



中持基業控股有限公司
Kate China Holdings Limited

KATE CHINA HOLDINGS LIMITED

中持基業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

Interim Results

The board of Directors (the “Board”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue		34,390	39,907	70,975	56,804
Cost of sales		<u>(27,497)</u>	<u>(28,716)</u>	<u>(56,783)</u>	<u>(40,383)</u>
Gross profit		6,893	11,191	14,192	16,421
Other income	5	—	5	53	266
Administrative expenses		(4,458)	(11,017)	(8,374)	(14,542)
Finance costs	6	(2)	(48)	(5)	(104)
Profit before tax	7	2,433	131	5,866	2,041
Income tax expense	8	(391)	(965)	(562)	(1,661)
Profit (loss) for the period attributable to owners of our Company		<u>2,042</u>	<u>(834)</u>	<u>5,304</u>	<u>380</u>
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>(259)</u>	<u>(54)</u>	<u>(191)</u>	<u>(50)</u>
Total comprehensive income (expense) for the period attributable to owners of the Company		<u>1,783</u>	<u>(888)</u>	<u>5,113</u>	<u>330</u>
Earnings (loss) per share					
— Basic and diluted	10	<u>0.62 cents</u>	<u>(0.29) cents</u>	<u>1.61 cents</u>	<u>0.15 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

	<i>Notes</i>	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	11	932	1,068
Investment property	11	<u>24,300</u>	<u>—</u>
		<u>25,232</u>	<u>1,068</u>
Current assets			
Trade and other receivables	12	81,105	37,183
Amounts due from customers of contract work		58,105	78,770
Amount due from ultimate holding company	16	5	5
Amounts due from related parties	16	61	61
Tax recoverable		108	74
Bank balances and cash		<u>14,626</u>	<u>50,004</u>
		<u>154,010</u>	<u>166,097</u>
Current liabilities			
Trade and other payables	13	56,374	58,361
Amounts due to customers of contract work		3,527	2,270
Income tax payables		2,062	1,727
Bank borrowing	14	7,400	—
Obligation under a finance lease		<u>83</u>	<u>82</u>
		<u>69,446</u>	<u>62,440</u>
Net current assets		<u>84,564</u>	<u>103,657</u>
Total assets less current liabilities		<u><u>109,796</u></u>	<u><u>104,725</u></u>
Capital and reserves			
Share capital	15	76,113	76,113
Reserves		<u>33,331</u>	<u>28,218</u>
Equity attributable to owners of the Company		<u>109,444</u>	<u>104,331</u>
Non-current liabilities			
Deferred tax liability		132	132
Obligation under a finance lease		<u>220</u>	<u>262</u>
		<u>352</u>	<u>394</u>
		<u><u>109,796</u></u>	<u><u>104,725</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Share capital (Note 15) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2015 (Audited)	76,113	(245)	28,463	104,331
Profit for the period	—	—	5,304	5,304
Other comprehensive expense for the period	—	(191)	—	(191)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive (expense) income for the period	—	(191)	5,304	5,113
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2015 (Unaudited)	<u>76,113</u>	<u>(436)</u>	<u>33,767</u>	<u>109,444</u>
At 1 April 2014 (Audited)	—	183	23,012	23,195
Issue of new shares, net of transaction costs	41,013	—	—	41,013
Profit for the period	—	—	380	380
Other comprehensive expense for the period	—	(50)	—	(50)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive (expense) income for the period	—	(50)	380	330
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014 (Unaudited)	<u>41,013</u>	<u>133</u>	<u>23,392</u>	<u>64,538</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(18,218)</u>	<u>(12,342)</u>
Net cash used in investing activities		
Acquisition of investment property	(16,900)	—
Other investing cash flows	<u>(23)</u>	<u>(365)</u>
	<u>(16,923)</u>	<u>(365)</u>
Net cash (used in) generated from financing activities		
New bank borrowing raised	—	5,000
Repayment of bank borrowing	—	(5,284)
Net proceeds from issue of shares	—	41,013
Repayment of obligation under a finance lease	(41)	—
Other financing cash flows	<u>(5)</u>	<u>(104)</u>
	<u>(46)</u>	<u>40,625</u>
Net (decrease) increase in cash and cash equivalents	(35,187)	27,918
Cash and cash equivalents at beginning of period	50,004	122
Effect of foreign exchange rate changes	<u>(191)</u>	<u>(50)</u>
Cash and cash equivalents at end of period, represented by bank balances and cash	<u><u>14,626</u></u>	<u><u>27,990</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 the principal place of business of the Company is Unit A, 10/F., Tontex Industrial Building, No. 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company while the Group is principally engaged in provision of design and fitting-out services and design and procurement of furnishings and materials.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. Other than a subsidiary operating in Singapore of which functional currency is Singapore dollar, the functional currency of the Company and other subsidiaries is HK\$.

The financial information relating to the year ended 31 March 2015 that is included in the half-year interim report 2015 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2015 have been prepared in accordance with the applicable disclosure requirements as prescribed in Chapter 18 of the GEM Listing Rules and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property that is measured at fair values.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above new or revised standards, amendments and interpretations in the current interim period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

4. 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.

Principal activities and reportable and operating segments are as follows:

- (i) Provision of design and fitting-out works ("Design & fitting-out"); and
- (ii) Provision of design and procurement of furnishings and materials services ("Design and procurement of furnishings and materials service").

(a) **Segment revenue and results**

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

For the six months ended 30 September 2015 (Unaudited)

	Design & fitting-out HK\$'000	Design and procurement of furnishings and materials service HK\$'000	Total HK\$'000
Segment revenue	<u>69,069</u>	<u>1,906</u>	<u>70,975</u>
Segment profit	<u>13,951</u>	<u>241</u>	14,192
Other income			53
Central administrative costs			(8,374)
Finance costs			<u>(5)</u>
Profit before tax			<u><u>5,866</u></u>

For the six months ended 30 September 2014 (Unaudited)

	Design & fitting-out HK\$'000	Design and procurement of furnishings and materials service HK\$'000	Total HK\$'000
Segment revenue	<u>34,524</u>	<u>22,280</u>	<u>56,804</u>
Segment profit	<u>9,960</u>	<u>6,475</u>	16,435
Other income			48
Central administrative costs			(14,338)
Finance costs			<u>(104)</u>
Profit before tax			<u><u>2,041</u></u>

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 certain 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.

(b) Segments assets and liabilities

The following table present segment assets and liabilities of the Group's operating segments as at 30 September 2015 and 31 March 2015:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Segment assets		
Design & fitting-out	88,286	71,496
Design and procurement of furnishings and materials service	42,641	41,832
Total segment assets	130,927	113,328
Unallocated corporate assets	48,315	53,837
Total assets	179,242	167,165
Segment liabilities		
Design & fitting-out	33,248	30,091
Design and procurement of furnishings and materials service	25,441	30,388
Total segment liabilities	58,689	60,479
Unallocated corporate liabilities	11,109	2,355
Total liabilities	69,798	62,834

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

- all assets are allocated to reportable segments other than plant and equipment, investment property, certain prepayments, deposits and other receivables, amount due from the ultimate holding company, 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, bank borrowing and deferred tax liability as these liabilities are managed on a group basis.

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Bank interest income	—	3	5	4
Exchange gain	—	1	—	1
Gain on disposal of plant and equipment	—	1	—	1
Reversal of impairment loss in respect of trade receivables	—	—	—	218
Sundry income	—	—	48	42
	<u>—</u>	<u>5</u>	<u>53</u>	<u>266</u>

6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Interests on:				
— Unsecured bank borrowing wholly repayable within five years	—	48	—	104
— Obligation under a finance lease	2	—	5	—
	<u>2</u>	<u>48</u>	<u>5</u>	<u>104</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following items:

	For the three months ended 30 September		For the six months ended 30 September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Directors' emoluments (including contribution to defined contribution retirement benefits scheme)	645	1,628	1,683	1,932
Salaries, wages and other benefits (excluding directors' emoluments)	1,263	2,248	2,677	3,386
Contribution to defined contribution retirement benefits scheme (excluding directors)	82	83	163	136
	<u>1,990</u>	<u>3,959</u>	<u>4,523</u>	<u>5,454</u>
Administrative expenses:				
Auditor's remuneration	300	120	300	220
Depreciation of plant and equipment	82	105	164	164
Impairment loss in respect of trade receivables	—	204	—	204
Minimum lease payments under operating leases in respect of office premises	116	83	203	158
Initial public offering expenses	—	4,527	—	5,516
	<u>—</u>	<u>4,527</u>	<u>—</u>	<u>5,516</u>

8. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Hong Kong Profits Tax				
Current tax	391	840	562	1,417
Singapore Corporate Tax				
Current tax	—	133	—	250
Deferred taxation	—	(8)	—	(6)
	<u>391</u>	<u>965</u>	<u>562</u>	<u>1,661</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2015 (six months ended 30 September 2014: 16.5%).

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profits for the six months ended 30 September 2015 (six months ended 30 September 2014: 17%).

9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share for the three months and six months ended 30 September 2015 is based on the profit attributable to owners of the Company of approximately HK\$2,042,000 and HK\$5,304,000 respectively (three and six months ended 30 September 2014: loss of approximately HK\$834,000 and profit of approximately HK\$380,000 respectively) and the weighted average of 330,000,000 ordinary shares in issue during the three and six months ended 30 September 2015 (three and six months ended 30 September 2014: weighted average of 286,813,187 and 255,738,705 ordinary shares respectively).

Since there were no potential dilutive shares in issue during the three and six months ended 30 September 2015 and 2014, basic and diluted earnings (loss) per share are the same for all periods.

11. PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 September 2015, the Group spent approximately HK\$29,000 (six months ended 30 September 2014: approximately HK\$372,000) on additions to plant and equipment. During the six months ended 30 September 2015, there was no disposal of plant and equipment; whilst in the corresponding period in 2014, the Group disposed of a motor vehicle with carrying amount of approximately HK\$9,000.

During the six months ended 30 September 2015, the Group spent approximately HK\$24,300,000 to acquire an investment property located in Hong Kong which carried at fair value.

The Group's investment property has been pledged to secure banking facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

Included in the amounts are trade receivables of approximately HK\$72,823,000 (31 March 2015: HK\$34,558,000), the Group allows an average credit period ranging from 30 to 180 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	30 September 2015 <i>HK\$'000</i> (Unaudited)	31 March 2015 <i>HK\$'000</i> (Audited)
Within 30 days	2,736	15,444
More than 30 days but within 90 days	5,964	7,228
More than 90 days but within 180 days	44,252	7,489
More than 180 days but within 365 days	15,632	792
More than 365 days	4,239	3,605
	<hr/>	<hr/>
Total trade receivables	72,823	34,558
	<hr/>	<hr/>
Other receivables	8,282	2,625
	<hr/>	<hr/>
Trade and other receivables	81,105	37,183
	<hr/> <hr/>	<hr/> <hr/>

13. TRADE AND OTHER PAYABLES

Included in the amounts are trade payables of approximately HK\$55,161,000 (31 March 2015: HK\$56,425,000), the following is an ageing analysis of trade payables presented based on the invoice received date at the end of the reporting period:

	30 September 2015 <i>HK\$'000</i> (Unaudited)	31 March 2015 <i>HK\$'000</i> (Audited)
Within 30 days	10,569	51,989
More than 30 days but within 90 days	—	1,950
More than 90 days	44,592	2,486
	<hr/>	<hr/>
	55,161	56,425
	<hr/> <hr/>	<hr/> <hr/>

14. BANK BORROWING

During the six months ended 30 September 2015, the Group borrowed a loan of HK\$7,400,000 for acquiring the investment property (six months ended 30 September 2014: HK\$5,000,000) and no bank borrowings had been settled (six months ended 30 September 2014: approximately HK\$5,284,000).

Bank borrowings carrying interest at average floating interest rates 2.5% per annum (31 March 2015: nil) and is repayable in full on 30 September 2035. The bank borrowing carries a repayable on demand clause.

The carrying amount of bank borrowing as 30 September 2015 is secured by an investment property of the Group (31 March 2015: nil).

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
<i>Issued and fully paid:</i>		
As at 1 April 2014	2	—
Bonus issue of shares (<i>Note a</i>)	224,999,998	—
Issue of new shares to the public, net of transaction costs (<i>Note b</i>)	75,000,000	41,013
Issue of new shares upon placing, net of transaction costs (<i>Note c</i>)	30,000,000	35,100
	<u>330,000,000</u>	<u>76,113</u>
As at 31 March 2015 (audited), 1 April 2015 and 30 September 2015 (unaudited)	<u>330,000,000</u>	<u>76,113</u>

Notes:

- (a) Pursuant to the resolutions in writing by the ultimate holding company of the Group, Genius Idea Holdings Limited (the “Genius Idea”), passed on 30 June 2014, a total of 224,999,998 ordinary shares credited as fully paid and without payment to Genius Idea. The shares were allotted and issued on 18 July 2014 pursuant to the resolution shall rank *pari passu* with other shares in issue in all respects.
- (b) In connection with the Listing of the Company on GEM (the “Listing”), 75,000,000 new shares were issued on 17 July 2014 at a price of HK\$0.60 per share for a total cash consideration, before related issuance expenses, of HK\$45,000,000. The expenses in relation to issue of new shares was amounted to approximately HK\$3,990,000. Dealings in the shares of the Company on the Stock Exchange commenced on 18 July 2014. Details of such were set out in the prospectus of the Company dated 8 July 2014 (the “Prospectus”).
- (c) On 9 March 2015, arrangements were made for a private placement to independent investors of 30,000,000 ordinary shares at the placing price of HK\$1.20 per placing share (the “2015 Placing”). Details of this placing new shares were set out in an announcement of the Company dated 9 March 2015. The proceeds were used as general working capital of the Group and for acquisition of a property in Hong Kong. These new shares were issued under the general mandate granted to the directors at a annual general meeting of the Company held on 29 September 2014.

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

16. RELATED PARTY TRANSACTIONS AND BALANCE

(i) Transactions

- (a) During the six months ended 30 September 2015 and 2014, the Group entered into transactions with a related party as follows:

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	450	890
Contributions to retirement benefits scheme	9	8
	<u>459</u>	<u>898</u>

The related party is the spouse of a director of the Company.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the six months ended 30 September 2015 and 2014 is as follows:

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	2,532	3,372
Contributions to retirement benefits scheme	53	44
	<u>2,585</u>	<u>3,416</u>

(ii) Balance

(a) Amounts due from ultimate holding company and related parties

The amounts are unsecured, interest free and repayable on demand.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair value due to their immediate or short-term maturities.

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.

As at 30 September 2015, the Group has 10 projects on hand. With regards to those 10 projects on hand, 8 of them relate to design and fitting-out services in Hong Kong and 2 relate to design and procurement of furnishings and materials services in Hong Kong.

Financial Review

Revenue

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

Total revenue for the six months ended 30 September in 2015 was approximately HK\$71.0 million (2014: HK\$56.8 million) which represents a HK\$14.2 million or 24.9% growth. Such increase was the result of the Group undertaking larger design and fitting out contracts than in the corresponding period in 2014. During the six months ended 30 September 2015, projects relating to the design and procurement of furnishing and material service were close to completion, hence the amount of revenue recognised at the final stage was less than the corresponding period in 2014. Accordingly, the Group recorded an increase in overall revenue.

Breakdown by types of projects:

	For the six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Design & fitting-out service income	69,069	34,524
Design & procurement of furnishings and materials service income	1,906	22,280
	70,975	56,804

Breakdown by geographical locations:

	For the six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Hong Kong	70,975	47,323
Malaysia	—	9,481
	<u>70,975</u>	<u>56,804</u>

For the six months ended 30 September 2015, the Group recorded total revenue of approximately HK\$71.0 million and 100% of which was derived from Hong Kong.

Gross profit and profit for the period

For the six months ended 30 September 2015, the Group recorded a gross profit of approximately HK\$14.2 million (2014: HK\$16.4 million) and the overall gross profit margin was approximately 20.0% (2014: 28.9%). During the six months ended 30 September 2015, gross profit for design and fitting-out services derived in Hong Kong amounted to approximately HK\$14.0 million and for design and procurement of furnishings and materials services were approximately HK\$0.2 million respectively, which corresponds with the proportion in revenue. During the six months ended 30 September 2015, gross profit margin for design and fitting-out services was approximately 20.2%, and gross profit margin for design and procurement of furnishings and materials services was approximately 12.6%, which were lower than the corresponding period in 2014 due to the increase in direct cost.

Profit after taxation for the six months ended 30 September 2015 was approximately HK\$5.3 million, representing an increase of approximately 13 times as compared to the corresponding period in 2014. Such increase was mainly attributable to the listing expenses of approximately HK\$5.5 million incurred during the six months ended 30 September 2014 while no such expenses was incurred during the six months ended 30 September 2015.

Liquidity, Financial Resources and Capital Structure

During the six months ended 30 September 2015, the Group financed its operations by its internal resources and bank facilities. As at 30 September 2015, the Group had net current assets of approximately HK\$84.6 million (31 March 2015: HK\$103.7 million), including cash of approximately HK\$14.6 million (31 March 2015: HK\$50.0 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.2 times as at 30 September 2015 (31 March 2015: 2.7 times). The slight decrease in the current ratio was partly attributable to the fluctuation due to the Group's business model which is project by project basis and the bank borrowing obtained for the acquisition of the investment property.

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, (iii) income tax payable and (iv) bank borrowing.

While the trade and other receivables relatively increased from approximately HK\$37.2 million as at 31 March 2015 to HK\$81.1 million as at 30 September 2015, amounts due from customers for contract work decreased from approximately HK\$78.8 million as at 31 March 2014 to approximately HK\$58.1 million as at 30 September 2015.

As observed by the Directors and previously disclosed in the Prospectus, the substantial increase in the trade and other receivables as at 31 September 2015 was due to a corresponding increase in projects carried out by the Group during the six months ended 30 September 2015. The Directors consider that there is no recoverability issue on such amount.

At 30 September 2015, the Group had interest-bearing loan of HK\$7.4 million (31 March 2015: nil). The gearing ratio, representing the ratio of the interest-bearing loan over the total equity, was approximately 0.07 as at 30 September 2015.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$109.4 million as at 30 September 2015 (31 March 2015: HK\$104.3 million).

Charges on the Group's Assets

As at 30 September 2015, the investment property and a fixed deposit of HK\$4.5 million (31 March 2015: nil) were pledged to banks to secure certain banking facilities of the Group.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2015 and 31 March 2015.

USE OF PROCEEDS

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 recent development of the market.

As described in the Prospectus, the net proceeds of a sum of approximately HK\$31.0 million was raised. Subsequently on 9 March 2015, the Group completed the 2015 Placing and raised net proceeds of a sum of approximately HK\$35.0 million.

As described in an announcement of the Company dated 23 June 2015, the Group continued to grow its business in Hong Kong and the Directors believed that it would be more effective for the management to focus in its Hong Kong operations. Accordingly, the Directors changed the proceeds from the Listing originally allocated for the expansion of an office in Singapore to be used as the Group's general working capital purposes.

On 29 June 2015, the Board announced that an indirect wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with a vendor on 29 June 2015, pursuant to which the Group has agreed to purchase and the vendor has agreed to sell the property for a cash consideration of approximately HK\$22.4 million. Completion of the property acquisition took place on 30 September 2015. The consideration together with the direct cost including stamp duty, property agent commission, registration fee, legal costs and compliance cost for the property acquisition amounted to approximately HK\$24.9 million.

During the six months ended 30 September 2015, the net proceeds from the Listing and the 2015 Placing had been applied as follows:

		Intended use of proceeds from the Listing as described in the Prospectus					Actual and identified use of proceeds
		For the period since Listing to		For each of the six months up to			As at 30
		30	31	30	31	31	September
		September	March	September	March	September	September
		2014	2015	2015	2016	2015	2015
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Proceeds from the Listing	— Enhance our customer awareness	3.0	0.5	1.0	0.5	1.0	0.7 used
	— Enhance design capacity and office efficiency	0.5	0.2	0.1	0.2	nil	0.5 used
	— Expand our office in Hong Kong	13.0	nil	13.0	nil	nil	13.0 used (Note 1)
	— General working capital	14.5	3.0	nil	11.5	nil	14.5 used (Note 2)
	Total	31.0	3.7	14.1	12.2	1.0	28.7 used (Note 1)

	Intended use of proceeds from the Listing as described in the Prospectus				Actual and identified use of proceeds
	For the period since				As at 30
	Listing to	For each of the six months up to			
	30	31	30	31	
	September	March	September	March	September
Total	2014	2015	2015	2016	2015
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million

**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	10.7 used + 7.9 identified (Note 1)
	General working capital	12.0	N/A	N/A	N/A	N/A	12.0 used
	Total	35.0	N/A	N/A	N/A	N/A	22.7 used + 7.9 identified (Note 1)

Notes:

- As announced on 29 June 2015, the Provisional S&P Agreement was entered into. Upon completion of such agreement (i.e. on 30 September 2015), such sum was fully utilised. As at 30 September 2015, a sum of HK\$16.9 million has been used for this purpose.
- Following the announcement made on 23 June 2015, the Directors changed the proceeds from the Listing originally allocated for the expansion of an office in Singapore to be used as the Group's general working capital purposes.

Update on the use of proceeds from the Listing and the 2015 Placing

After seeking to expand our office in Hong Kong through the acquisition of property for almost a year, the Group has on 29 June 2015 successfully entered into a provisional sale and purchase agreement with the vendor for a cash consideration of approximately HK\$22.4 million. As this property was smaller than those potential properties being considered by the Group at the time of execution of the 2015 Placing, the eventual sum required for the acquisition was less than anticipated. As a result, as announced on 29 June 2015, the remaining balance of the proceeds for the acquisition of a new showroom/workshop in Hong Kong (i.e. approximately HK\$11.1 million) would be reallocated for general working capital purpose (including but not limited to the renovation and decoration expenses of the aforesaid showroom). As at 30 September 2015, approximately HK\$6.7 million of which was used for general working capital.

Employee Information

Total remuneration for the six months ended 30 September 2015 (including Directors' emoluments and salaries to staff and Directors including MPF contributions) was approximately HK\$4.5 million (2014: HK\$5.5 million). Such decrease was mainly due to the decrease in number of staff. As at 30 September 2015, our Group had 28 employees with a review carried out by the management to restructure the operational team composition for higher efficiency (30 September 2014: 37 employees).

OTHER INFORMATION

Interests and Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of issued Shares
Mr. Chan Tat Wah (<i>Note</i>)	Interest of a controlled corporation	175,000,000	53.03%

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

Save as disclosed above, as at 30 September 2015, none of the Directors or the Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

Interests and Short Positions of Substantial Shareholders of the Company in the Shares and Underlying Shares of the Company

As at 30 September 2015, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in ordinary shares of the Company

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

Notes:

1. Genius Idea Holdings Limited is wholly-owned by Mr. Chan.
2. Ms. Lee Yuk Pui Kawina is the spouse of Mr. Chan. Under the SFO, Ms. Lee Yuk Pui Kawina is deemed, or taken to be interested in all the Shares in which Mr. Chan is interested.
3. Time Vanguard Holdings Limited is wholly-owned by HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED.

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

Save as disclosed above, as at 30 September 2015, there was no person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Other Interests Discloseable under the SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short positions in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

Share Option Scheme

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the “Eligible Participant”) as incentives or rewards for their contributions to the Group. The Company conditionally adopted a share option scheme (the “Scheme”) on 30 June 2014 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the Shares to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Scheme.

As at 30 September 2015, the total number of Shares available for issue under the Scheme is 30,000,000 Shares, representing approximately 9.1% of the issued Shares.

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

The Company shall be entitled to issue options, provided that the total number of Shares which may issue upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders’ approval and the issue of a circular in compliance with the GEM Listing Rules,

provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issued at the time. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

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

Directors' Right to Acquire Shares

Save as disclosed above, at no time during the six months ended 30 September 2015 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying Shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Competing Interests

As at 30 September 2015, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Compliance Adviser's Interests

As at 30 September 2015, neither Altus Capital Limited, the compliance adviser of the Company, nor any of its Directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

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. No director has dealt in the Shares during the six months ended 30 September 2015.

On 6 October 2015, the substantial shareholder of the Company, Genius Idea Holdings Limited, which is wholly-owned by the executive Director, Mr. Chan, sold 155,000,000 shares of the Company (representing approximately 47.0% of the total issued shares) to more than one purchaser who are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Purchase, Sale of Redemption of Shares

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Compliance with the Corporate Governance Code

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the six months ended 30 September 2015.

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. Chan Chiu Hung Alex. The other members are Mr. Lu Tak Ming and Prof. Lai Kin Keung. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and the internal control systems of the Group.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2015 with the management in connection with the compliance of the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal or disclosure requirements.

Event after the Reporting Period

Appointment of Directors

Mr. Chan Chi Yuen and Mr. Liu Rongsheng have been appointed as the executive Directors and Mr. Yuan Guanghua has been appointed as the non-executive Director with effect from 27 October 2015.

Changes in Information of Directors

Mr. Chan Chiu Hung Alex had resigned as an independent non-executive director of Co-Prosperity Holdings Limited (stock code: 707) on 6 October 2015.

Mr. Chan Chi Yuen and Mr. Liu Rongsheng have been appointed as directors of Kate China Property Consultants Limited, a wholly-owned subsidiary of the Company, on 9 November 2015.

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

Hong Kong, 10 November 2015

As at the date of this announcement, the executive Directors are Mr. Chan Tat Wah (Chairman), Mr. Fok Chun Kit (CEO), Mr. Tsang Kei Cheong, Mr. Chan Chi Yuen and Mr. Liu Rongsheng; the non-executive Director is Mr. Yuan Guanghua; and the independent non-executive Directors are Mr. Chan Chiu Hung Alex, 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 and on the website of the Company at www.katechina.hk.