SINCE 1983

MOBICON GROUP LIMITED

萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1213)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2015

RESULTS

The Board of Directors (the "Directors") of Mobicon Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2015 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*2*	**695,057**	603,276
Cost of sales		**(546,454)**	(493,092)
Gross profit		**148,603**	110,184
Other income and gains	*3*	**2,193**	2,735
Distribution and selling expenses		**(46,437)**	(38,463)
General and administrative expenses		**(84,519)**	(64,023)
Operating profit	*4*	**19,840**	10,433
Finance costs	*5*	**(1,922)**	(1,175)
Share of profits/(losses) of associates		**22**	(16)
Profit before income tax		**17,940**	9,242
Income tax expense	*6*	**(6,159)**	(3,911)
Profit for the year		**11,781**	5,331
Profit attributable to:			
Equity holders of the Company		**7,789**	1,013
Non-controlling interests		**3,992**	4,318
		11,781	5,331
Earnings per share for profit attributable to the equity holders of the Company during the year – Basic and diluted	*7*	**HK3.89 cents**	HK0.51 cent

Details of dividends are disclosed in Note 8 to the final results announcement.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**11,781**	5,331
Other comprehensive expense		
Items that may be reclassified to profit or loss		
Currency translation differences:		
– Subsidiaries	**(7,461)**	(4,447)
– Associate	**–**	(35)
Item that will not be reclassified subsequently to profit or loss		
Revaluation gain on property, plant and equipment	**330**	2,053
Other comprehensive expense, net of tax	**(7,131)**	(2,429)
Total comprehensive income	**4,650**	2,902
Total comprehensive income attributable to:		
Equity holders of the Company	**3,020**	634
Non-controlling interests	**1,630**	2,268
	4,650	2,902

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**22,673**	26,351
Investments in associates		**39**	17
		22,712	26,368
Current assets			
Inventories		**211,899**	181,132
Trade receivables	*9*	**60,126**	61,603
Other receivables and deposits		**17,517**	14,014
Current income tax recoverable		**430**	185
Cash and bank balances		**45,235**	41,257
		335,207	298,191
Total assets		**357,919**	324,559
Current liabilities			
Trade payables	*10*	**58,939**	48,032
Other payables		**22,058**	34,035
Amount due to associates		**10**	11
Short-term bank loans		**93,028**	58,963
Current income tax liabilities		**2,019**	1,088
		176,054	142,129
Net current assets		**159,153**	156,062
Total assets less current liabilities		**181,865**	182,430
Net assets		**181,865**	182,430
Capital and reserves attributable to the equity holders of the Company			
Share capital		**20,000**	20,000
Reserves		**145,973**	144,897
		165,973	164,897
Non-controlling interests		**15,892**	17,533
Total equity		**181,865**	182,430

NOTES TO THE FINAL RESULTS ANNOUNCEMENT

1. BASIS OF PREPARATION

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

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

Application of new and revised Hong Kong Financial Reporting Standards

(a) New standards, revisions and amendments to existing standards effective for annual periods beginning 1st April 2014, relevant to the Group's operations and adopted by the Group:

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
Amendment to HKAS 39	Novation of Derivative and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The adoption of the above new standards, revisions and amendments to existing standards did not have any material impact on the preparation of the Group's financial statements.

(b) New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1st April 2014 and have not been early adopted:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011- 2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012- 2014 Cycle[4]

1 Effective for annual periods beginning on or after 1st January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1st January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1st July 2014, with earlier application permitted.

4 Effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1st July 2014, with limited exceptions. Earlier application is permitted.

The Group is assessing the impact of these standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operation and financial position.

The Group intends to adopt the above standards, amendments and interpretations when they become effective.

2. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sales of electronic components, automation parts and equipment	**444,663**	446,335
Sales of computer products, mobile accessories and service income	**141,034**	148,029
Sales of cosmetic products	**109,360**	8,912
	695,057	603,276

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

Certain comparative amounts of the revenue and segment information have been reclassified and restated to conform with current year's presentation as the Group introduced an additional reportable operating segment regarding sales of cosmetic products during the year, the related revenue and segment information were previously included in "Sales of computer products, mobile accessories and service income" and the segment information of "Computer Business" respectively. Accordingly, the segment information of Computer Business for the year ended 31st March 2014 for comparative purpose have been restated and the segment information of the newly reportable segment – Cosmetic Retail Business for the year ended 31st March 2014 for comparative purpose have been presented.

The Executive Directors have assessed the performance of the operating segments based on segment results before corporate expenses, finance costs and share of profits/(losses) of associates.

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

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

The segment results for the year ended 31st March 2014 are as follows:

	Electronic Trading Business *HK$'000*	Computer Business *HK$'000* (Restated)	Cosmetic Retail Business *HK$'000* (Restated)	Unallocated *HK$'000*	Group *HK$'000*
Revenue	446,335	148,029	8,912	–	603,276
Segment results	12,653	(781)	(639)	(800)	10,433
Interest expenses					(1,175)
Share of losses of associates					(16)
Profit before income tax					9,242
Income tax expense					(3,911)
Profit for the year					5,331
Other segment items included in the consolidated statement of profit or loss are as follows:					
Depreciation	1,327	978	401	–	2,706
Provision for impairment of trade receivables	276	–	–	–	276
Provision for slow-moving inventories	2,583	18	–	–	2,601

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

	2015 ***HK$'000***	2014 *HK$'000*
Revenue		
Hong Kong (country of domicile)	**442,969**	355,078
Asia Pacific	**149,752**	159,730
South Africa	**84,023**	73,146
Europe	**1,241**	1,538
Other countries	**17,072**	13,784
	695,057	603,276

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

3. OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Management fee from an associate	**156**	92
Management fee from third parties	**1,419**	1,361
Service fee from an associate	**–**	4
Commission income	**56**	104
Interest income from bank deposits	**186**	120
Gain on a bargain purchase of a subsidiary	**–**	861
Other income	**376**	193
	2,193	2,735

4. EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
Costs of inventories expensed	**546,454**	493,092
Employee benefit expense	**64,628**	60,029
Depreciation of owned property, plant and equipment	**5,403**	2,706
Provision for impairment of trade receivables (included in general and administrative expenses)	**2,025**	276
(Reversal of provision)/provision for slow-moving inventories (included in cost of sales)	**(2,584)**	2,601
Operating lease rentals in respect of rented premises	**27,345**	14,184
Auditors' remuneration	**1,028**	1,050
Gain on disposal of property, plant and equipment (included in general and administrative expenses)	**(628)**	(215)
Net foreign exchange gains (included in general and administrative expenses)	**(1,660)**	(518)

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expense on short-term bank loans, wholly repayable within one year	**1,922**	1,175

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong Profits Tax	**266**	384
– Overseas taxation	**6,191**	3,582
– Over provision in prior years	**(298)**	(15)
Deferred income tax	**–**	(40)
Income tax expense	**6,159**	3,911

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31st March 2015 is based on the Group's profit attributable to equity holders of the Company of approximately HK$7,789,000 (2014: HK$1,013,000) and on the weighted average number of 200,000,000 (2014: 200,000,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary shares in issue during the years ended 31st March 2015 and 2014.

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividend paid of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**1,000**	1,000
Proposed final dividend of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**1,000**	1,000
	2,000	2,000

At a meeting held on 23rd June 2014, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2014.

At a meeting held on 24th June 2015, the directors of the Company proposed a final dividend of HK0.5 cent per ordinary share in respect of the year ended 31st March 2015. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ended 31st March 2015.

9. TRADE RECEIVABLES

The Group normally grants to its customers credit periods for sales of goods ranging from 7 to 90 days. The aging analysis of the trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**57,467**	58,417
61 to 120 days	**1,594**	1,017
121 to 180 days	**990**	2,052
181 to 365 days	**707**	996
Trade receivables	**60,758**	62,482
Less: provision for impairment of trade receivables	**(632)**	(879)
	60,126	61,603

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

10. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**57,358**	45,145
61 to 120 days	**799**	1,436
121 to 180 days	**326**	415
181 to 365 days	**456**	1,036
	58,939	48,032

FINANCIAL RESULT

The performance of the Company and its subsidiaries (the "Group") for the year under review was improved which was mainly attributable to the significant growth in cosmetic retail business of the Group (the "Cosmetic Retail Business"). For the financial year ended 31st March 2015, the Group recorded a turnover of around HK$695 million, representing an increase of about 15% from approximately HK$603 million recorded in the last year. Gross profit increased by about 35% from approximately HK$110 million in the last year to around HK$149 million in this year, while the gross profit margin slightly increased by approximately 3.1% to around 21.4% from about 18.3% in the last year. The Group's operating profit increased around 100% to approximately HK$20 million (31st March 2014: approximately HK$10 million), and the profit attributable to shareholders was approximately HK$7.8 million (31st March 2014: approximately HK$1 million). This represented earnings per share of around HK$0.039 (about HK$0.005 as at 31st March 2014). The Board has resolved that subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, a final dividend of HK0.5 cent per ordinary share shall be declared for the year ended 31st March 2015, totaling HK$1 million to the shareholders whose names appeared on the register of members of the Company on 17th August 2015. The final dividend, if approved, is expected to be paid on 26th August 2015.

During the year under review, the Group continued to focus on its three core business operations, namely: (1) the Electronic Trading Business; and (2) the Computer Business which includes (i) the retail sales of computer products and smartphone accessories under the brand of (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of (the "Computer Distribution Business"); and (3) the Cosmetic Retail Business. During the year under review, the Group's turnover derived from the Electronic Trading Business decreased approximately 0.22% to about HK$445 million from approximately HK$446 million in the last year. Turnover from the Computer Business was recorded as about HK$141 million, which represented a decrease of approximately 4.7% from about HK$148 million in the last year. Cosmetic Retail Business posted notable improvement in turnover and recorded around HK$109 million, which represented an increase of approximately 1,111% from about HK$9 million in the last year.

For the year ended 31st March 2015, the Group's total operating expenses were approximately HK$131 million, representing an increase of about 28.4% (31st March 2014: about HK$102 million), among which the distribution and selling expenses were approximately HK$46 million which have increased by about 21% from approximately HK$38 million in the last year. The increase was mainly attributable to the increase of sales related costs as a result of an increase in commission and salary paid to cosmetic retail salesmen. During the year under review, the general and administrative expenses increased significantly by about 33% to around HK$85 million (31st March 2014: about HK$64 million). While the Group continued to control the headcount in Electronic Trading Business and Computer Business, the Group allocated more resources to Cosmetic Retail Business. As at 31st March 2015, the headcount for the Electronic Trading Business and the Computer Business decreased by about 4% and 18% to 318 and 65 full-time employees (31st March 2014: 332 and 79 full-time employees) respectively while the headcount for the Cosmetic Retail Business increased from 18 full-time employees last year by about 322% to 76 full-time employees as a result of the increase of the cosmetic retail stores. Meanwhile, finance cost for the year increased by about 58% to approximately HK$1.9 million (31st March 2014: about HK$1.2 million).

During the year under review, the Group expanded up to 27 cosmetic retail stores. By means of the Group's commitment on the development of the cosmetic retail networks, the Cosmetic Retail Business posted turnover growth with strong momentum and became one of the Group's core business operations.

BUSINESS REVIEW

During the year under review, the Group operated in three core business operations, namely: (1) the Electronic Trading Business; (2) the Computer Business which includes (i) the retail sales of computer products and smartphone accessories under the brand of (the "Computer Retail Business") and (ii) the distribution of computer products and consumer products under the brand of (the "Computer Distribution Business"); and (3) the Cosmetic Retail Business. The Electronic Trading Business, the Computer Business and the Cosmetic Retail Business accounted for approximately 64%, 20% and 16% of the Group's total turnover respectively for the year under review.

By analysis on the three core business operations, the gross profit margin of the Electronic Trading Business, the Computer Business and the Cosmetic Retail Business were approximately 19.6%, 17.4% and 34.0% (31st March 2014: approximately 19.0%, 15.1% and 36.7% respectively for the year ended 31st March 2015.

Electronic Trading Business

Hong Kong

Electronic Trading Business remained the primary contributor to the Group's turnover and profits during the year under review and showed steady turnover of approximately HK$445 million as compared with that of approximately HK$446 million recorded in the last year or dropped by about 0.22%.

In addition, the Group entered into agreements with Chroma (Shenzhen) Co., Ltd and Hong Kong Crystal Limited during the year under review and became an authorized distributor of various power electronics test solution and crystal products. Such agreements allowed the Group to diversify its products and gain further market share in the electronic equipment business.

Overseas

The aggregate turnover of all of the Group's overseas subsidiaries was approximately HK$119 million, representing an overall increase of approximately 7.2% as compared with that of approximately HK$111 million recorded in the last year.

South African Rand slumped against strong Hong Kong dollar by about 13% as compared with that of quoted in the last year and faces further downside pressure. Market expectations on higher federal benchmark rates are burdening the currencies in developing economies.

Furthermore, despite the political uncertainty and difficult labour environment in South Africa, the Group had ensured sustainable growth by continuously reinvested its resources in products and information technology while our industry peers were reluctant to invest. The investments had resulted in the Group being able to deliver highly competitive service quality over the competitors and increased its turnover.

During the year under review, the turnover generated by the Group's South Africa subsidiary surged about 15% and reached approximately HK$84 million (31st March 2014: approximately HK$73 million) and outpaced the weakened currency impact.

In terms of geographical segments, the turnover from Hong Kong, the Asia-Pacific region (other than Hong Kong), South Africa, Europe and other regions accounted for 64%, 21%, 12%, 1% and 2% respectively of the Group's total turnover during the year under review.

Computer Business

Computer Retail Business

The turnover of the Computer Retail Business rose to approximately HK$39 million by about 5% during the year under review (31st March 2014: approximately HK$37 million). The total operating expenses for the year increased by approximately 29% and reached approximately HK$18 million (31st March 2014: approximately HK$14 million). Such increment was due to the Group gradually expanded its retail outlets in a disciplinary manner and recorded increments in associated operating overheads in line with the turnover. The Group had managed its rental cost prudently and enhanced its operating efficiency to ensure the designated profit margin was achieved.

Computer Distribution Business

The turnover of the Computer Distribution Business recorded a decline of about 8% to approximately HK$102 million (31st March 2014: approximately HK$111 million). During the year under review, the decrease in such turnover was mainly attributable to the weakened demand in computer and mobile accessories (such as, memory stick and hard disk drive), the absence of new products and the competitive pressure from peers especially from e-commerce.

Cosmetic Retail Business

The Group's Cosmetic Retail Business recorded a significant growth of over 11 times in term of turnover as compared with that of recorded in the last year and became one of the core revenue drivers during the year under review. The Group has adopted a market-driven and customer-focused approach in expanding its retail store chain network and formulating its product selling strategies. As at 31st March 2015, Videocom Technology (HK) Limited ("Videocom") has expanded up to 27 wishh! retail stores (as at 31st March 2014: 9 wishh! stores) with 90% product coverage comprising over 100 Korean cosmetic brands. Over the past year, the Group devoted considerable resources to cope with its ongoing development in its cosmetic retail store chain network. The Group focused on opening new stores in Kowloon and New Territories in response to anticipated demand from cross-border Mainland tourists and certain residential districts.

The Group assigns management team led by Mr. Hung Ying Fung and Ms. Hung Lok Lam, Joyce for store operation and product management function. Mr. Hung, a director of Videocom, worked closely with landlords to identify feasible vacancies in shopping malls during the course of retail network expansion. Ms. Joyce Hung, the Business Development Manager of Videocom, was responsible for overseeing the product development and brand management of wishh! and merchandising and marketing wide range of cosmetic products for the customers of the Group. Both Mr. Hung and Ms. Joyce Hung had also actively participated in the Group's successful launching of first wishh! cosmetic retail store in July 2013.

DEVELOPMENT STRATEGY AND OUTLOOK

The Group has been pursuing growth opportunities by diversifying its business into the domestic Cosmetic Retail Business. Looking forward, the Group will shift its prime focus on the Cosmetic Retail Business to achieve synergies from other existing businesses. The Group believes that the purchase power of Mainland tourists and potential in feminine market segment would constitute another identifiable income stream to the shareholders.

The Group expects to open up to 40 cosmetic retail stores and extend its coverage in Korean cosmetic products by the end of this financial year to boost its market share in the cosmetic retail industry in Hong Kong. The Group will also attend cosmetic and beauty exhibitions held in Korea in a quarterly basis for new products development and sourcing. Ms. Joyce Hung, the second generation of the senior management team, will be responsible for overseeing the Group's management and development in the Cosmetic Retail Business.

With regard to the Electronic Trading Business, the Group will closely monitor its operating expenditures and will implement effective cost control in other regions to maximize overall profitability to the shareholders. In addition, the Group will cautiously develop its Electronic Trading Business and participate in reputable industry exhibitions. Through these events, the Group will maintain close relationships with vendors and explore new business opportunities as well as to gain insights on industrial trends and new products. During the year under review, the Group has also utilized various social media platform to promote its new products and the outcome is satisfactory.

For the Computer Business, the Group tends to strengthen the core revenue by focusing on the development of value-added after-sales services relating to computer products, mobile accessories and others.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2015, the Group's cash and bank balances amounted to approximately HK$45 million and the net current assets were approximately HK$159 million. As at 31st March 2015, the current ratio dropped to approximately 1.9 (as at 31st March 2014: approximately 2.1). Out of the Group's cash and bank balances, about 35% and 28% were denominated in Hong Kong dollars and United States dollars respectively. The balance of approximately 15%, 12%, 5%, 3%, 1% and 1% of its total cash and bank balances was denominated in Chinese Renminbi, South African Rand, Malaysia Ringgit, New Taiwan dollars, Singaporean dollars and others respectively. The Group's total assets amounted to approximately HK$358 million (as at 31st March 2014: approximately HK$325 million). Net assets per share amounted to approximately HK$0.91 (as at 31st March 2014: approximately HK$0.91). Dividend and basic earnings per share were approximately HK$0.01 and HK$0.039 respectively (as at 31st March 2014: approximately HK$0.01 and HK$0.005 respectively).

The Group generally finances its operation by internally generated resources and banking facilities provided by banks in Hong Kong. As at 31st March 2015, the Group had banking facilities for overdrafts, loans and trade finance from banks totaling approximately HK$119 million (as at 31st March 2014: approximately HK$88 million), with an unused balance of approximately HK$26 million (as at 31st March 2014: approximately HK$29 million). The Directors believe that the Group's existing financial resources are sufficient to fulfill its current commitments and working capital requirements.

CAPITAL STRUCTURE

As at 31st March 2015, the total borrowings of the Group were approximately HK$93 million (as at 31st March 2014: HK$59 million), which were in the form of short-term bank loans (including short-term loans and trade finance) for financing the daily business operations and future development plans. The majority of Group's bank borrowings as at 31st March 2015 were denominated in Hong Kong dollars. These short-term loans and trade finance were secured by the Company's corporate guarantees of around HK$132 million and the leasehold properties in Singapore (as at 31st March 2014: HK$84 million), with a maturity term of one to four months, and such short-term loans can be rolled over afterwards at the Group's discretion.

During the year under review, the Group's borrowings bore interest at rates ranging from 2.21% to 3.06% per annum (as at 31st March 2014: ranging from 2.21% to 2.96% per annum).

GEARING RATIO

As at 31st March 2015, the Group's gross borrowing repayable within one year, amounted to approximately HK$93 million (as at 31st March 2014: approximately HK$59 million). After deducting cash and cash equivalents of approximately HK$45 million, the Group's net borrowings amounted to approximately HK$48 million (as at 31st March 2014: approximately HK$18 million). The total equity as at 31st March 2015 was approximately HK$182 million (as at 31st March 2014: approximately HK$182 million). Accordingly, the Group's net gearing ratio, based on net borrowings to total equity, increased to 26.4% (as at 31st March 2014: 9.9%). The increase of net gearing ratio was mainly due to the increase of bank borrowings in relation to the increase of working capital required to support the development for the Cosmetic Retail Business.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the Group's transactions were denominated in Hong Kong dollars, Chinese Renminbi and United States dollars. Given that the exchange rate of Hong Kong dollars against Chinese Renminbi has been and is likely to be under control and that the Hong Kong Government's policy of pegging the Hong Kong dollars to the United States dollars remains in effect, the Directors consider that the risk facing by the Group on foreign exchange will remain minimal and no hedging or other alternative measures have been undertaken by the Group. As at 31st March 2015, the Group had no significant risk exposure pertaining to foreign exchange contracts, interest rates, currency swaps, or other financial derivatives.

CHARGES ON ASSETS

As at 31st March 2015, the properties with carrying value of approximately HK$11 million have been pledged to secure the general banking facilities granted to the Group's subsidiary in Singapore.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March 2015, the Group had total outstanding operating lease commitments of approximately HK$74 million (as at 31st March 2014: HK$43 million). In view of the Group's high level of liquid funds, it is expected that the Group will be able to fulfill all these commitments without any difficulty. The Group had no contingent liabilities as at 31st March 2015.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31st March 2015, the Group had a total of 459 full-time employees inclusive of its staff in Hong Kong and overseas subsidiaries. The Group has developed its human resources policies and procedures based on the performance, merits and market conditions. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses (based on the Group's financial results as well as individual performance).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6th August 2015 to 10th August 2015, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at its office situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5th August 2015. The Register of Members of the Company will be closed from 14th August 2015 to 17th August 2015, during which period no transfer of shares will be effected, and the final dividend will be paid on 26th August 2015. In order to qualify for the final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at the above address not later than 4:30 p.m. on 13th August 2015.

DEALING IN COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results for the year ended 31st March 2015 with the Directors. The Audit Committee comprises three independent non-executive Directors, namely Mr. Charles E. Chapman, Dr. Leung Wai Cheung and Mr. Ku Wing Hong, Eric.

PUBLICATION OF FURTHER INFORMATION

All the financial and other related information of the Company required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. The annual report containing the financial statements and the notice of annual general meeting will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in early of July 2015.

APPRECIATION

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

By order of the Board
Hung Kim Fung, Measure
Chairman

Hong Kong, 24th June 2015

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