like to express my gratitude towards the support and advice of our shareholders and business partners, for their recognition of the Company's direction and strategies of development, as well as the devotion and enthusiasm of our staff in all scopes of tasks. They all helped us to drive the Company towards perfection. We, the Board and all the Company's staff, will continue to dedicate ourselves to refine our services to maximise the returns from shareholders.

Chan Tat Wah
Chairman and Executive Director
Hong Kong, 23 June 2015

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) design and fitting-out services in Hong Kong and (ii) design and procurement of furnishings and materials services in Hong Kong, Singapore and Malaysia.

The Group was successfully listed on GEM on 18 July 2014. The proceeds raised have strengthened the Group's cash flow.

During the year ended 31 March 2015, the Group has seven new customers, all of which were related to design and fitting-out services and in aggregate contributed approximately HK$43.7 million in revenue to the Group while one of which was also related to design and procurement of furnishings and material services and contributed approximately HK$7.7 million in revenue to the Group. As at 31 March 2015, the Group has nine projects in progress. With regard to those nine projects in progress, seven of them relate to design and fitting-out services and two relate to design and procurement of furnishings and materials services in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly generated from (i) contracts to provide design and fitting-out services; and (ii) design and procurement of furnishings and materials services.

The total revenue for the year was approximately HK$142.6 million (2013/2014: HK$95.9 million) which represents an approximately HK$46.7 million or 48.7% growth. Such increase was the result of the Group undertaking design and fitting-out contracts with higher value than in 2013/2014. Accordingly, the Group recorded an increase in the overall revenue.

Breakdown by types of projects:

	For the year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Design & fitting-out service income	**98,129**	68,546
Design & procurement of furnishings and materials service income	**44,427**	27,341
	142,556	95,887

FINANCIAL REVIEW *(Continued)*

Revenue *(Continued)*

Breakdown by geographical locations:

	For the year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**133,075**	74,484
Singapore	**—**	922
Malaysia	**9,481**	20,481
	142,556	95,887

For the year ended 31 March 2015, the Group recorded total revenue of approximately HK$142.6 million, of which approximately HK$133.1 million was derived from Hong Kong and approximately HK$9.5 million from Malaysia representing approximately 93% and 7% of the total revenue of the Group respectively.

Gross profit and profit for the year

For the year ended 31 March 2015, the Group recorded a gross profit of approximately HK$31.6 million (2013/2014: HK$25.9 million) and the overall gross profit margin was approximately 22.2% (2013/2014: 27.0%). During the year ended 31 March 2015, gross profit for design and fitting-out services derived in Hong Kong and Malaysia amounted to approximately HK$24.9 million and nil respectively, and gross profit for design and procurement of furnishings and materials services were approximately HK$4.3 and HK$2.4 million respectively. During the year ended 31 March 2015, gross profit margin for design and fitting-out services was approximately 25.4%, which was similar to the respective percentage recorded for the year ended 31 March 2014 as described in the paragraph headed "Gross profit" under the section headed "Financial information" in the prospectus of the Company dated 8 July 2014 (the "Prospectus"). However, gross profit margin for design and procurement of furnishings and materials was approximately 15.0%, which was lower than that for the year ended 31 March 2014, due to the reassessment of the cost budget of a major project during the three months ended 31 December 2014 led to the recognition of a lower gross profit margin than previously anticipated; and the gross profit margin of additional projects during the second half of the year ended 31 March 2015 had not been able to compensate for the difference as anticipated at the material time, which in turn, resulted in an overall lower gross profit margin.

Profit for the year ended 31 March 2015 was approximately HK$5.5 million, representing a decrease of approximately 43.5% as compared to the previous year mainly due to the following reasons:

— The sum of the Directors' emoluments and salaries, wages and other benefits for the staff during the year ended 31 March 2015 have increased by approximately HK$5.4 million as compared to the previous year. Such increase in administrative expenses was due to the additional hiring in accordance with the Group's expansion plan had exceeded the previous anticipated cost and had yet to lead to bringing in new additional projects.

— In addition, listing expenses of approximately HK$5.5 million (2013/2014: HK$5.4 million) were incurred during the year ended 31 March 2015 which are not tax deductible.

FINANCIAL REVIEW *(Continued)*

Gross profit and profit for the year *(Continued)*

If the abovementioned increase with regard to Director's emolument and salaries of approximately HK$5.4 million and the listing expenses of approximately HK$5.5 million were added back to profit before taxation of the Group for the year ended 31 March 2015, the Group's adjusted profit before taxation would have been approximately HK$18.7 million, which is slightly higher than the adjusted profit before taxation of the Group of HK$17.3 million for the corresponding period in 2013/2014 (being the sum of listing expenses of approximately HK$5.4 million and profit before taxation of approximately HK$11.9 million).

OUTLOOK

Looking forward, the Group will continue to focus on its core business and utilise its available resources to engage in its current business. As described in the Company's announcement dated 19 December 2014, the Group, RT Management Limited and Mr. Lui Chung Tak Mark will strengthen the brand recognition of the Group and broaden the Group's customer base and in turn enhance the development of its business as a whole. In addition to this, the Group will also continue to explore business opportunities associated with its core business so as to strengthen its revenue base and maximise the return to the shareholders and the value of the Company. Since the last quarter ended 31 March 2015, the Group has established an online sales system on the website of Hotel Sourcing International Limited, being a wholly-owned subsidiary of the Company, at *http://www.hsihk.com/* and is still monitoring the market receptiveness.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

On 9 March 2015, the Group allotted and issued 30,000,000 placing shares at HK$1.20 per placing share to not less than six placees who are independent third parties (the "2015 Placing"). The net proceed from the placing was approximately HK$35 million, which will be used for the acquisition of a property in Hong Kong and as general working capital. Details of the placing are set out in the Company's announcements dated 17 February 2015 and 9 March 2015.

During the year ended 31 March 2015, the Group financed its operations by its internal resources. As at 31 March 2015, the Group had net current assets of approximately HK$103.7 million (2014: HK$22.5 million), including cash of approximately HK$50.0 million (31 March 2014: HK$5.1 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.7 times as at 31 March 2015 (2013: 1.9 times). The increase in the current ratio was partly attributable to the net proceeds raised through the Listing and 2015 Placing as welll as the fluctuation due to the Group's business model which is project by project basis.

The Group's current assets comprised mainly (i) trade and other receivables, (ii) amounts due from customers for contract work and (iii) bank balances and cash. Similarly, current liabilities comprised mainly (i) trade and other payables, (ii) amounts due to customers for contract work and (iii) income tax payable.

While the trade and other receivables relatively increased for the year, amounts due from customers for contract work increased from approximately HK$7.7 million as at 31 March 2014 to approximately HK$78.8 million as at 31 March 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE *(Continued)*

As observed by the Directors and previously disclosed in the Prospectus, the substantial increase in the amount due from customers for contract work as at 31 March 2015 was due to a corresponding increase in projects carried out by the Group during the year ended 31 March 2015 but subject to be certified by the customers for completion of certain stage of works as at 31 March 2015. According to the Directors, the majority of such amount has been billed to the customers and is being reclassified as trade receivables as at the date of this report. The Directors consider that there is no recoverability issue on such amount.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK$104.3 million as at 31 March 2015 (2014: HK$23.2 million).

USE OF PROCEEDS FROM THE LISTING AND THE 2015 PLACING

The business plan and planned use of proceeds from the Listing as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied in accordance with the actual development of the market.

On 9 March 2015, the Group completed the 2015 Placing. The net proceeds arising from the 2015 Placing was approximately HK$35.0 million. The Company intended to use the net proceeds from the 2015 Placing for the acquisition of a property in Hong Kong and as general working capital.

During the year ended 31 March 2015, the net proceeds from the Listing and the 2015 Placing had been applied as follows:

			Intended use of proceeds from the Listing as described in the Prospectus				Actual use of proceeds
			For the period since Listing to 30 September 2014	For the six months ending 31 March 2015	For the six months ending 30 September 2015	For the six months ending 31 March 2016	Up to 31 March 2015
		Total *HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Proceeds from the Listing	– Enhance our customer awareness	3.0	0.5	1.0	0.5	1.0	0.7
	– Enhance design capacity and office efficiency	0.5	0.2	0.1	0.2	nil	0.5
	– Expand our office in Hong Kong	13.0	nil	13.0	nil	nil	nil
	– Expand our office in Singapore	11.5	0.5	nil	11.0	nil	nil
	– General working capital	3.0	3.0	nil	nil	nil	3.0
	Total	31.0	4.2	14.1	11.7	1.0	4.2

USE OF PROCEEDS FROM THE LISTING AND THE 2015 PLACING *(Continued)*

		Intended use of proceeds from the 2015 Placing as described in the announcement of the Company dated 17 February 2015					Actual use of proceeds Up to 31 March 2015
		Total *HK$ million*					*HK$ million*
Proceeds from the 2015 Placing	Acquisition of a new showroom/workshop in Hong Kong	23.0	N/A	N/A	N/A	N/A	nil
	General working capital	12.0	N/A	N/A	N/A	N/A	12.0
		35.0	N/A	N/A	N/A	N/A	12.0

UPDATE ON THE USE OF PROCEEDS FROM THE LISTING AND THE 2015 PLACING

In accordance with the future plan as disclosed in the Prospectus, the Directors intend to identify a Hong Kong property for showroom/workshop purpose, and consider such an acquisition is beneficial. However, the commercial property prices in the area of San Po Kong have continued to rise due to the expectation of the close proximity to the Shatin to Central Link and the Kai Tak development. Despite the Group having attempted to make some offers, up till the date of this report, nothing had been concluded. Hence, the proceeds allocated for the expansion of our office in Hong Kong (i.e. the acquisition of a new showroom/workshop in Hong Kong) remained unused and will continue to be used for such purpose.

Meanwhile, the Group continues to grow its business in Hong Kong and the Directors believe that it is more effective for the management to focus in its Hong Kong operations. Accordingly, the Directors intend to change the proceeds from the Listing originally allocated for the expansion of an office in Singapore to be used as the Group's general working capital purposes.

EMPLOYEE INFORMATION

Total remuneration for the year ended 31 March 2015 (including Directors' emoluments and salaries to staff and Directors including MPF contributions) was approximately HK$10.5 million (2013/2014: HK$5.1 million). Such increase was mainly due to the increase in number of staff together with the independent non-executive Directors and staff salaries as well as the bonus of approximately HK$2.7 million paid during the year. As at 31 March 2015, the Group had 31 employees (31 March 2014: 26 employees).

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chan Tat Wah ("Mr. Chan"), aged 46, was appointed as a Director on 29 July 2013 and became the Chairman and executive Director on 30 June 2014. He is the founder of the Group in 2004 and is responsible for the overall strategic development and management of the Group. Mr. Chan is a director of various subsidiaries and the associates of our Company. Mr. Chan is also the sole director of Genius Idea Holdings Limited, a substantial shareholder of the Company.

Mr. Chan completed a diploma in business management jointly organised by Lingnan University of Hong Kong and The Hong Kong Management Association in September 2003. Mr. Chan has extensive experience in the real estate, interior design and fittingout industries since 1997. Between 1997 and 1999, he was working as a real estate agent for various local real estate agencies in Hong Kong. He was an assistant manager of an international real estate agency between 2000 and 2001 and responsible for residential properties in Hong Kong. He possesses an estate agent's license (individual) granted by the Estate Agents Authority in Hong Kong since 1999. Between 2001 and 2004, Mr. Chan was a shareholder and director of several real estate agencies in Hong Kong. Mr. Chan has been admitted as fellow of The Professional Validation Centre of Hong Kong Business Sector in June 2012. Mr. Chan graduated from a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association in 2014.

Mr. Chan is the spouse of Ms. Lee Yuk Pui Kawina, the operating manager of the Group.

Mr. Fok Chun Kit ("Mr. Fok"), aged 37, was appointed as a Director on 20 January 2014 and became executive Director on 30 June 2014 and the chief executive officer of the Company on 4 July 2014 respectively. He is the head of Project Department and is responsible for overall strategic planning, overall project management, including monitoring the operation of all company projects, tendering submissions, reviewing project costs and budget and providing interior design services as well as coordination and implementation of the construction work. He is also responsible for general human resources management. Mr. Fok is also a director of various subsidiaries and the associates of our Company.

Mr. Fok joined the Group in 2005 and has over 14 years of experience in the interior construction industry of Hong Kong. Prior to joining the Group, Mr. Fok worked at Creative C & C Limited, an interior design and project management company from March 2000 to November 2005. Mr. Fok was awarded a Diploma in Design (Interior) by the Hong Kong Institute of Vocational Education in September 1999. Mr. Fok graduated from a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association in 2014.

Mr. Tsang Kei Cheong ("Mr. Tsang"), aged 37, was appointed as a Director on 20 January 2014 and became executive Director on 30 June 2014. He is the head of Design Department, and is responsible for project management, including monitoring the design team's output for all company projects and tendering submissions; and assisting the review of project costs and budget. Mr. Tsang is also the director of Forever Smart (China) Limited and Wealth Trinity Development Limited, all being subsidiaries of our Company.

Mr. Tsang joined the Group in 2004 and has over 16 years of experience in the interior design and consultancy industry. Prior to joining the Group, Mr. Tsang worked at S.W. Law & Associates Architects & Development Consultants Ltd, an architectural company from July 1998 to July 2004 as project coordinator responsible for assisting project architects to deal with clients, contractors and consultants. Mr. Tsang was awarded a Diploma in Electronics and Communications Engineering by Kwun Tong Technical Institute in July 1997. Mr. Tsang graduated from a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association in 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Kin ("Mr. Lam"), aged 60, was appointed as an independent non-executive Director on 30 June 2014. He is a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants in Australia (ICAA) and Hong Kong Institute of Certified Public Accountants. He is presently an Adjunct Professor in the School of Accounting and Finance of the Hong Kong Polytechnic University, and a committee member of the Hong Kong Management Association. Mr. Lam has extensive experience in accounting, auditing and business consulting. He was a partner with PricewaterhouseCoopers Hong Kong from 1993 to 2013. Mr. Lam is currently an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Limited (stock code: 1349) and Spring Real Estate Investment Trust (stock code: 1426), both companies listed on the Main Board of the Stock Exchange. Mr. Lam is also an independent non-executive director of Vital Mobile Holdings Limited (stock code: 6133), which is expected to be listed on the Main Board of the Stock Exchange on 26 June 2015.

Mr. Lu Tak Ming ("Mr. Lu"), aged 67, was appointed as an independent non-executive Director on 30 June 2014. Mr. Lu was awarded the degree of Bachelor of Social Science from The Chinese University of Hong Kong in October 1971 and is currently a registered social worker with the Social Workers Registration Board. Mr. Lu was the chief executive officer of Yan Oi Tong from around 2004 to 2013 and worked at the Social Welfare Department of Hong Kong from August 1971 to October 2003 with his last position being principal social work officer. Mr. Lu is currently retired and not engaged in any employment. Mr. Lu also offered his services as a volunteer in various organizations including Institute of Mental Health Castle Peak Hospital of the Hospital Authority, Kwai Tsing Safe Community and Healthy City Association, and Yan Chai Hospital Law Chan Chor Si Primary School.

Prof. Lai Kin Keung ("Prof. Lai"), aged 64, was appointed as an independent non-executive Director on 30 June 2014. Professor Lai obtained the degree of Doctor of Philosophy in Civil Engineering in September 1977 and the degree of Master of Arts in March 1974, both from the Michigan State University. Prof. Lai was the recipient of the 2009 Joon S. Moon Distinguished International Alumni Award presented by International Studies and Programs at Michigan State University and 2014 Civil and Environmental Engineering Distinguished Alumni Award granted by the College of Engineering of Michigan State University. Prof. Lai joined the City University of Hong Kong in 1985 and has been the Chair Professor of Management Science since September 2003. Prior to joining the City University of Hong Kong, Prof. Lai was a manager at Union Carbide Eastern Incorporated, from 1982 to 1985 and was a computer project officer for Cathay Pacific Airways Limited from July 1979 to August 1982. Prof. Lai was also the dean of the College of Business Administration, Hunan University, the PRC from February 2005 to February 2008 and was a member of the Chinese People's Political Consultative Conference Hunan Provincial Committee in 2008. Prof. Lai is currently a voting member of the Hong Kong Professionals and Senior Executives Association, and a fellow of The Hong Kong Institute of Directors; and an independent non-executive director of Hanbo Enterprises Holdings Limited (stock code: 1367) and Zoomlion Heavy Industry Science & Technology Co. Ltd. (stock code: A Shares 000157).

SENIOR MANAGEMENT

Ms. Lee Yuk Pui Kawina ("Ms. Lee"), aged 46, joined the Group in 2006 and is the Operating Manager of the Group. She is the head of Operation Department. Ms. Lee has accumulated more than 19 years experience in the interior design and construction industry since 1995, and is experienced in project management. Prior to joining the Group, Ms. Lee worked for six years in Creative C & C Limited, an interior design and project management company.

Ms. Lee graduated from a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association in 2014 and is currently enrolled in the MBA (Executive) programme offered by City University of Hong Kong. Ms. Lee is the spouse of Mr. Chan.

Ms. Sze Po Yee ("Ms. Sze"), aged 37, is the head of Administration Department and responsible for the overall administrative function, assisting in project management and human resources related matters. Ms. Sze joined the Group in 2005 and has over 17 years of experience in administration work in the architectural design and engineering industries.

Prior to joining the Group, Ms. Sze worked as secretary at Integrated Design Associates Limited, an architecture and interior design company, from June 2000 to May 2005. Ms. Sze was awarded a Diploma in Business Studies by YMCA College of Careers in November 1998 and a Certificate in Corporate Administration by Hong Kong Institute of Vocational Education in July 2001.

Mr. Lee Kin Ngai Kenneth ("Mr. Lee"), aged 37, is our financial manager and responsible for overseeing the financial, accounting and secretarial affairs of the Group. Mr. Lee joined the Group in 2013. He has over 14 years of audit and accounting experience in several firms of accounting or audit practice from 2000 to February 2008, and also worked as accounting professional in various companies including private companies and a company listed on the Main Board of the Stock Exchange during the period from April 2008 to December 2012.

Mr. Lee obtained a Bachelor of Business Administration in Accountancy from the City University of Hong Kong in July 2000 and he is a Fellow of the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules to ensure that business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee, a nomination committee and a compliance committee with specific written terms of reference. During the period from the date of Listing (the "Listing Date") and up to the date of this report (the "Period"), the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules.

On 31 March 2015, the substantial shareholder of the Company, Genius Idea Holdings Limited, which is wholly-owned by the executive Director, Mr. Chan Tat Wah, sold 50,000,000 shares of the Company to Time Vanguard Holdings Limited, an independent third party.

Save as disclosed above, no Director has dealt in the shares during the Period.

BOARD OF DIRECTORS

Composition of the Board of Directors

Up to the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Mr. Chan Tat Wah
(appointed as Director on 29 July 2013 and re-designated as Chairman
and executive Director on 30 June 2014)
Mr. Fok Chun Kit
(appointed as Director on 20 January 2014, re-designated as executive Director on 30 June 2014
and appointed as Chief Executive Officer on 4 July 2014)
Mr. Tsang Kei Cheong
(appointed as Director on 20 January 2014 and
re-designated as executive Director on 30 June 2014)

Independent non-executive Directors

Mr. Lam Yiu Kin (appointed on 30 June 2014)
Mr. Lu Tak Ming (appointed on 30 June 2014)
Prof. Lai Kin Keung (appointed on 30 June 2014)

BOARD OF DIRECTORS *(Continued)*

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has a professional management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

During the Period, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the Period, the Board held 14 Board meetings and one general meeting. Details of the attendance of Directors are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Mr. Chan Tat Wah (appointed as Director on 29 July 2013 and re-designated as Chairman and executive Director on 30 June 2014)	1/1	14/14
Mr. Fok Chun Kit (appointed as Director on 20 January 2014, re-designated as executive Director on 30 June 2014 and appointed as Chief Executive Officer on 4 July 2014)	1/1	14/14
Mr. Tsang Kei Cheong (appointed as Director on 20 January 2014 and re-designated as executive Director on 30 June 2014)	1/1	14/14
Independent non-executive Directors		
Mr. Lam Yiu Kin (appointed on 30 June 2014)	1/1	14/14
Mr. Lu Tak Ming (appointed on 30 June 2014)	1/1	12/14
Prof. Lai Kin Keung (appointed on 30 June 2014)	1/1	13/14

BOARD OF DIRECTORS *(Continued)*

Directors' Appointment, Re-election and Removal

Under the code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term. The executive Director has entered into an appointment letter with the Company for an initial fixed term of three years commencing from 18 July 2014, until terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of 3 year commencing from 29 September 2014 and such term shall be governed by the articles of association and/or other relevant regulatory requirements unless terminated by either party giving at least three months' notice in writing unless terminated by rotation.

In compliance with the code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. By virtue of article 113 of the articles of association of the Company, the Board may appoint any person as an additional Director or to fill a casual vacancy, provided that any person so appointed shall hold office only until the conclusion of the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election.

In addition, every director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 141 of the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation but shall be eligible for re-election. Where the number of Directors is not three or a number divisible by three, the number of Directors to retire will be the number which is nearest to but not less than one-third of the total number of Directors. If there are less than three Directors, they shall all retire. The Directors to retire by rotation will be those Directors who have been Directors longest in office since they were last elected, or appointed by the Members (as the case may be). Every retiring Director shall be eligible for re-election.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 5.05 of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Lam has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmation, considers Mr. Lam, Mr. Lu and Prof. Lai to be independent.

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Period, the role of the Chairman was performed by Mr. Chan and the office of the chief executive officer of the Company was performed by Mr. Fok. The code provision A.2.1 of the CG Code has been complied with.

BOARD OF DIRECTORS *(Continued)*

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

All Directors during the reporting period have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contributions to the Board remains informed and relevant.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established by the Board on 30 June 2014 with written terms of reference which were revised on 10 November 2014 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lam. The other members are Mr. Lu and Prof. Lai. The primary duties of the Audit Committee include the review of the Group's financial reporting process and the internal control systems of the Group.

The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed financial matters, including a review of the audited consolidated results of the Group for the year ended 31 March 2015.

Three Audit Committee meetings were held during the Period. Details of the attendance of members of the Audit Committee meeting are as follows:

Members	Attendance
Mr. Lam Yiu Kin (Chairman) (appointed on 30 June 2014)	3/3
Mr. Lu Tak Ming (appointed on 30 June 2014)	3/3
Prof. Lai Kin Keung (appointed on 30 June 2014)	3/3

The following is a summary of work performed by the Audit Committee during the Period:

(a) reviewed the unaudited financial statements for three months ended 30 June 2014, six months ended 30 September 2014 and nine months ended 31 December 2014;

(b) reviewed the Group's financial controls, internal control and risk management systems;

(c) approved the remuneration and the appointment and the terms of engagement of the external auditor; and

(d) reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

BOARD COMMITTEES *(Continued)*

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established by the Board on 30 June 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Remuneration Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lu. The other members are Mr. Lam and Prof. Lai. The primary duties of the remuneration committee are to review and recommend the terms of remuneration packages, bonuses and other compensation payable to the Directors and the senior management personnel of the Group, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

Two Remuneration Committee meetings were held during the Period to review the remuneration packages of all Directors. Details of the attendance of the members of the Remuneration Committee meeting are as follows:

Members	Attendance
Mr. Lu Tak Ming (Chairman)(appointed on 30 June 2014)	2/2
Mr. Lam Yiu Kin (appointed on 30 June 2014)	2/2
Prof. Lai Kin Keung (appointed on 30 June 2014)	2/2

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration package of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. The executive Directors are entitled to the remuneration packages including basic salaries and discretionary bonuses.

The share option scheme of the Company (the "Share Option Scheme") was adopted by sole Shareholder by way of written resolution on 30 June 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The purpose of the Share Option Scheme is to provide (i) employees of the Group (whether full-time or part-time); (ii) directors (including executive directors, non-executive directors and independent non-executive directors (where applicable)) of the Group; (iii) substantial shareholders of each member of the Group and (iv) associates of directors or substantial shareholders of the Group of which includes any of the abovementioned persons (together, the "Participants" and each, a "Participant") with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

The Company believes that by offering the Participants a shareholding stake in the Company, the interests of the Participants and the Company become aligning and thereby the Participants have additional incentives to improve the Company's performance.

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy on or, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The nomination committee of the Company (the "Nomination Committee") was established by the Board on 30 June 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee currently comprises three independent non-executive Directors and is chaired by Prof. Lai. The other members are Mr. Lam and Mr. Lu. The primary duties of the Nomination Committee are to make recommendations to the Board regarding the candidates for directorship, either to fill vacancies on or appoint additional Directors, and succession planning for Directors, in particular, the chairman and the chief executive of the Company.

One Nomination Committee Meeting was held during the Period to approve the appointment letters of all independent non-executive Directors. Details of the attendance of the members of the Nomination Committee meeting are as follows:

Members	Attendance
Prof. Lai Kin Keung (Chairman) (appointed on 30 June 2014)	1/1
Mr. Lam Yiu Kin (appointed on 30 June 2014)	1/1
Mr. Lu Tak Ming (appointed on 30 June 2014)	1/1

Board Diversity Policy

During the Period, the Nomination Committee formulated the board diversity policy of the Company (the "Board Diversity Policy"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

BOARD COMMITTEES *(Continued)*

Compliance Committee

The compliance committee of the Company (the "Compliance Committee") was established by the Board on 30 June 2014 with written terms of reference. The Compliance Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lam. The other members are Mr. Lu and Prof. Lai.

The primary duties of the Compliance Committee are to review matters relating to the historical conduct of the operations of the Group with a view to (i) understand the relevant legal compliance obligations; (ii) recommend procedures and protocols for implementation and/or inclusion into the policies of the Group for regulation of our recent or future operations to ensure compliance with all applicable laws, rules and regulations, and to review such policies from time to time to consider whether any amendments or updates are necessary and to make recommendations to the Board for amendment and adoption as appropriate, and (iii) review the effectiveness of and compliance by the Group with the policies implemented by the Group and to recommend remedial actions to be taken (if any) in the event any non-compliance is discovered. Any incident of non-compliance will be reported to our compliance committee. Meetings will be held on a monthly basis or as and when necessary to perform the functions set out above. For effective monitoring, external independent professionals will be engaged to conduct reviews of our internal control system and its implementation and effectiveness on an annual basis, and if considered necessary by compliance committee, at frequency as it considered appropriate.

One Compliance Committee Meeting was held during the Period. Details of the attendance of the members of the Nomination Committee meeting are as follows:

Members	Attendance
Mr. Lam Yiu Kin (Chairman) (appointed on 30 June 2014)	1/1
Mr. Lu Tak Ming (appointed on 30 June 2014)	1/1
Prof. Lai Kin Keung (appointed on 30 June 2014)	1/1

Corporate Governance Functions

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

BOARD COMMITTEES *(Continued)*

Corporate Governance Functions *(Continued)*

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

5. to review the Company's compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules and disclosure in the corporate governance report of the Company.

Accountability and Audit

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledges their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2015, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK$
Audit service	600,000
Non-audit services (including being Reporting Accountants in relation to the Listing)	771,000
Total	1,371,000

Internal Control

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2015.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with the shareholders and investors. The Company uses two-way communication channels to account to shareholders and investors for the performance of the Company. Enquiries and suggestions from shareholders or investors are welcomed, and enquiries from shareholders may be put to the Board through the following channels to the executive Director:

1. By mail to the Company's principal place of business at Unit A, 10/F, Tontex Industrial Building, No 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong ;

2. By email at info@katechina.hk.

The Company uses a number of formal communications channel to account to shareholders and investors for the performance of the Company. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the shareholders in respect of all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its shareholders' views and inputs, and address shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee, or in their absence, the Directors are available to answer shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. According to section 566 of the Companies Ordinance, The directors are required to call a general meeting if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings. A request (a) must state the general nature of the business to be dealt with at the meeting; and (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.

INVESTORS AND SHAREHOLDERS RELATIONS *(Continued)*

A shareholder may propose a person other than a retiring director or recommended by the board of directors for election as a director by validly lodging the following documents within the period hereinafter mentioned at the registered office of the Company at Unit A, 10/F, Tontex Industrial Building, No. 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong:

1. a notice in writing of the intention to propose the appointment or reappointment of such person to the office of director, which must state the full name of such person, include the person's biographical details as required by rule 17.50(2) of the GEM Listing Rules and be signed by the proposing shareholder; and

2. a notice in writing signed by such person of his willingness to be appointed or re-appointed as a director together with his written consent to the publication of his/her personal data.

Such documents shall be lodged at the registered office of the Company within the period of seven (7) days after the dispatch of the notice of the general meeting. Upon receipt of such documents, the Company shall verify the documents and, if the proposal is found to be in order, publish an announcement or issue a supplementary circular in respect of the proposal in accordance with rule 17.46B of the Listing Rules.

In the event of any general meeting called by at least ten (10) clear business days' (as defined by the Listing Rules) or fourteen (14) days' (whichever is the longer) notice in writing, such documents lodged within the aforesaid period may be received less than ten (10) business days prior to the general meeting, in which case the Company will consider the adjournment of the general meeting in order to give shareholders at least ten (10) business days to consider the relevant information disclosed in the announcement or supplementary circular.

In order to promote effective communication, the Company also maintains website (http://www.katechina.hk) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY

The company secretary of the Company, Ms. Lam Yuen Ling Eva ("Ms. Lam"), is delegated by an external service provider. The external service provider's primary contact person at the Company is Mr. Lee, the financial manager of the Company. During the Period, Ms. Lam has taken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

CORPORATE REORGANISATION AND PLACING

The Company was incorporated with limited liability in Hong Kong on 29 July 2013. Pursuant to a reorganisation to rationalise the group structure in preparation for initial public offer of the shares of the Company on the GEM, the Company became the holding company of the Group. Details of the reorganisation are set out in the Prospectus. The Company's shares were listed on GEM on 18 July 2014.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in Hong Kong and its principal place of business is Unit A, 10/F, Tontex Industrial Building, No 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are providing design and fitting-out business based in Hong Kong which provide a one-stop service for customers ranging from design, project implementation and management to the procurement of furnishings and materials. The principal activities and other particulars of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the financial year ended 31 March 2015 and the state of affairs of the Group as at that day are set out in the consolidated financial statements on pages 35 to 91.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015.

DEED OF NON-COMPETITION

The deed of non-competition dated 7 July 2014 and executed by Genius Idea Holdings Limited in favour of the Company regarding certain non-competition undertakings given by the controlling shareholders in favour of the Company. The details of the deed of non-competition have been disclosed in the Prospectus.

During the year ended 31 March 2015, confirmations were provided by or obtained from the Directors and the controlling shareholders to ensure that none of them was engaged in the competing business. The Directors and the controlling shareholders had participated in training or reading materials to understand their obligation with respect to the competing business. The independent non-executive Directors also reviewed the controlling shareholders' compliance with the non-competition undertakings.

USE OF PROCEEDS FROM THE LISTING AND THE 2015 PLACING

The net proceeds from the Company's Placing at the time of the Listing amounted to approximately HK$31 million. The business plan and planned use of proceeds from the Listing as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied in accordance with the actual development of the market.

On 9 March 2015, the Group completed the 2015 Placing. The net proceeds arising from the 2015 Placing was approximately HK$35.0 million. The Company intended to use the net proceeds from the 2015 Placing for the acquisition of a property in Hong Kong and as general working capital.

During the year ended 31 March 2015, the net proceeds from the Listing and 2015 Placing had been applied as follows:

		Intended use of proceeds from the Listing as described in the Prospectus					Actual use of proceeds
			For the period since Listing to 30 September 2014	For the six months ending			
		Total		31 March 2015	30 September 2015	31 March 2016	Up to 31 March 2015
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Proceeds from the Listing	– Enhance our customer awareness	3.0	0.5	1.0	0.5	1.0	0.7
	– Enhance design capacity and office efficiency	0.5	0.2	0.1	0.2	nil	0.5
	– Expand our office in Hong Kong	13.0	nil	13.0	nil	nil	nil
	– Expand our office in Singapore	11.5	0.5	nil	11.0	nil	nil
	– General working capital	3.0	3.0	nil	nil	nil	3.0
	Total	31.0	4.2	14.1	11.7	1.0	4.2

		Intended use of proceeds from the 2015 Placing as described in the announcement of the Company dated 17 February 2015					Actual use of proceeds
		Total					Up to 31 March 2015
		HK$ million					*HK$ million*
Proceeds from the 2015 Placing	Acquisition of a new showroom/workshop in Hong Kong	23.0	N/A	N/A	N/A	N/A	nil
	General working capital	12.0	N/A	N/A	N/A	N/A	12.0
		35.0	N/A	N/A	N/A	N/A	12.0

USE OF PROCEEDS FROM THE LISTING AND THE 2015 PLACING *(Continued)*

With regard to an update on the use of proceeds from the Listing and the 2015 Placing, please refer to the paragraph headed "Update on the use of proceeds from the Listing and the 2015 Placing" as described in the section headed "Management discussion and analysis" above.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2015, the Group's top five customers accounted for approximately 87.8% of the revenue. The top five suppliers accounted for approximately 44.8% of the cost of sales for the year. In addition, the Group's largest customer accounted for approximately 31.0% of the revenue and the Group's largest supplier accounted for approximately 10.6% of the cost of sales for the year.

During the year ended 31 March 2015, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2015 are set out in the consolidated statement of changes in equity and in note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK$28.5 million.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2015 are set out in note 27 to the consolidated financial statements.

DIRECTORS

During the year ended 31 March 2015 and up to the date of this annual report, the Directors were:

Mr. Chan Tat Wah
(appointed as Director on 29 July 2013 and re-designated as Chairman and executive Director on 30 June 2014)
Mr. Fok Chun Kit
(appointed as Director on 20 January 2014, re-designated as executive Director on 30 June 2014 and appointed as Chief Executive Officer on 4 July 2014)
Mr. Tsang Kei Cheong
(appointed as Director on 20 January 2014 and re-designated as executive Director on 30 June 2014)

Independent non-executive Directors

Mr. Lam Yiu Kin (appointed on 30 June 2014)
Mr. Lu Tak Ming (appointed on 30 June 2014)
Prof. Lai Kin Keung (appointed on 30 June 2014)

By virtue of article 141 of the Articles, Mr. Fok and Mr. Tsang, will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 18 July 2014, until terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company commencing on 29 September 2014 for a term of three years or until such date on which he is next due to retire from office by rotation at any subsequent annual general meeting of the Company pursuant to the Articles and not re-elected, whichever is earlier.

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

SHARE OPTION SCHEME

The Share Option Scheme enables the Company to grant options to any Participant as incentives or rewards for their contributions to the Group. The Company conditionally adopted a Share Option Scheme on 30 June 2014 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant, The Share Option Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Share Option Scheme.

As at 31 March 2015, the total number of Shares available for issue under the Scheme is 30,000,000 Shares, representing 10% of the issued Shares.

Upon acceptance of an option to subscribe for shares granted pursuant to the Share Option Scheme (the "Option"), the Eligible Participant shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a day on which trading of Shares take place on the Stock Exchange (the "Trading Day"); and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Trading Days immediately preceding the date of grant of the Options.

The Company shall be entitled to issue options, provided that the total number of Shares which may issue upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and the issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issued at the time. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OF ANY ASSOCIATED CORPORATION

As at 31 March 2015, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/Nature of interests capital	Number of Shares held	Approximate percentage of the issued Shares
Mr. Chan Tat Wah *(Note)*	Interest of a Controlled Corporation	175,000,000	53.03%

Note: 175,000,000 Shares are registered in the name of Genius Idea Holdings Limited, which is wholly-owned by Mr. Chan.

Save as disclosed above, as at 31 March 2015, none of the Directors or the Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Save as disclosed above, at no time during the year ended 31 March 2015 had the Directors and the Chief Executive (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the shares (or warrants or debentures, is applicable) of the Company and its associated corporations (within the meaning of the SFO).

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2015, so far as the Directors and the Chief Executive are aware and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interests capital	Number of Shares held	Approximate percentage of the issued Shares
Genius Idea Holdings Limited *(Note 1)*	Beneficial owner	175,000,000	53.03%
Ms. Lee Yuk Pui Kawina *(Note 2)*	Family interest	175,000,000	53.03%
Time Vanguard Holdings Limited	Beneficial owner	50,000,000	15.15%
HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED *(Note 3)*	Interest of a Controlled Corporation	50,000,000	15.15%
Huarong Real Estate Co., Ltd. *(Note 4)*	Interest of a Controlled Corporation	50,000,000	15.15%
China Huarong Asset Management Co., Ltd. *(Note 5)*	Interest of a Controlled Corporation	50,000,000	15.15%

Notes:

1. Genius Idea Holdings Limited is wholly-owned by Mr. Chan.

2. Ms. Lee is the spouse of Mr. Chan. Under the SFO, Ms. Lee is deemed, or taken to be interested in all the shares in which Mr. Chan is interested.

3. Time Vanguard Holdings Limited is wholly-owned by HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED.

4. HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED is jointly-owned as to 11.90% by Huarong Zhiyuan Investment & Management Co., Ltd. and 88.10% by Huarong Real Estate Co., Ltd.

5. Each of Huarong Zhiyuan Investment & Management Co., Ltd. and Huarong Real Estate Co., Ltd. is wholly-owned by China Huarong Asset Management Co., Ltd.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2015, the Company has maintained the public float required by the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2015.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2015.

EMPLOYEES' EMOLUMENTS

Particulars of employees' emoluments during the year ended 31 March 2015 are set out in note 15 to the consolidated financial statements.

COMPETING INTERESTS

As at 31 March 2015, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2015 are set out in note 25 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2015 are set out in note 30 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to 31 March 2015.

CONNECTED TRANSACTIONS

There were no significant connected party transactions entered into by the Group for the year ended 31 March 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association.

PURCHASE, SALE OF REDEMPTION OF SHARES

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE ADVISER'S INTERESTS

As at 31 March 2015, neither Altus Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 23. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out in the four years financial summary on page 92 of this report.

AUDITOR

The financial statements for the year ended 31 March 2015 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By Order of the Board

Chan Tat Wah
Chairman and Executive Director

Hong Kong, 23 June 2015

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF KATE CHINA HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Kate China Holdings Limited (the "Company") and its subsidiaries set out on pages 35 to 91 which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
23 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	8	**142,556**	95,887
Cost of sales		**(110,961)**	(70,026)
Gross profit		**31,595**	25,861
Other income	10	**287**	34
Administrative expenses		**(23,950)**	(13,903)
Finance costs	11	**(117)**	(44)
Profit before tax		**7,815**	11,948
Income tax expense	12	**(2,364)**	(2,303)
Profit for the year attributable to owners of the Company	13	**5,451**	9,645
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(428)**	154
Total comprehensive income for the year attributable to owners of the Company		**5,023**	9,799
Earnings per share			
Basic and diluted (HK cents)	17	**1.95**	4.29

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current asset			
Plant and equipment	18	**1,068**	732
Current assets			
Trade and other receivables	19	**37,183**	34,075
Amounts due from customers for contract work	20	**78,770**	7,689
Amount due from ultimate holding company	21	**5**	—
Amounts due from related parties	21	**61**	—
Tax recoverable		**74**	1,557
Bank balances and cash	22	**50,004**	5,107
		166,097	48,428
Current liabilities			
Trade and other payables	23	**58,361**	5,761
Amounts due to customers for contract work	20	**2,270**	13,680
Income tax payable		**1,727**	1,189
Obligation under a finance lease	24	**82**	—
Unsecured bank borrowing	25	**—**	284
Bank overdraft	22	**—**	4,985
		62,440	25,899
Net current assets		**103,657**	22,529
		104,725	23,261
Capital and reserves			
Share capital	27	**76,113**	—
Reserves		**28,218**	23,195
Total equity		**104,331**	23,195
Non-current liabilities			
Deferred tax liabilities	26	**132**	66
Obligation under a finance lease	24	**262**	—
		394	66
		104,725	23,261

The consolidated financial statements on pages 35 to 91 were approved and authorised for issue by the board of directors on 23 June 2015 and are signed on its behalf by:

Chan Tat Wah
Director

Fok Chun Kit
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital HK$'000 (Note 27)	Retained profits HK$'000	Exchange reserve HK$'000	Total HK$'000
At 1 April 2013	—	13,367	29	13,396
Profit for the year	—	9,645	—	9,645
Other comprehensive income for the year	—	—	154	154
Total comprehensive income for the year	—	9,645	154	9,799
At 31 March 2014 and 1 April 2014		23,012	183	23,195
Profit for the year	—	5,451	—	5,451
Other comprehensive expense for the year	—	—	(428)	(428)
Total comprehensive income (expenses) for the year	—	5,451	(428)	5,023
Issue of new shares	81,000	—	—	81,000
Transaction costs attributable to issue of shares	(4,887)	—	—	(4,887)
At 31 March 2015	76,113	28,463	(245)	104,331

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**7,815**	11,948
Adjustments for:		
Depreciation of plant and equipment	**464**	204
Impairment loss on trade and other receivables	**204**	583
Finance costs	**117**	44
Gain on disposal of plant and equipment	**(1)**	—
Bank interest income	**(18)**	(3)
Reversal of impairment loss recognised on trade receivables	**(218)**	—
Operating cash flows before movements in working capital	**8,363**	12,776
Increase in trade and other receivables	**7,825**	(26,759)
Increase in trade and other payables	**52,600**	4,946
Increase in amounts due from customers for contract work	**(71,081)**	(2,020)
(Decrease) increase in amounts due to customers for contract work	**(22,538)**	7,111
Cash used in from operations	**(24,831)**	(3,946)
Hong Kong Profits Tax paid, net	**(149)**	(5,666)
Oversea Profits Tax paid	**(128)**	—
NET CASH USED IN OPERATING ACTIVITIES	**(25,108)**	(9,612)
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(385)**	(515)
Advance to related parties	**(61)**	—
(Advance to) repayment from the ultimate holding company	**(5)**	20
Bank interest received	**18**	3
Proceeds on disposal of plant and equipment	**8**	—
NET CASH USED IN INVESTING ACTIVITIES	**(425)**	(492)
FINANCING ACTIVITIES		
Proceeds from issuing of new ordinary shares	**81,000**	—
Transaction costs attributable to issue of new ordinary shares	**(4,887)**	—
Repayment of unsecured bank borrowing	**(284)**	(1,004)
Interest paid	**(117)**	(44)
Repayment of obligation under a finance lease	**(78)**	(52)
New bank loans raised	**—**	800
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**75,634**	(300)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**50,101**	(10,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**122**	10,522
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(219)**	4
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by	**50,004**	122
Bank balances and cash	**50,004**	5,107
Bank overdraft	**—**	(4,985)
	50,004	122

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong as a company with limited liability and its shares are listed on the GEM of the Stock Exchange. The addresses of the registered office and principal place of business of the Company is Unit A, 10/F., Tontex Industrial Building, No.2-4 Sheung Hei Street, San Po Keng, Kowloon, Hong Kong.

The Company is an investment holding company while the Group is principally engaged in the provision of design and fitting-out services and design and procurement of furnishings and materials. The principal activities of the Company's principal subsidiaries are set out in note 33.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its Hong Kong subsidiaries. Other than those Hong Kong subsidiaries, the functional currency of a subsidiary established in Singapore is denominated in Singapore dollars ("SGD").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the reorganisation as described in the section headed "History, reorganisation and group structure" of the prospectus of the Company dated 8 July 2014 (the "Prospectus") (the "Reorganisation"), the Company became the holding company of the Group on 31 August 2013. The Group was under the control and beneficially owned by Genius Idea Holdings Limited throughout the period from 31 March 2013 or since their respective dates of incorporation or establishment up to 31 March 2014. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies comprising the Group throughout the year ended 31 March 2014, using the principles of merger accounting as set out in note 4 below.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2014 or since their respective dates of incorporation or establishment up to 31 March 2014. The consolidated statement of financial position of the Group as at 31 March 2014 has been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current financial year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on the amounts currently reported as the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect of HKFRS 9 until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

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

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the potential effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Annual Improvements to HKFRSs 2010-2012 Cycle *(Continued)*

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued))*

Amendments to HKAS 1 Disclosure Initiative *(Continued)*

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;

(ii) in accordance with HKFRS 9 (or HKAS 39); or

(iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances (please specify), appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has:

(i) the power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

The Group's policy for recognition of service income from provision of design and fitting-out service and design and procurement of furnishings and decorative materials service from construction contracts is set out in the accounting policy headed "Construction contracts" below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract in relation to provision of design and fitting-out services and design and procurement of furnishings and decorative materials can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts *(Continued)*

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Plant and equipment

Plant and equipment held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the diminishing balance method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits costs and termination benefits

Payments to the Mandatory Provident Fund Scheme and Central Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss, if any.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bank balances and cash, amount due from ultimate holding company and amounts due from related parties) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 to 540 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, other receivables and deposits, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable, other receivable or deposits are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Other financial liabilities

Other financial liabilities including trade and other payables, bank overdraft, obligations under a finance lease and unsecured bank borrowing are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Construction contracts revenue recognition

The Group recognises contract revenue and profit of a construction contract in relation to provision of design and fitting-out services and design and procurement of furnishings and decorative materials according to the management's estimation of the total outcome of the contract as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income tax

As at 31 March 2015, no deferred tax asset has been recognised on the tax losses of approximately HK$10,450,000 (2014: HK$8,043,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of trade receivables and other receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amount of trade and other receivable is approximately HK$37,183,000 (2014: HK$34,075,000), net of allowance for doubtful debts of approximately HK$541,000 (2014: HK$555,000).

Useful lives of plant and equipment

The Group's management determines the estimated useful lives, and related depreciation charges for its plant and equipment. The estimates are based on the historical experience of the actual useful lives of those assets of similar nature and functions. Management will increase the depreciation where useful lives are less than previously estimated lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategies remain unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the obligation under a finance lease and unsecured bank borrowing as disclosed in notes 24 and 25 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. Based on the directors' recommendation, the Group will balance its overall capital structure through payment of dividend, issuance of new shares as well as the raising of new debts or the repayment of existing debts.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**87,053**	37,541
Financial liabilities		
Financial liabilities at amortised cost	**58,648**	10,991

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, amount due from ultimate holding company, amounts due from related parties, trade and other payables, bank overdraft, obligations under a finance lease and unsecured bank borrowing. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has certain portion of bank balances and cash, trade and other receivables and trade and other payables denominated in currencies other than the functional currency of the entity to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

At 31 March 2015 and 2014, the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2015			2014		
	Monetary assets *HK$'000*	**Monetary liabilities** *HK$'000*	**Net Exposure** *HK$'000*	Monetary assets *HK$'000*	Monetary liabilities *HK$'000*	Net Exposure *HK$'000*
Renminbi ("RMB")	**342**	**2,699**	**(2,357)**	185	66	119
Malaysia Ringgit ("MYR")	**–**	**–**	**–**	3,676	175	3,501

The Group is mainly exposed to RMB and MYR.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in HK$ against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in post-tax profit where HK$ strengthen 5% (2014: 5%) against the relevant currency. For a 5% (2014: 5%) weakening of HK$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

Effect on post-tax profit:

	2015 *HK$'000*	2014 *HK$'000*
RMB	**(98)**	5
MYR	**–**	153

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate interest bearing obligation under finance lease (see note 24). The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank overdraft and unsecured bank borrowing at prevailing market rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the related bank's Hong Kong Dollars Prime Rate ("P") arising from the Group's HK$ denominated borrowing.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$208,000 (2014: HK$4,000).

Credit risk

As at 31 March 2015, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties the Group and the Company is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

In order to minimise the credit risk, the management of the Group and the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverability of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit — rating agency.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 76% (2014: 75%) of the total trade receivable as at 31 March 2015.

The Group has concentration of credit risk as 18% (2014: 67%) and 82% (2014: 96%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and other source of funding and considers the risk is minimal.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, unsecured bank borrowing with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

	On demand or within one year	More than one year but not exceeding two years	More than two year but not exceeding five years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2015					
Trade and other payables	58,304	–	–	58,304	58,304
Obligations under finance leases	92	92	183	367	344
	58,396	92	183	58,671	58,648
As at 31 March 2014					
Trade and other payables	5,722	–	–	5,722	5,722
Bank overdraft	4,985	–	–	4,985	4,985
Unsecured bank borrowing	284	–	–	284	284
	10,991	–	–	10,991	10,991

Unsecured bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2014, the aggregate undiscounted principal amounts of these unsecured bank loans amounted to approximately HK$291,000 (2015: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid three years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statement approximate their fair values due to their immediate or short-term maturities.

8. REVENUE

Revenue represents revenue arising from design and fitting-out service provided, sales and procurement of furnishings and decorative materials. An analysis of the Group's revenue for the year is as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Design & fitting-out service income	**98,129**	68,546
Design & procurement of furnishings and decorative materials service:		
— Sales of furnishings and decorative materials	**—**	266
— Procurement of furnishings and decorative materials	**44,427**	27,075
	142,556	95,887

9. SEGMENT INFORMATION

Information reported to the Chief Executive Officer (the "CEO"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CEO have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

(1) Provision of design and fitting-out service ("Design & fitting-out"); and

(2) Provision of design and procurement of furnishings and decorative materials service ("Design and procurement of furnishings and decorative materials service") .

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2015

	Design & fitting-out *HK$'000*	Design and procurement of furnishings and decorative materials service *HK$'000*	Total *HK$'000*
Segment revenue	**98,129**	**44,427**	**142,556**
Segment profit	**24,946**	**6,663**	**31,609**
Other income			**69**
Central administration costs			**(23,746)**
Finance costs			**(117)**
Profit before tax			**7,815**

For the year ended 31 March 2014

	Design & fitting-out *HK$'000*	Design and procurement of furnishings and decorative materials service *HK$'000*	Total *HK$'000*
Segment revenue	68,546	27,341	95,887
Segment profit	16,150	9,128	25,278
Other income			34
Central administration costs			(13,320)
Finance costs			(44)
Profit before tax			11,948

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs (including directors' emoluments) and finance costs. This is the measure reported to the CEO for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2015 HK$'000	2014 HK$'000
Segment assets		
Design & fitting-out	**71,496**	16,845
Design and procurement of furnishings and decorative materials service	**41,832**	23,067
Total segment assets	**113,328**	39,912
Unallocated corporate assets	**53,837**	9,248
Total assets	**167,165**	49,160
Segment liabilities		
Design & fitting-out	**30,091**	16,235
Design and procurement of furnishings and decorative materials service	**30,388**	2,495
Total segment liabilities	**60,479**	18,730
Unallocated corporate liabilities	**2,355**	7,235
Total liabilities	**62,834**	25,965

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than plant and equipment, certain prepayments, deposits and other receivables, amount due from the ultimate holding company and amounts due from related parties, tax recoverable and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to reportable segments other than certain accrued expenses and other payables, obligation under a finance lease, income tax payable, unsecured bank borrowing, bank overdraft and deferred tax liability as these liabilities are managed on a group basis.

Other segment information

For the year ended 31 March 2015

	Design & fitting-out *HK$'000*	Design and procurement of furnishings and decorative materials service *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Impairment loss on trade and other receivables	204	–	–	204
Reversal of impairment loss of trade receivable	(218)	–	–	(218)
Additions to plant and equipment	–	–	801	801
Depreciation of plant and equipment	–	–	464	464
Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	–	–	(18)	(18)
Finance costs	–	–	117	117

9. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2014

	Design & fitting-out *HK$'000*	Design and procurement of furnishings and decorative materials service *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Impairment loss on trade and other receivables	583	–	–	583
Additions to plant and equipment	–	–	515	515
Depreciation of plant and equipment	–	–	204	204
Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:				
Bank interest income	–	–	(3)	(3)
Finance costs	–	–	44	44

Geographical segment

The Group's operations are located in Hong Kong, Singapore and Malaysia.

The Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets is presented based on the geographical location of the assets as detailed below:

	Revenue from external customers		Non-current assets	
	2015 **HK$'000**	2014 *HK$'000*	**2015** **HK$'000**	2014 *HK$'000*
Hong Kong	**133,075**	74,484	**1,068**	731
Singapore	**–**	922	**–**	1
Malaysia	**9,481**	20,481	**–**	–
	142,556	95,887	**1,068**	732

9. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 HK$'000	2014 HK$'000
Customer A[1, 2]	**44,205**	N/A[3]
Customer B[1, 2]	**33,425**	28,026
Customer C[1]	**18,598**	N/A[3]
Customer D[1]	**14,812**	N/A[3]
Customer E[2]	**N/A[3]**	20,481
Customer F[1]	**N/A[3]**	19,156
Customer G[1]	**N/A[3]**	10,730

1 Revenue from Design & fitting-out.
2 Revenue from Design & procurement of furnishings and decorative materials service.
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Bank interest income	**18**	3
Exchange gain	**8**	5
Gain on disposal of plant and equipment	**1**	—
Reversal of impairment loss in respect of trade receivables	**218**	—
Sundry income	**42**	26
	287	34

11. FINANCE COSTS

	2015 *HK$'000*	2014 *HK$'000*
Interests on:		
— unsecured bank borrowings and overdraft	**104**	43
— obligations under a finance lease	**13**	1
	117	44

12. INCOME TAX EXPENSE

	2015 *HK$'000*	2014 *HK$'000*
Current tax:		
Hong Kong	**2,270**	1,452
Singapore Corporate Tax	**81**	809
	2,351	2,261
Over provision in prior years:		
Hong Kong	**(53)**	—
Deferred tax *(note 26)*		
Current year	**66**	42
Income tax expense for the year	**2,364**	2,303

Hong Kong Profits Tax been provided at the rate of 16.5% on the estimated assessable profit for both years.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the BVI.

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profits for both years.

12. INCOME TAX EXPENSE *(Continued)*

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Profit before tax	**7,815**	11,948
Tax expense at rates applicable to profits in the jurisdiction concerned	**1,297**	2,005
Tax effect of income not taxable for tax purpose	**(3)**	(187)
Tax effect of expenses not deductible for tax purpose	**960**	903
Tax effect of deductible temporary differences not recognised	**—**	51
Tax effect of tax losses not recognised	**397**	27
Utilisation of tax losses not recognised	**—**	(335)
Over provision in prior years	**(53)**	—
Effect of tax exemptions granted *(note)*	**(234)**	(161)
Income tax expense for the year	**2,364**	2,303

Note: Tax exemptions represented reduction of Hong Kong profits tax for the year of assessment 2014/2015 by 75% (2013/2014: 75%), subject to a ceiling of HK$20,000 (2013/2014: HK$10,000) per case and exemptions of Singapore income tax for the year of assessment 2013/2014 and 2014/2015 at regressive rate.

Details of deferred tax liability are set out in note 26.

13. PROFIT FOR THE YEAR

The Group's profit for the year has been arrived at after charging:

	2015 **HK$'000**	2014 HK$'000
Directors' emoluments *(note 14)*	**3,806**	1,226
Salaries, wages and other benefits (excluding directors' emoluments)	**6,359**	3,640
Contribution to defined contribution retirement benefits scheme (excluding directors)	**288**	211
	10,453	5,077
Auditor's remuneration	**1,239**	105
Depreciation	**464**	204
Impairment loss on trade and other receivables (included in administrative expense) *(note 19)*	**204**	583
Minimum lease payments under operating leases in respect of office premises	**332**	300
Initial public offering expenses (included in administrative expense)	**5,516**	5,420

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 6 (2014: 3) directors and the chief executive were as follows:

	Mr. Chan Tat Wah HK$'000	Mr. Fok Chun Kit HK$'000	Mr. Tsang Kei Cheong HK$'000	Mr. Lam Yiu Kin HK$'000 (appointed on 30 June 2014)	Mr. Lu Tak Ming HK$'000 (appointed on 30 June 2014)	Mr. Lai Kin Keung HK$'000 (appointed on 30 June 2014)	Total HK$'000
Year ended 31 March 2015							
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
Fees							
Salaries and other benefits	**1,099**	**1,432**	**1,052**	**70**	**53**	**53**	**3,759**
Contributions to retirement benefits schemes	**11**	**18**	**18**	**–**	**–**	**–**	**47**
	1,110	**1,450**	**1,070**	**70**	**53**	**53**	**3,806**
Year ended 31 March 2014							
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
Fees							
Salaries and other benefits	80	636	480	–	–	–	1,196
Contributions to retirement benefits schemes	–	15	15	–	–	–	30
	80	651	495	–	–	–	1,226

Mr. Fok Chun Kit is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Neither the chief executive nor any of the directors waived any emoluments in the year ended 31 March 2015 and 2014.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2014: two) were directors of the Group whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining two (2014: three) individuals were as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Salaries and other benefits	**2,190**	1,478
Contributions to retirement benefits schemes	**35**	44
	2,225	1,522

Their emoluments were within the following bands:

	2015 ***Number of individuals***	2014 *Number of Individuals*
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**1**	—

During the years ended 31 March 2015 and 2014, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2015	2014
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**5,451**	9,645

Number of shares

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**279,699**	225,000

Since there were no potential dilutive shares in issue during the years ended 31 March 2015 and 2014, basic and diluted earnings per share are the same for both years.

The basic and diluted earnings per share for the year ended 31 March 2014 are calculated by dividing the profit attributable to equity holders of the Company by 225,000,000 ordinary shares which are deemed to have issued at the beginning of the earliest year presented in the consolidated financial statements.

18. PLANT AND EQUIPMENT

	Leasehold improvements HK'000	Furniture and fixtures HK'000	Office equipment HK'000	Motor vehicles HK'000	Total HK'000
COST OR VALUATION					
At 1 April 2013	417	95	134	330	976
Additions	62	36	417	—	515
At 31 March 2014 and 1 April 2014	479	131	551	330	1,491
Additions	—	33	352	422	807
Disposals	—	—	—	(106)	(106)
At 31 March 2015	479	164	903	646	2,192
DEPRECIATION					
At 1 April 2013	208	49	57	241	555
Charge for the year	73	22	83	26	204
At 31 March 2014 and 1 April 2014	281	71	140	267	759
Charge for the year	59	29	229	147	464
Eliminated on disposals	—	—	—	(99)	(99)
At 31 March 2015	340	100	369	315	1,124
CARRYING VALUES					
At 31 March 2015	139	64	534	331	1,068
At 31 March 2014	198	60	411	63	732

Depreciation is recognised so as to write off the cost of plant and equipment less their residual value, if any, using the diminishing balance method over their estimated useful lives or depreciation rates as follows:

Leasehold improvements	Shorter of unexpired lease term or useful life of 3 years
Furniture and fixtures	30%
Office equipment	30%
Motor vehicles	30%

The carrying value of motor vehicles of approximately HK$331,000 includes an amount of approximately HK$291,000 in respect of asset held under a finance leases.

19. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**35,019**	32,698
Less: allowance for impairment of trade receivables	**(461)**	(475)
Net trade receivables	**34,558**	32,223
Retention money receivables	**80**	80
Less: allowance for impairment of retention money receivables	**(80)**	(80)
Net retention money receivables	**—**	—
Deposit, prepayment and advance to suppliers	**286**	1,719
Other receivables	**2,339**	133
Total trade and other receivables	**37,183**	34,075

The Group allows an average credit period ranging from 30 to 180 day to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
Within 30 days	**15,444**	10,479
More than 30 days but within 90 days	**7,228**	1,258
More than 90 days but within 180 days	**7,489**	14,885
More than 180 days but within 365 days	**792**	4,497
More than 365 days	**3,605**	1,104
	34,558	32,223

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$14,696,000 (2014: HK$7,098,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and they are still considered as recoverable. The Group does not hold any collateral over these balances.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

The aged analysis of trade receivables which are past due but not impaired is set out below:

	2015 **HK$'000**	2014 *HK$'000*
Within 30 days	**2,655**	4,604
More than 30 days but within 90 days	**6,537**	767
More than 90 days	**5,504**	1,727
	14,696	7,098

The movement in the allowance for impairment of trade and other receivables is set out below:

	2015 **HK$'000**	2014 *HK$'000*
At the beginning of the financial year	**555**	108
Amounts written off as uncollectible	**—**	(136)
Impairment losses recognised on trade and other receivables	**204**	583
Impairment loss reversed	**(218)**	—
At the end of the financial year	**541**	555

Included in the allowance for impairment of trade and other receivables are individually impaired trade and other receivables with an aggregate balance of approximately HK$541,000 (2014: HK$555,000) which had been long outstanding. The individually impaired trade and other receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions.

Included in trade and other receivables in the consolidated statements of financial position are mainly the following amounts denominated in currency other than the functional currency of the entity to which they relate:

	2015 **HK$'000**	2014 *HK$'000*
RMB	**122**	—
MYR	**—**	3,676

20. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2015	2014
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	**221,977**	77,006
Less: progress billings	**(145,477)**	(82,997)
At the end of the financial year	**76,500**	(5,991)

	2015	2014
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Amounts due from customers for contract work	**78,770**	7,689
Amounts due to customers for contract work	**(2,270)**	(13,680)
	76,500	(5,991)

There are no retentions held by customers for contract works and advances received from customers for contract work at the end of 2015 and 2014.

21. AMOUNTS DUE FROM THE ULTIMATE HOLDING COMPANY/RELATED PARTIES

Amounts due from the ultimate holding company and related parties were non-trading in nature which is considered as a quasi-loans entered into by the Company, where applicable, in favour of a controlled body corporate of Mr. Chan Tat Yau. The amounts are unsecured, interest-free and repayable on demand.

			Maximum amount outstanding during the year ended	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due from the ultimate holding company				
Genius Idea Holdings Limited	**5**	—	**5**	—
Amounts due from related parties				
Trinity Champ Limited ("Trinity Champ")	**1**	—	**1**	—
Karlson Survey Consultants Limited ("KSCL")	**60**	—	**60**	—
	61	—		

22. BANK BALANCES AND CASH AND BANK OVERDRAFT

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with maturity within three months from initial inception. Bank balances carried interest at market rates ranging from 0.01% to 0.1% (2014: 0.01% to 0.1%) per annum during the year ended 31 March 2015. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group's bank balances and cash denominated in SGD amounted to approximately HK$2,872,000 (2014: HK$260,000) at 31 March 2015. Conversion of SGD into foreign currencies is subject to the SGD's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

Included in bank balances and cash in the consolidated statements of financial position are mainly the following amounts denominated in currency other than the functional currency of the entity to which they relate:

	2015 ***HK$'000***	2014 *HK$'000*
RMB	**220**	185

Bank overdraft

Unsecured bank overdraft carries interest at the 4.25% to 13% per annum during the year ended 31 March 2015 and 2014.

23. TRADE AND OTHER PAYABLES

	2015 ***HK$'000***	2014 *HK$'000*
Trade payables	**56,425**	5,011
Receipt in advances	**57**	39
Accrued expenses and other payables	**1,879**	711
	58,361	5,761

23. TRADE AND OTHER PAYABLES *(Continued)*

The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2015 **HK$'000**	2014 *HK$'000*
Within 30 days	**51,989**	4,899
More than 30 days but within 90 days	**1,950**	18
More than 90 days	**2,486**	94
	56,425	5,011

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in trade and other payables in the consolidated statements of financial position are mainly the following amounts denominated in currencies other than the functional currency of the entities to which they relate:

	2015 **HK$'000**	2014 *HK$'000*
RMB	**2,699**	66
MYR	**—**	175

24. OBLIGATIONS UNDER A FINANCE LEASE

	2015 **HK$'000**	2014 *HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**82**	—
Non-current liabilities	**262**	—
	344	—

It is the Group's policy to lease its plant and equipment under finance leases. The average lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.26% per annum.

24. OBLIGATIONS UNDER A FINANCE LEASE *(Continued)*

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases				
Within one year	**92**	–	**82**	–
After one year but within two years	**92**	–	**85**	–
After two years but within five years	**183**	–	**177**	–
	367	–	**344**	–
Less: future finance charges	**(23)**	–	**N/A**	N/A
Present value of obligations under a finance lease	**344**	–	**344**	–
Less: amount due for settlement with 12 months (shown under current liabilities)			**(82)**	–
Amount due for settlement after 12 months			**262**	–

The Group's obligations under a finance lease is secured by the lessor's charge over the leased asset and denominated in Hong Kong dollars.

25. UNSECURED BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Unsecured bank borrowing	**–**	284
Carrying amount repayable on demand or within one year	**–**	284

During the year ended 31 March 2014, unsecured bank borrowing bore average floating interest rates 3.5% per annum. The unsecured bank borrowing was fully repaid during the year ended 31 March 2015.

As at 31 March 2014, a director of the Company, Mr. Chan Tat Wah, provided personal guarantee to this bank borrowing.

26. DEFERRED TAX LIABILITY

The following are the major deferred tax liability recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 April 2013	24
Charged to profit or loss	42
At 31 March 2014 and 1 April 2014	66
Charged to profit or loss	66
At 31 March 2015	132

At the end of the reporting period, the Group has unused tax losses of approximately HK$10,450,000 (2014: HK$8,043,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining approximately HK$10,450,000 (2014: HK$8,043,000) due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$586,000 (2014: HK$586,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. SHARE CAPITAL

	Number of shares		Share capital	
	2015	2014	**2015** **HK$'000**	2014 HK$'000
Ordinary shares of HK$1 each *(note i)*				
Authorised *(note ii)*				
At beginning of the financial year	**N/A**	10,000	**N/A**	10
Abolished upon commencement of Hong Kong Companies Ordinance (Cap. 622)	**N/A**	N/A	**N/A**	N/A
At the end of financial year	**N/A**	N/A	**N/A**	N/A
Issued and fully paid				
At beginning of the financial year	**2**	1	**—**	—
Issued in consideration for the acquisition of the issued share capital of China Sourcing	**—**	1	**—**	—
Bonus issue of shares *(note iii)*	**224,999,998**	—	**—**	—
Issue of new shares to the public, net of transaction costs *(note iv)*	**75,000,000**	—	**41,013**	—
Issue of new shares upon placing, net of transaction costs *(note v)*	**30,000,000**	—	**35,100**	—
At the end of financial year	**330,000,000**	2	**76,113**	—

Notes:

(i) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(ii) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(iii) Pursuant to the resolutions in writing by the ultimate holding company of the Group, Genius Idea Holdings Limited (the "Genius Idea"), passed on 30 June 2014, a total of 224,999,998 ordinary shares credited as fully paid and without payment to Genius Idea. The shares were allotted and issued on 18 July 2014 pursuant to the resolution shall rank pari passu with other shares in issue in all respects.

(iv) In connection with the IPO, 75,000,000 shares were issued on 17 July 2014 at a price of HK$0.60 per share for a total cash consideration, before related issuance expenses, of HK$45,000,000. The expenses in relation to issued of shares was amounted to approximately HK$3,990,000. Dealings in these shares on the Stock Exchange commenced on 18 July 2014.

27. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(vi) On 9 March 2015, arrangements were made for a private placement to independent investors of 30,000,000 ordinary shares of HK$1 each at the share placing price of HK$1.20 per placing share representing a discount of 71.4% to the closing market price of the Company's shares on 9 March 2015. The proceeds were used as general working capital of the Group and for acquisition of a property in Hong Kong. These new shares were issued under the general mandate granted to the directors at a annual general meeting of the Company held on 29 September 2014.

All the ordinary shares issued during the year ended 31 March 2015 rank pari passu with the then existing shares in all respects.

28. MAJOR NON-CASH TRANSACTION

(i) During the year, the Group entered into finance lease arrangements in respect of a motor vehicle with a capital value at the inception of the leases of approximately HK$422,000.

(ii) During the year ended 31 March 2014, due to a change of work schedule and payment terms of a contract with a customer, an amount due to customers for contract work of HK$13,000,000 as at year ended 31 March 2014 was revised to approximately HK$1,872,000. Same amount of trade receivables was reduced.

29. OPERATING LEASE COMMITMENTS

The Group as lessee

	2015 ***HK$'000***	2014 *HK$'000*
Minimum lease payments paid under operating leases during the period:		
Premises	**812**	100

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**348**	100
In the second to fifth years inclusive	**464**	—
	812	100

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated and rentals are fixed for an average of three years in both years.

30. RETIREMENT BENEFITS PLANS

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (HK$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by employees.

Under the laws of Singapore, certain subsidiaries of the Company make contributions to the state pension scheme, the Central Provident Fund ("CPF"). The subsidiary of the Company in Singapore are required to contribute certain percentages varies from 5% to 20% of the monthly salaries of their current employees to the CPF for the years ended 31 March 2015 and 2014.

The total cost charged to profit or loss of approximately HK$335,000 (2014: HK$241,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

31. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	2015 ***HK$'000***	2014 *HK$'000*
Salaries and bonus paid to the spouse of a director of the Company	**1,415**	735

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year was as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Salaries, allowances and other benefits	**6,235**	2,674
Contributions to retirement benefits scheme	**98**	74
	6,333	2,748

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 HK$'000	2014 HK$'000
Non-current asset			
Investments in subsidiaries		**21,063**	21,063
Current assets			
Other receivables		**194**	1,510
Amounts due from subsidiaries		**26,065**	—
Bank balances and cash		**37,770**	—
		64,029	1,510
Current liabilities			
Other payables		**572**	—
Amount due to a subsidiary		**466**	6,936
		1,038	6,936
Net current assets (liabilities)		**62,991**	(5,426)
Total assets less current liabilities		**84,054**	15,637
Capital and reserves			
Share capital		**76,113**	—
Reserves		**7,941**	15,637
Total equity	*a*	**84,054**	15,637

The financial statement of the Company were approved and authorised for issue by the board of directors on 23 June 2015 and signed on its behalf by:

Chan Tat Wah

Fok Chun Kit

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note a

	Share capital HK$'000	Accumulated losses HK$'000	Other reserve HK$'000 (note)	Total HK$'000
At 1 April 2013	—	—	—	—
Loss for the year and total comprehensive expenses for the year	—	(5,426)	—	(5,426)
Arising from the reorganisation	—	—	21,063	21,063
At 31 March 2014 and 1 April 2014	—	(5,426)	21,063	15,637
Loss for the year and total comprehensive expenses for the year	—	(7,696)	—	(7,696)
Issue of new shares	81,000	—	—	81,000
Transaction costs attributable to issue of shares	(4,887)	—	—	(4,887)
At 31 March 2015	76,113	(13,122)	21,063	84,054

Note: Other reserve represents the difference between the nominal value of the shares issued for acquisition of a subsidiary and the consolidated net asset value of that subsidiary and its subsidiary at the date of acquisition.

33. PARTICULAR OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at 31 March 2015 and 2014 are as follows:

Name of subsidiaries	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Percentage of nominal value of issued ordinary share capital held by the Company				Forms of legal entity	Principal activities
			2015 Directly %	2015 Indirectly %	2014 Directly %	2014 Indirectly %		
China Sourcing & Creative Construction Limited	BVI	United States dollar 1	**100**	**–**	100	–	Private limited company	Investment holding
Hotel Sourcing International Limited	Hong Kong	HK$100	**–**	**100**	–	100	Private limited company	Provision of design and procurement of furnishings and materiels
Karlson C & C Limited	Hong Kong	HK$1	**–**	**100**	–	100	Private limited company	Provision of design and fitting out services
Wealth Trinity Development Limited	Hong Kong	HK$1	**–**	**100**	–	100	Private limited company	Provision of design and fitting out services
Well Creation Holdings Limited	Hong Kong	HK$1	**–**	**100**	–	100	Private limited company	Provision of design and fitting out services
Joy Excel Consultants Limited	Hong Kong	HK$1	**–**	**100**	–	100	Private limited company	Provision of design and fitting out services
Forever Smart (China) Limited	Hong Kong	HK$1	**–**	**100**	–	100	Private limited company	Provision of design and fitting out services
Hotel Sourcing Singapore Pte. Ltd.	Singapore	SGD1	**–**	**100**	–	100	Wholly-owned foreign company	Procurement of furnishings and materiels
Kate China Property Consultants Limited *(Note)*	Hong Kong	HK$1	**–**	**100**	–	N/A	Private limited company	Property investment

Note: The subsidiary is newly incorporated on 31 October 2014.

Financial Summary

	For the year ended 31 March			
	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**142,556**	95,887	73,310	56,978
Profit before taxation	**7,815**	11,948	21,938	4,598
Profit for the year	**5,451**	9,645	18,371	3,643
Total comprehensive income for the year	**5,023**	9,799	18,400	3,643

	As at 31 March			
	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets and Liabilities				
Total assets	**167,165**	49,160	24,866	21,599
Total liabilities	**62,834**	25,965	11,470	20,428
Total equity	**104,331**	23,195	13,396	1,171

Note:

The summary of the consolidated results of the Group for the years ended 31 March 2013 and 31 March 2012, and of the assets and liabilities as at 31 March 2013 and 31 March 2012 have been extracted from the Prospectus.

The consolidated results of the Group for the year ended 31 March 2015 and 2014 and the consolidated assets and liabilities of the Group as at 31 March 2015 and 2014 are those set out on pages 35 to 36 of this report.