SINCE 1983

MOBICON GROUP LIMITED
萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

RESULTS

The Board of Directors (the "Directors") of Mobicon Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31st March 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	2	**684,374**	695,057
Cost of sales		**(520,084)**	(546,454)
Gross profit		**164,290**	148,603
Other income, gains and losses	3	**1,892**	2,193
Distribution and selling expenses		**(50,308)**	(46,437)
General and administrative expenses		**(97,661)**	(84,519)
Operating profit		**18,213**	19,840
Finance costs	5	**(2,438)**	(1,922)
Share of (loss)/profit of an associate		**(32)**	22
Profit before income tax		**15,743**	17,940
Income tax expense	6	**(5,587)**	(6,159)
Profit for the year	4	**10,156**	11,781
Profit attributable to:			
Equity holders of the Company		**3,766**	7,789
Non-controlling interests		**6,390**	3,992
		10,156	11,781
Earnings per share for profit attributable to the equity holders of the Company during the year – Basic and diluted	7	**HK cents 1.88**	HK cents 3.89

Details of dividends are disclosed in Note 8 to the consolidated financial statements.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**10,156**	11,781
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences:		
– Subsidiaries	**(8,368)**	(7,461)
– Associate	**(7)**	–
Release of translation reserve upon disposals of subsidiaries	**291**	–
Item that will not be reclassified to profit or loss		
Revaluation (loss)/gain on property, plant and equipment	**(357)**	330
Other comprehensive expense, net of tax	**(8,441)**	(7,131)
Total comprehensive income	**1,715**	4,650
Total comprehensive income attributable to:		
Equity holders of the Company	**(517)**	3,020
Non-controlling interests	**2,232**	1,630
	1,715	4,650

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2016

	Note	**2016** **HK$'000**	2015 *HK$'000*
Non-current assets			
Property, plant and equipment		**20,942**	22,673
Interests in associates		**–**	39
		20,942	22,712
Current assets			
Inventories		**192,763**	211,899
Trade receivables	9	**58,050**	60,126
Other receivables and deposits		**25,449**	17,517
Current income tax recoverable		**589**	430
Cash and bank balances		**39,963**	45,235
		316,814	335,207
Total assets		**337,756**	357,919
Current liabilities			
Trade payables	*10*	**31,692**	58,939
Other payables and accruals		**22,228**	22,058
Amount due to an associate		**13**	10
Short-term bank loans		**100,828**	93,028
Current income tax liabilities		**1,415**	2,019
		156,176	176,054
Net current assets		**160,638**	159,153
Total assets less current liabilities		**181,580**	181,865
Net assets		**181,580**	181,865
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**143,456**	145,973
		163,456	165,973
Non-controlling interests		**18,124**	15,892
Total equity		**181,580**	181,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, which are carried at fair value.

Application of new and revised Hong Kong Financial Reporting Standards

(a) New standards, revisions and amendments to existing standards effective for annual periods beginning 1st April 2015, relevant to the Group's operation and adopted by the Group:

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRS	Annual Improvements to HKFRS 2010-2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRS 2011-2013 Cycle

The adoption of this newly effective amendment to existing standard does not result in substantial changes to the Group's accounting policies or financial results.

In addition, the requirement of Part 9 "Accounts and Audit" of the new 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.

(b) New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1st April 2015 and have not been early adopted:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS	Annual Improvements to HKFRS 2012-2014 Cycle[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]

[1] Effective for annual periods beginning on or after 1st January 2018.
[2] Effective for annual periods beginning on or after 1st January 2016.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1st January 2019.

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

The Group is in the process of making an assessment of the impact of these new standards and amendments to existing standard upon initial application.

2 REVENUE AND SEGMENT INFORMATION

Revenue recognized during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of electronic components, automation parts and equipment	**405,240**	444,663
Sales of computer products, mobile accessories and service income	**107,774**	141,034
Sales of cosmetic products	**171,360**	109,360
	684,374	695,057

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors have reviewed the Group's internal reports in order to assess the performance and allocate resources; they have also determined the operating segments based on these reports. Upon the expansion of the trading of cosmetic retail business, the Executive Directors have further considered the business from product perspective and have assessed the performance of three main business segments: (i) Electronic Trading Business – Distribution of electronic components, automation parts and equipment; and (ii) Computer Business – Retail sales of computer products, mobile accessories, distribution of computer products and provision of IT outsourcing and solution services and (iii) Cosmetic Retail Business – Retail sales of cosmetic products. The Executive Directors have assessed the performance of the operating segments based on segment results before corporate expenses, finance costs and share of loss of an associate.

The segment results for the year ended 31st March 2016 are as follows:

	Electronic Trading Business *HK$'000*	**Computer Business** *HK$'000*	**Cosmetic Retail Business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Revenue	**405,240**	**107,774**	**171,360**	**–**	**684,374**
Segment results	**17,624**	**(1,458)**	**2,792**	**(745)**	**18,213**
Interest expenses					**(2,438)**
Share of loss of an associate					**(32)**
Profit before income tax					**15,743**
Income tax expense *(Note 6)*					**(5,587)**
Profit for the year					**10,156**
Other segment items included in the consolidated statement of profit or loss are as follows:					
Depreciation	**1,285**	**1,258**	**4,879**	**–**	**7,422**
Provision for impairment of trade receivables	**611**	**–**	**–**	**–**	**611**
Write-down of inventories	**1,363**	**–**	**–**	**–**	**1,363**
Reversal of provision for slow-moving inventories	**(2,514)**	**(66)**	**–**	**–**	**(2,580)**

The segment results for the year ended 31st March 2015 are as follows:

	Electronic Trading Business *HK$'000*	Computer Business *HK$'000*	Cosmetic Retail Business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Revenue	444,663	141,034	109,360	–	695,057
Segment results	14,716	(2,693)	7,929	(112)	19,840
Interest expenses					(1,922)
Share of profit of an associate					22
Profit before income tax					17,940
Income tax expense *(Note 6)*					(6,159)
Profit for the year					11,781
Other segment items included in the consolidated statement of profit or loss are as follows:					
Depreciation	1,397	1,622	2,384	–	5,403
Provision for impairment of trade receivables	2,024	1	–	–	2,025
Reversal of provision for slow-moving inventories	(2,530)	(54)	–	–	(2,584)

The Group's revenue is generated mainly within Hong Kong, Asia Pacific, South Africa and Europe.

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Hong Kong (country of domicile)	**457,848**	442,969
Asia Pacific	**132,109**	149,752
South Africa	**82,453**	84,023
Europe	**1,410**	1,241
Other countries	**10,554**	17,072
	684,374	695,057

Revenue is allocated based on the country in which the customer is located.

3 OTHER INCOME, GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Management fee received from an associate	**156**	156
Management fee received from third parties	**1,614**	1,419
Commission income	**55**	56
Interest income from bank deposits	**171**	186
Loss on disposals of subsidiaries	**(291)**	–
Other income	**187**	376
	1,892	2,193

4 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2016	2015
	HK$'000	*HK$'000*
Costs of inventories expensed	**520,084**	546,454
Employee benefit expense	**64,976**	64,628
Depreciation of owned property, plant and equipment	**7,422**	5,403
Provision for impairment of trade receivables (included in general and administrative expenses)	**611**	2,025
Write-down of inventories *(Note)*	**1,363**	–
Reversal of provision for slow-moving inventories (included in cost of sales)	**(2,580)**	(2,584)
Operating lease rentals in respect of rented premises	**41,188**	27,345
Auditors' remuneration	**1,028**	1,028
Gain on disposal of property, plant and equipment (included in general and administrative expenses)	**(333)**	(628)
Net foreign exchange gains (included in general and administrative expenses)	**(1,573)**	(1,660)

Note: The write-down of inventories of approximately HK$1,363,000 relates to electronic parts, components and equipment that have been destroyed by fire in the accident. This amount is included within "General and administrative expenses".

5 FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest expense on short-term bank loans	**2,438**	1,922

6 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2016	2015
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong Profits Tax	**114**	266
– Overseas taxation	**5,501**	6,191
– Over provision in prior years	**(28)**	(298)
Income tax expense	**5,587**	6,159

7 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31st March 2016 is based on the Group's profit attributable to equity holders of the Company of approximately HK$3,766,000 (2015: HK$7,789,000) and on the weighted average number of 200,000,000 (2015: 200,000,000) ordinary shares in issue during the year.

The diluted earnings per share is equal to the basic earnings per share as the Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2016 and 2015.

8 DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Interim dividend paid of HK cent 0.5 (2015: HK cent 0.5) per ordinary share	**1,000**	1,000
Proposed final dividend of HK cent 0.5 (2015: HK cent 0.5) per ordinary share	**1,000**	1,000
	2,000	2,000

At a meeting held on 24th June 2015, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2015.

At a meeting held on 23rd June 2016, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2016. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2016.

9 TRADE RECEIVABLES

The Group normally grants to its customers credit periods for sales of goods ranging from 7 to 90 days. The following is an aged analysis of trade receivables, net of allowance for doubtful debt, presented based on due dates.

	2016	2015
	HK$'000	*HK$'000*
0 to 60 days	**56,863**	57,458
61 to 120 days	**859**	1,573
121 to 180 days	**187**	983
181 to 365 days	**141**	112
	58,050	60,126

The maximum exposure to credit risk at the reporting date is the fair values of trade receivables. There is no concentration of credit risk with respect to trade receivbales as the Group has a large number of customers. The Group does not hold any collateral as security in respect of its trade receivables.

10 TRADE PAYABLES

The following is an aged analysis of trade payables presented based on due dates.

	2016	2015
	HK$'000	*HK$'000*
0 to 60 days	**30,000**	57,358
61 to 120 days	**277**	799
121 to 180 days	**1,119**	326
181 to 365 days	**296**	456
	31,692	58,939

FINANCIAL RESULTS

For the financial year ended 31st March 2016, the Group recorded a turnover of around HK$684 million, representing a decrease of about 1.6% from approximately HK$695 million recorded in the last year. Gross profit increased by about 10% from approximately HK$149 million in the last year to around HK$164 million in this year, while the gross profit margin slightly increased by approximately 2.6% to around 24.0% from about 21.4% in the last year. The Group's operating profit decreased by around 10% to approximately HK$18 million (31st March 2015: approximately HK$20 million), and the profit attributable to shareholders was approximately HK$3.8 million (31st March 2015: approximately HK$7.8 million). This represented earnings per share of around HK$0.019 (about HK$0.039 as at 31st March 2015). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, a final dividend of HK0.5 cent per ordinary share shall be declared for the year ended 31st March 2016, totaling HK$1 million to the shareholders whose names appeared on the register of members of the Company on 15th August 2016. The final dividend, if approved, is expected to be paid on 25th August 2016.

During the year under review, the Group continued to focus on its three core business operations, namely: (1) the distribution of electronic components, automation parts and equipment under the brand of MOBICON (the "Electronic Trading Business"); (2) the Computer Business which includes (i) the retail sales of computer products and smartphone accessories under the brand of VideoCom (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of APower (the "Computer Distribution Business"); and (3) the Cosmetic Retail Business under the brand of wishh!. During the year under review, the Group's turnover derived from the Electronic Trading Business decreased by approximately 9% to about HK$405 million from approximately HK$445 million in the last year. Turnover from the Computer Business was recorded at about HK$108 million, which represented a decrease of approximately 23.4% from about HK$141 million in the last year. Turnover from Cosmetic Retail Business reflected notable improvement in turnover and recorded HK$171 million, which represented an increase of approximately 56.9% from about HK$109 million in the last year.

For the year ended 31st March 2016, the Group's total operating expenses were approximately HK$148 million, representing an increase of about 13% (31st March 2015: about HK$131 million), among which the distribution and selling expenses were approximately HK$50 million which have increased by 8.7% from HK$46 million recorded in the last year. The increase was mainly attributable to the increase of sales related costs as a result of an increase in commission and salary paid to cosmetic retail salesladies. During the year under review, the general and administrative expenses increased by about 15.3% to around HK$98 million (31st March 2015: about HK$85 million). While the Group continued to control the headcount in the Electronic Trading Business and the Computer Business, the Group allocated more resources to the Cosmetic Retail Business. As at 31st March 2016, the headcount for the Electronic Trading Business and the Computer Business decreased by about 3% and 17% to 307 and 54 fulltime employees (31st March 2015: 318 and 65 fulltime employees) respectively while the headcount for the Cosmetic Retail Business increased from 76 full-time employees last year by about 20% to 91 full-time employees as a result of the increase of the cosmetic retail stores. Meanwhile, finance cost for the year under review increased by about 26.3% to approximately HK$2.4 million (31st March 2015: about HK$1.9 million).

During the year under review, the Group expanded up to 38 cosmetic retail stores. By means of the Group's commitment on the development of the cosmetic retail networks, the Cosmetic Retail Business posted turnover growth with strong momentum and became one of the Group's core business operations.

BUSINESS REVIEW

During the year under review, the Group operated three core business operations, namely: (1) the distribution of electronic components, automation parts and equipment under the brand of MOBICON (the "Electronic Trading Business"); (2) the Computer Business which includes (i) the retail sales of computer products and smartphone accessories under the brand of VideoCom (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of APower (the "Computer Distribution Business"); and (3) the Cosmetic Retail Business under the brand of wishh!. The Electronic Trading Business, the Computer Business and the Cosmetic Retail Business accounted for approximately 59%, 16% and 25% of the Group's total turnover respectively for the year under review.

By analysis on the three core business operations, the gross profit margin of the Electronic Trading Business, the Computer Business and the Cosmetic Retail Business were approximately 20.4%, 19.1% and 35.7% (31st March 2015: approximately 19.6%, 17.4% and 34.0%) respectively for the year ended 31st March 2016.

ELECTRONIC TRADING BUSINESS

Hong Kong

Electronic Trading Business remained the primary contributor to the Group's turnover and profits during the year under review and showed steady turnover of approximately HK$405 million as compared with that of approximately HK$445 million recorded in the last year or dropped by about 9%.

During the year under review, purchasing managers worldwide tended to favour more conservative approach and resulted in lower purchasing power as evidenced by benchmark indexes. The call for quantitative easing has been growing especially loud in the past few months in the Eurozone mainly due to signs of deflation. Whilst there was no significant change in the profitability measures of the Group's electronic products, its sales growth was constrained by weakening of the Eurozone demand, offsetting its steady results in the Asia-Pacific and US markets. In addition, the Group has shifted its prime focus from low margin customer groups and seeking for other potential targets.

Overseas

The aggregate turnover of all of the Group's overseas subsidiaries was approximately HK$109 million, representing an overall decrease of approximately 8.4% as compared with that of approximately HK$119 million recorded in the last year.

South African Rand slumped against strong Hong Kong dollar by about 20% as compared with that of quoted in the last year and faced further downside pressure. Market expectations on higher federal benchmark rates are burdening the currencies in developing economies. During the year under review, the turnover generated by the Group's South Africa subsidiary slightly decreased by 2.4% and reached approximately HK$82 million during the year under review (31st March 2015: approximately HK$84 million).

Meanwhile, the Group's Singapore and Malaysia subsidiaries entered into agreements with Oki Sensor Device Corporation and Testo SMI Sdn Bhd during the year under review and became an authorized distributor of reed switches for industrial application and portable measuring environmental instruments and systems respectively. Such agreements allowed the Group to diversify its products and gain further market share in the electronic equipment business.

In terms of geographical segments, the turnover from Hong Kong, the Asia Pacific region (other than Hong Kong), South Africa, Europe and other regions accounted for approximately 67%,18%,12%,1% and 2% respectively of the Group's total turnover during the year under review.

COMPUTER BUSINESS

Computer Retail Business

The turnover of the Computer Retail Business dropped to approximately HK$27 million by about 31% during the year under review (31st March 2015: approximately HK$39 million). During the year under review, the Group has closed down 2 retail stores as a means to implement its cost saving measures. The Group also attempts to diversify its businesses by selling toys in addition to its traditional businesses. The Group has planned to achieve these goals through online marketing channels such as Facebook.

Computer Distribution Business

The turnover of the Computer Distribution Business recorded a decline of about 21% to approximately HK$81 million (31st March 2015 of approximately HK$102 million). Despite the slump in revenue, there was improvement in gross profit margin of which stood at 9% during the year under review. This growth momentum and improvement were attributable to the introduction of various new computer and mobile accessories such as mobile battery charger.

Cosmetic Retail Business

The negative impact of the "one-visit-one-week" policy implemented by the Central Government of China was evidenced by the plunge in growth number of Mainland visitors during the year under review. The number of high-spending overnight visitors even declined further and hence overall spending had decreased to a great extent. Regardless of the above, the Group's Cosmetic Retail Business remained solid and reflected a significant growth of 57% in terms of turnover as compared with that of recorded in the last year and accounted for 25% of the consolidated revenue of the Group. The Group has adopted a market-driven and customer-focused approach in expanding its retail store chain network and formulating its product selling strategies.

As at 31st March 2016, Videocom Technology (HK) Limited ("Videocom") has expanded up to 38 wishh! retail stores (as at 31st March 2015: 27 wishh! stores). Over the past year, the Group devoted considerable resources with multiple social media channels such as Facebook, Weibo and WeChat to maintain sales growth and build up the brand image to attract awareness from potential customers.

DEVELOPMENT STRATEGY AND OUTLOOK

Over the year under review, there were several notable transitions in the global economy including low level of commodity prices, slowdown of China's economy as a result of a structural change from investment activities towards domestic consumption and a relatively strong US Dollar against other currencies. Growth is moderate in advanced economies whilst many of the emerging countries are stuck in low growth era.

Retail sales slump in Hong Kong continued its trend in 2015. Rent and prices are set to fall further as retail sales declined. The outlook for the retail sector is weak as a result of declining tourist arrival, mainly those from Mainland China due to the adverse impact of the "one-visit-one-week" policy implemented by the Central Government of China. However, the domestic demand remained resilient supported by factors such as steady inflation and low unemployment rate.

Notwithstanding the downward retail sales trend, the Group continues to record promising results in its Cosmetic Retail Business and reflected approximately 57% sales growth as compared with that of as recorded in 2015. The Group is optimistic about the future tourist spending in view of the growing numbers of Mainland residents visiting Hong Kong in recent years. Mainland tourists and local residents will remain as the prime target of the Group. The Group also expects to open five more cosmetic retail shops primarily in tourist districts such as Causeway Bay, Mong Kok and Tsim Sha Tsui.

With regard to the Electronic Trading Business, the Group will allocate more resources for the development of lighting products and RF module for toys application to expand its market share in China and Hong Kong. In addition, the Group expects to expand several product lines including LED dimming modules, bluetooth modules and WiFi modules. In addition, the Group will cautiously develop its Electronic Trading Business and participate in reputable industry exhibitions. Through these events, the Group will maintain close relationship with vendors and explore new business opportunities as well as to gain insights on industrial trends and new products. During the year under review, the Group has also utilised various social media platform to promote its new products and the outcome is satisfactory.

For the Computer Business, the Group will develop marketing strategies to increase its market presence through channels such as social media network. The Group will also increase product variety to satisfy the needs of different customer groups. Furthermore, the Group also expects to introduce several models of computer and mobile accessories and develop lighting industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2016, the Group's cash and bank balances amounted to approximately HK$40 million and the net current assets were approximately HK$161 million. As at 31st March 2016, the current ratio increased to approximately 2.0 (as at 31st March 2015: approximately 1.9). Out of the Group's cash and bank balances, about 40% and 21% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 23%,9%,4%,1%, 1% and 1% of its total cash and bank balances was denominated in Renminbi, South African Rand, Malaysia Ringgit, New Taiwan dollars and Singaporean dollar and others respectively. The Group's total assets amounted to approximately HK$338 million (as at 31st March 2015: approximately HK$358 million). Net assets per share amounted to approximately HK$0.91 (as at 31st March 2015: approximately HK$0.91). Dividend and basic earnings per share were approximately HK$0.01 and HK$0.019 respectively (as at 31st March 2015: approximately HK$0.01 and HK$0.039 respectively).

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 31st March 2016, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK$157 million (as at 31st March 2015: approximately HK$119 million), with an unused balance of approximately HK$56 million (as at 31st March 2015: approximately HK$26 million). The Directors believe that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2016, the total borrowings of the Group were approximately HK$101 million (as at 31st March 2015: HK$93 million), which were in the form of short-term bank loans (including short-term loans and trade finance) for financing the daily business operations and future development plans. The majority of Group's bank borrowings as at 31st March 2016 were denominated in Hong Kong dollars. These short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$164 million and the leasehold properties in Singapore (as at 31st March 2015: HK$132 million), with a maturity term of one to four months, and such short-term loans can be rolled over afterwards at the Group's discretion.

During the year under review, the Group's borrowings bore interest at rates ranging from 1.88% to 3.46% per annum (as at 31st March 2015: ranging from 2.21% to 3.06% per annum).

GEARING RATIO

As at 31st March 2016, the Group's gross borrowing repayable within one year, amounted to approximately HK$101 million (as at 31st March 2015: approximately HK$93 million). After deducting cash and cash equivalents of approximately HK$40 million, the Group's net borrowings amounted to approximately HK$61 million (as at 31st March 2015: approximately HK$48 million). The total equity as at 31st March 2016 was approximately HK$182 million (as at 31st March 2015: approximately HK$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 33.5% (as at 31st March 2015: 26.4%). The increase of net gearing ratio was mainly due to the increase of bank borrowings in relation to the increase of working capital required to support the development for the Cosmetic Retail Business.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, Renminbi and United States dollars. Given that the exchange rate of Hong Kong dollars against Renminbi has been and is likely to be under control and that Hong Kong Government's policy of pegging the Hong Kong dollars to the United States dollars remains in effect, the Directors consider that the risk facing by the Group on foreign exchange will remain minimal and no hedging or other alternative measures have been undertaken by the Group. As at 31st March 2016, the Group had no significant risk exposure pertaining to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 31st March 2016, the properties with carrying value of approximately HK$11 million have been pledged to secure the general banking facilities granted to the Group's subsidiary in Singapore.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2016, the Group had total outstanding operating lease commitments of approximately HK$53 million (as at 31st March 2015: HK$74 million). In view of the Group's high level of liquid funds, it is expected that the Group will be able to fulfill all these commitments without any difficulty. The Group had no contingent liabilities as at 31st March 2016.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2016, the Group had a total of 452 full-time employees inclusive of its staff in Hong Kong and overseas subsidiaries. The Group has developed its human resources policies and procedures based on the performance, merits and market conditions. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses (based on the Group's financial results as well as individual performance).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3rd August 2016 to 8th August 2016, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at its office situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 2nd August 2016. The Register of Members of the Company will be closed from 12th August 2016 to 15th August 2016, during which period no transfer of shares will be effected, and the final dividend will be paid on 25th August 2016. In order to qualify for the final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at the above address not later than 4:30 p.m. on 11th August 2016.

DEALING IN COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to principles of corporate governance practices and procedures. The corporate governance principles of the Company emphasize transparency, accountability and independence.

The Company has complied with the Code Provisions as set out in the Corporate Governance Code (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year under review except for the following deviations:

According to the Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company ("INEDs") are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company under Bye-law 111 of the Company's Bye-laws.

Code Provision A.4.2 of the Code provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Bye-laws of the Company provides that the Chairman and the Deputy Chairman will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. As continuation of the services of the Chairman and the Deputy Chairman is a key factor to the successful implementation of any long term business plan, the Board believes that present arrangement is most beneficial to the Company and the shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results for the year ended 31st March 2016 with the Directors. The Audit Committee comprises three independent non-executive Directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

All the financial and other related information of the Company required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. The annual report containing the financial statements and the notice of annual general meeting will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in early of July 2016.

APPRECIATION

I would like to thank our management team and all our staff members for their effort and significant contribution to the Group during the past year. In addition, I would like to express my heartfelt gratitude to our shareholders, institutional investors, customers, bankers and business partners for their continuous support to and confidence in the Group.

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 23rd June 2016

As at the date of this announcement, the board of directors of the Company comprises Dr. Hung Kim Fung, Measure, Madam Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix as executive Directors and Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric as independent non-executive Directors.