KATE CHINA HOLDINGS LIMITED
中持基業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Kate China Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company (the "Directors"), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

THE FINANCIAL STATEMENTS

Annual Results

The board of Directors (the "Board") of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015 together with the comparative audited figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**142,556**	95,887
Cost of sales		**(110,961)**	(70,026)
Gross profit		**31,595**	25,861
Other income	*6*	**287**	34
Administrative expenses		**(23,950)**	(13,903)
Finance costs	*7*	**(117)**	(44)
Profit before tax		**7,815**	11,948
Income tax expense	*8*	**(2,364)**	(2,303)
Profit for the year attributable to owners of the Company	*9*	**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)	*11*	**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		**1,068**	732
Current assets			
Trade and other receivables	12	**37,183**	34,075
Amounts due from customers for contract work		**78,770**	7,689
Amount due from ultimate holding company		**5**	—
Amounts due from related parties		**61**	—
Tax recoverable		**74**	1,557
Bank balances and cash		**50,004**	5,107
		166,097	48,428
Current liabilities			
Trade and other payables	13	**58,361**	5,761
Amounts due to customers for contract work		**2,270**	13,680
Income tax payable		**1,727**	1,189
Obligation under a finance lease		**82**	—
Unsecured bank borrowing		**—**	284
Bank overdraft		**—**	4,985
		62,440	25,899
Net current assets		**103,657**	22,529
		104,725	23,261
Capital and reserves			
Share capital		**76,113**	—
Reserves		**28,218**	23,195
Total equity		**104,331**	23,195
Non-current liabilities			
Deferred tax liabilities		**132**	66
Obligation under a finance lease		**262**	—
		394	66
		104,725	23,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.

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.

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 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.

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.

- 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 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 the Group performs a detailed review.

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.

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 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.

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 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 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.

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 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.

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.

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

4. 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	2014
	HK$'000	*HK$'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

5. 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") .

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

The accounting policies of the operating segments are the same as the Group's accounting policies. 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	2014
	HK$'000	*HK$'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

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, amounts 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**

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	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'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

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	2014
	HK$'000	*HK$'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.

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'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		
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.

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	**913**	903
Tax effect of deductible temporary differences not recognised	**47**	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.

9. PROFIT FOR THE YEAR

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

	2015	2014
	HK$'000	*HK$'000*
Directors' emoluments	**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 12)*	**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

10. 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.

11. 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 financial year ended 31 March 2014 presented in the consolidated financial statements.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'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	2014
	HK$'000	*HK$'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.

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 "Listing"). 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 a 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, our 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

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$113.1 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 period

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$4.2 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. 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 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 Director's emolument 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.

If the abovementioned increase 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 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. 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 successful listing of the Company in July 2014 and 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) amount due from customers for contract work and (iii) bank balances and cash. Similarly, current liabilities comprised mainly (i) trade and other payables, (ii) amount 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.

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 announcement. 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 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	30 September 2015	31 March 2016	As at 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
		Intended use of proceeds from the 2015 Placing as described in the announcement of the Company dated 17 February 2015					
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 intends 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 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 announcement, nothing had been concluded. Hence, the proceeds allocated for the expansion of our office in Hong Kong and 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 office in Singapore for 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).

OTHER INFORMATION

Dividend

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

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, 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.

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

Purchase, Sale of Redemption of Shares

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

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 Yiu Kin. The other members are Mr. Lu Tak Ming and Prof. Lai Kin Keung. 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.katechina.hk)*. The annual report of the Company for the year ended 31 March 2015 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board
Kate China Holdings Limited
Chan Tat Wah
Chairman and Executive Director

Hong Kong, 23 June 2015

As at the date of this announcement, the executive Director are Mr. Chan Tat Wah (Chairman), Mr. Fok Chun Kit (CEO), and Mr. Tsang Kei Cheong; and the independent non-executive Directors are Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting on the website of the Company at www.katechina.hk.