建福集團控股有限公司

KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00464

Annual Report 2015

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Lam Wai Ming *(Chairman)*
Tam Chi Sang *(Managing Director)*

Independent Non-Executive Directors
Chiu Fan Wa
Choi Hon Keung
Li Chi Chung

COMPANY SECRETARY

Pang Kit Teng

AUDIT COMMITTEE

Chiu Fan Wa *(Chairman)*
Choi Hon Keung
Li Chi Chung

NOMINATION COMMITTEE

Chiu Fan Wa *(Chairman)*
Choi Hon Keung
Li Chi Chung

REMUNERATION COMMITTEE

Choi Hon Keung *(Chairman)*
Chiu Fan Wa
Lam Wai Ming
Li Chi Chung
Tam Chi Sang

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1106-8, Riley House
88 Lei Muk Road, Kwai Chung
New Territories, Hong Kong

Telephone: (852) 2422 8198
Facsimile: (852) 2420 3199
Email: inform@kenford.com.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER

Sit, Fung, Kwong & Shum

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank Limited

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited
www.sprg.com.hk
kenford@sprg.com.hk

CORPORATE WEBSITE

www.kenford.com.hk

STOCK CODE

00464

Highlights

For the year ended 31 March	2015 HK$'000	2014 HK$'000
Operating result		
Revenue	**585,027**	617,218
Gross profit	**80,883**	47,750
Net profit (loss)	**793**	(31,614)
Per share data	**HK cents**	HK cents
Basic earnings (loss) per share	**0.181**	(7.203)
Diluted earnings (loss) per share	**0.181**	(7.203)
Net assets per share	**84.999**	82.857
Financial position	**HK$'000**	HK$'000
Cash and bank deposits	**99,444**	103,757
Total assets	**531,359**	543,400
Net assets	**373,081**	363,680
Financial ratio		
Gross profit margin	**13.8%**	7.7%
Net profit (loss) to revenue	**0.1%**	(5.1%)
Return on equity	**0.2%**	(8.7%)
Net cash to equity	**14.7%**	11.5%

Chairman's Statement

On behalf of the Board of Directors (the "**Board**"), I am pleased to present the audited consolidated financial results of Kenford Group Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2015.

The business environment for the financial year of 2014/2015 (the "**Financial Year**") has remained challenging for many electrical appliance manufacturers. The mild drop of 5.2% in the sales revenue of the Group compared to last year was mainly due to the decrease in orders from the Mainland China and North and South America markets.

Many changing factors in Mainland China, such as the labour shortage, soaring production costs and the Government's policy adjustments, have made even keeping the Group's business at a comparable level to last year an uphill task. Under such operating pressure, the Group has promoted management of innovation by improving human resources control thereby also boosting operational efficiency and positively affecting the Group's overall profitability.

For the financial year ended 31 March 2015, the Group's consolidated turnover was HK$585,027,000 (2014: HK$617,218,000). The Group's net profit was HK$793,000 (2014: net loss HK$31,614,000). Our cash and bank deposits as at the end of this financial year were HK$99,444,000 (2014: HK$103,757,000). Also, the low gearing ratio of 11.9% as at 31 March 2015 and the positive cash balances clearly indicated that adequate financial resources have remained available for the Group to expand its production capacities in the coming years.

The Board has resolved not to declare the payment of a final dividend for the year.

During the financial year, considerable effort has been made to redesign our assembly processes and increase both semi and fully automation within our production operations. The Group has invested HK$11,907,000 in upgrading manufacturing equipment and facilities to improve production efficiency as part of its emphasis on cost rationalisation. The Group expects to maintain the level of this investment to be better prepared to capture future growth opportunities.

The coming year of 2015/2016 will be full of challenges. We believe the momentum of China's economic growth will probably continue to slide and struggle, while the economic prospects in Europe and US would still be far from a full recovery. Under these conditions, the Group shall strive to maintain a healthy financial and liquidity position.

Moving forward, the Group will continue to implement stringent cost control measures to offset rising operating costs. Our veteran management team will focus on formulating business strategies and keep on leveraging our strong internal research and development capabilities to create innovative products with strong value-added features that can boost our margins. Our "Magic Hair Styler" and "Hot Rotating Silicon Brush" winning awards at the Red Dot Award: Product Design 2015, the largest and most recognised international product competition in the world testifies to the Group's strong dedication in creativity. The strategic focus of the Group in developing lifestyle hair care products superior to traditional electrical appliances and fashion and lifestyle brands will remain unchanged.

On behalf of the Board, I would like to extend my sincere gratitude to the entire workforce for their diligence and their steadfast commitment during the year. I would further like to thank our shareholders for their confidence in the Group, our customers worldwide for their trust and support of our products and services, as well as our bankers and business partners for their ongoing support.

By Order of the Board

Lam Wai Ming
Chairman

Hong Kong, 26 June 2015

COMPANY PROFILE

Kenford Group Holdings Limited and its subsidiaries (the "**Group**") were founded in 1984 and has been listed on the Hong Kong Stock Exchange since 2005. The Group is principally engaged in the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small electrical household appliances. Its headquarters are in Hong Kong with a manufacturing base in Dongguan, PRC.

The Group's products are mainly sold on Original Design Manufacturing (ODM), Original Equipment Manufacturing (OEM) and Original Brand Manufacturing (OBM) bases. Its customers are principally leading brand owners and importers who then resell the products to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs, catalogues and grocery stores.

Today's consumers are increasingly concerned about caring for and grooming their hair in addition to styling. They are looking for hair dryers that can promise softer, shinier and healthier hair and hair straighteners that can leave the hair straight, shiny and smooth. The Group can meet their demands as most of our products boast the following features: ionisation, ceramic coating, self-heat regulation, convenient cool-shot button (to quickly cool hair and hold a hair style), a diffusing and removable air filter (to prevent overheating and breakdown). Besides, they are light in weight for easier control.

As for international marketing, the Group annually participates in the Hong Kong Electronics Fair Autumn Edition every October and the Cosmoprof Asia Exhibition in Hong Kong every November so as to increase brand awareness and promote products.

FINANCIAL REVIEW

During the year ended 31 March 2015, the Group continued to face the challenges of increased labour costs and a shortage of skilled labour. Despite the effort to improve profitability, the Group struggled to increase turnover and gross profit. Due to weakened global market demand, the Group recorded a turnover of HK$585,027,000 (2014: HK$617,218,000), a decline of 5.2% from the previous financial year attributable to the decrease of demand from markets in Mainland China and North and South America.

During the Financial Year 2015, turnover attributable to the sales of electrical haircare products accounted for approximately HK$576,819,000 (2014: HK$607,969,000), representing about 98.6% (2014: 98.5%) of the turnover of the Group. The remaining HK$8,208,000 (2014: HK$9,249,000), representing about 1.4% (2014: 1.5%), was for the sales of electrical healthcare products and other small household electrical appliances.

The Group reported a gross profit of HK$80,883,000 (2014: HK$47,750,000) during the year, representing a gross profit margin of 13.8% (2014: 7.7%) an increase of 6.1% primarily due to stable raw material prices and ongoing cost reduction initiatives which were offset by rising labour costs.

In line with the increase of gross profit, profit before taxation for the year ended 31 March 2015 was HK$2,684,000 (2014: loss of HK$36,510,000), representing an increase of 107.4% from the previous financial year. The percentages of distribution costs and administrative expenses to turnover were about 1.6% and 12.9% respectively compared to 1.7% and 13.3% in the last financial year. The decrease in administrative expenses was caused by declining staff salaries and PRC government levies.

Profit for the year was HK$793,000, an increase of 102.5% from a loss of HK$31,614,000 for the financial year ended 31 March 2014.

Basic earnings per share amounted to HK0.181 cents, an increase of 102.5% compared to a (loss) of (HK7.203) cents during the corresponding period last year.

The Board of Directors ("**The Board**") has resolved not to declare payment of a final dividend (2014: Nil) for the financial year ended 31 March 2015. There was no interim dividend declared (2014: Nil) meaning that there were no dividends declared for the whole year (2014: Nil).

BUSINESS REVIEW

Market Review

During the financial year, the European market showed improvement caused by our launching of new innovative production for our European customers while the other markets showed varying levels of decline in demand. In the aftermath of the Global Financial Crisis, the overall worldwide consumption of haircare showed a modest pickup. We believe that should further crises not materialise and economic conditions continue to improve, global growth could be expected but only at a relatively slow rate in the coming year.

Consequently, the European market showed promising growth of 8.5% in turnover during this financial year. The turnover contribution from Europe as a percentage of revenue increased slightly to 53.6% during this financial year from 46.8% in the preceding financial year. At the same time, the turnover contribution percentage from Asia, North and South America, Africa and Australia dropped to 35.3%, 9.1%, 1.1% and 0.9% during this financial year from 37.4%, 12.6%, 1.9% and 1.3%, respectively, in the preceding financial year.

Testimony to the Group's quality is that most of its customers are renowned global brands. Our five major customers have accounted for approximately 86.0% and 83.8% of the Group's total turnover in the current financial year and the previous financial year, respectively.

Operation Review

In order to remain competitive in this industry, the Group has consistently allocated resources to the research and development ("**R&D**") of innovative and value-added applications in its haircare products. Highlights include the award-winning hair styler "Magic Hair Styler" which has been designed based on a thorough investigation into hair properties and the curling process. Users can more easily and safely curl the hair behind with the Magic Hair Styler. Another award-winning appliance "Hot Rotating Silicon Brush" features an integrated rotating heating system and special silicone styling bristles. The bristles can keep the lock of hair taut so as to facilitate perfect styling every time.

During the current financial year, the Group has faced operating challenges similar to those of other manufacturers in Mainland China, such as the slow recovery in export markets, declining growth in Mainland China domestic markets, the moderate appreciation of the Renminbi and higher operations costs and general expenses as a result of the increased overtime and labour costs due to labour shortages in Guangdong province. The monthly minimum wage in Dongguan was increased from RMB1,100 to RMB1,310 effective from May 2013. But amidst the macroeconomic uncertainty, prices of metal commodities, such as copper, lead, and aluminium alloys, are stabilising, which could provide some relief to the cost pressures on the Group. Though the Group's gross profit margin was adversely affected by most of these trends, it was very difficult to pass all of the higher expenses on to customers.

The labour shortage remains a serious issue in China, leading to significant increases in labour costs which has inevitably placed a heavier burden on the whole manufacturing process and operational efficiency. The Group is strategically coping with this issue, by transforming itself from a labour-intensive operation into a more capital-intensive enterprise. To implement this transformation, the Group has continued to devote more resources to upgrade and automate its manufacturing. Towards this end, it has strived to improve the production efficiency and eliminate waste and, ultimately, reducing costs.

The immediate goal of the Group is to monitor the on-going initiatives to both improve operational efficiency and invest in people and processes to advance its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had approximately HK$99,444,000 cash and bank deposits (2014: HK$103,757,000). The Group's net current assets were approximately HK$184,096,000 (2014: HK$177,048,000). The current ratio of the Group as at 31 March 2015 was maintained at 2.3 (2014: 2.1) and the net cash to equity ratio (cash and bank deposits less the interest bearing borrowings over total equity) was 14.7% (2014: 11.5%).

As at 31 March 2015, the Group had aggregate banking facilities of HK$150,400,000 (2014: HK$159,202,000), of which HK$44,476,000 (2014: HK$62,071,000) was used. The borrowings comprised bank loan facilities of HK$nil (2014: HK$6,308,000) and trade finance facilities of HK$44,476,000 (2014: HK$55,763,000). The maturity profile of the Group's borrowings falling due within one year amounted to HK$44,476,000 (2014: HK$62,071,000). The bank borrowings carry interest at rates ranging from HIBOR/LIBOR plus 2% to 2.25% (2014: 0.4% to 2.25%) or 1% (2014: 1%) below the Prime Rate.

The Group has maintained a healthy liquidity position and has accumulated sufficient financial resources to meet working capital and capital expenditure requirements.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2015 (2014: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's financial statements are denominated in United States dollars. The Group conducts its business transactions mainly in United States dollars, Hong Kong dollars and Renminbi. As the United States dollar remains pegged to the Hong Kong dollar, there is no material exchange risk in this respect. To manage the appreciation of the Renminbi, the Group has successfully generated revenue in Mainland China to hedge Renminbi receipts and Renminbi payments on an ongoing basis. All of the Group's bank loan facilities were denominated in Hong Kong dollars and carried interest at floating rates.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed 49 staff (2014: 47) in Hong Kong and employed a total work force of approximately 1,808 (2014: 2,366) inclusive of all its staff and workers in China. The Group's remuneration policy is built on the principle of equitable packages to employees, incentive-based where applicable, with performance-oriented and market-competitive remuneration. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits include share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The directors have resolved not to declare the payment of final dividend in respect of the year ended 31 March 2015.

PROSPECTS

The Group expects to face new challenges in the year 2015 as the minimum wage is expected to further increase, along with a shortage of skilled labour in China, the climbing taxes and fees of the Mainland China government, the continuous increasing of manufacturing costs, the shorter product life cycles of consumer electronic products and volatile capital markets and currency fluctuations. At the same time, the visibility of sales orders received is comparatively low which presents difficulties in resources planning.

Despite the anticipated unfavourable macroeconomic environment for the ODM manufacturing sector, the Group continues to invest in new technology providing the ability to roll out new and innovative products, enhance product diversification, automate manufacturing and allocate considerably more resources to developing higher margin innovative products and brand building.

As one of the key global haircare product manufacturers, the Group will continue to align its strategic direction reinforcing its position as a major ODM supplier to the world's leading brand owners. Our strength in advanced and innovative product design and development should drive sales growth momentum in the years to come. Moreover, our bolstered R&D capabilities provide a solid platform for the Group to expand into the haircare manufacturing sector, which is currently undergoing consolidation, as the global economy revives in the near future.

The board of directors (the "**Board**") of Kenford Group Holdings Limited (the "**Company**") herein present the annual report and the audited financial statements (the "**Financial Statements**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the subsidiaries are set out in Note 34 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by products and geographical location is set out in Note 8 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2015.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 34.

The directors have resolved not to declare the payment of final dividend in respect of the year ended 31 March 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the members to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 4 August 2015 to Thursday, 6 August 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. Members whose names appear on the register of members of the Company on Thursday, 6 August 2015 will be entitled to attend and vote at the annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 August 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 17 to the Financial Statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the issued share capital and share options of the Company during the year are set out in Notes 28 and 29 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out on page 36.

INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Investments in subsidiaries	**58**	58
Deposits, prepayments and other receivables	**–**	–
Amounts due from subsidiaries	**57,883**	58,739
Bank balances and cash	**250**	334
Total assets	**58,191**	59,131
Less: liabilities – accruals and other payables	**60**	60
Net assets	**58,131**	59,071
Capital and reserves		
Share capital	**439**	439
Reserves	**57,692**	58,632
Total equity	**58,131**	59,071

DIRECTORS

The directors of the Company (the "**Directors**") who held office during the year and up to the date of this report are:

Executive Directors:
Mr. Lam Wai Ming *(Chairman)*
Mr. Tam Chi Sang *(Managing Director)*

Independent Non-Executive Directors:
Mr. Chiu Fan Wa
Mr. Choi Hon Keung
Mr. Li Chi Chung

In accordance with Article 87 of the Company's articles of association, Mr. Tam Chi Sang and Mr. Choi Hon Keung will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Biographical details of the existing Directors and the senior management of the Group are set out on pages 19 to 20 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment compensation, other than statutory compensation.

DIRECTORS' INTEREST AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 33 to the Financial Statements, none of the Directors or controlling shareholders of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 31 March 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

Long position in the shares of the Company

Name of Director	Nature of interest	Total number of Shares	Approximate percentage of issued Shares
Mr. Lam Wai Ming	Corporate interest	244,800,000 *(Note 1)*	55.78%
	Personal	395,000	0.09%
Mr. Tam Chi Sang	Corporate interest	244,800,000 *(Note 2)*	55.78%
	Personal	395,000	0.09%

(1) Mr. Lam Wai Ming was taken to be interested in an aggregate of 244,800,000 Shares held by Achieve Best Limited ("**Achieve Best**") and Beaute Inc ("**Beaute**") respectively, of which:

(a) 40,800,000 Shares were held by Achieve Best which was wholly-owned by Mr. Lam Wai Ming and he was the sole director of Achieve Best. Mr. Lam Wai Ming was therefore taken to be interested in the 40,800,000 Shares that Achieve Best was interested; and

(b) 204,000,000 Shares were held by Beaute which was owned as to 50% by Apex Prima Limited ("**Apex Prima**") and 50% by Potentasia Holdings Inc ("**Potentasia**"). Apex Prima was wholly-owned by Mr. Lam Wai Ming and Potentasia was wholly-owned by Mr. Tam Chi Sang. Mr. Lam Wai Ming was also a director of Beaute and the sole director of Apex Prima. Mr. Lam Wai Ming was therefore taken to be interested in the 204,000,000 Shares that Beaute was interested;

(2) Mr. Tam Chi Sang was taken to be interested in an aggregate of 244,800,000 Shares held by Realchamp International Inc ("**Realchamp**") and Beaute respectively, of which:

(a) 40,800,000 Shares were held by Realchamp which was wholly-owned by Mr. Tam Chi Sang and he was the sole director of Realchamp. Mr. Tam Chi Sang was therefore taken to be interested in the 40,800,000 Shares that Realchamp was interested; and

(b) 204,000,000 Shares were held by Beaute which was owned as to 50% by Apex Prima and 50% by Potentasia. Apex Prima was wholly-owned by Mr. Lam Wai Ming and Potentasia was wholly-owned by Mr. Tam Chi Sang. Mr. Tam Chi Sang was also a director of Beaute and the sole director of Potentasia. Mr. Tam Chi Sang was therefore taken to be interested in the 204,000,000 Shares that Beaute was interested.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (Continued)

Long position in the underlying shares of the Company

Details are set out in the section headed "SHARE OPTION SCHEME" below.

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

As at 31 March 2015, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the shares of the Company

Name of substantial shareholders	Number of Shares held	Approximate percentage of issued Shares
Beaute	204,000,000	46.48%
Apex Prima *(Note 1)*	204,000,000	46.48%
Potentasia *(Note 2)*	204,000,000	46.48%
Achieve Best	40,800,000	9.30%
Realchamp	40,800,000	9.30%

Notes:

1. Apex Prima was taken to be interested in an aggregate of 204,000,000 Shares held by Beaute which was owned as to 50% by Mr. Lam Wai Ming and 50% by Mr. Tam Chi Sang through their respective interests in Apex Prima and Potentasia.

2. Potentasia was taken to be interested in an aggregate of 204,000,000 Shares held by Beaute which was owned as to 50% by Mr. Lam Wai Ming and 50% by Mr. Tam Chi Sang through their respective interests in Apex Prima and Potentasia.

Save as disclosed above, as at 31 March 2015, no person (other than Directors and chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

On 27 May 2005, the Company adopted a share option scheme ("**Share Option Scheme**") which had already been expired on 26 May 2015. A new share option scheme will be proposed for approval at the coming Annual General Meeting.

The following is the summary of the principal terms of the Share Option Scheme:

(a) Purpose

The purpose of the Share Option Scheme is to recruit and retain high caliber Eligible Persons (as defined in paragraph (b) below) and attract human resources that are valuable to the Enlarged Group or Invested Entities, to recognize the significant contributions of the Eligible Persons to the growth of the Enlarged Group or Invested Entities by rewarding them with opportunities to obtain ownership interest in the Company and to further motivate and give incentives to these Eligible Persons to continue to contribute to the long term success and prosperity of the Enlarged Group or Invested Entities.

(b) Who may join

Any person belonging to any of the following classes who, in the sole discretion of the Board, have contributed or will contribute to the growth and development of the Enlarged Group or any Invested Entity are defined as Eligible Persons:

(i) any employee (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of any members of the Enlarged Group or any Invested Entity;

(ii) any consultant, adviser or agent engaged by any member of the Enlarged Group or any Invested Entity, who, under the terms of relevant engagement with the Enlarged Group or the relevant Invested Entity, is eligible to participate in the share option scheme of the Company;

(iii) any vendor, supplier of goods or services or customer of or to any member of the Enlarged Group or Invested Entity who, under the terms of relevant agreement with the Enlarged Group or the relevant Invested Entity, is eligible to participate in the share option scheme of the Company; and

(iv) any discretionary trust whose discretionary objects include the persons as described in (i), (ii) and/or (iii) above.

The Board may invite any Eligible Person as the Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Enlarged Group or Invested Entity, to take up a right granted to subscribe for Shares pursuant to the Share Option Scheme at a price calculated in accordance with paragraph (c) below and"Options"shall be construed accordingly (the "**Options**").

SHARE OPTION SCHEME (Continued)

(c) Subscription price and acceptance period

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to an Eligible Person but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the offer of a grant of Option pursuant to the Share Option Scheme (the "**Offer**") is made to an Eligible Person pursuant to the Share Option Scheme (the "**Offer Date**");

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and

(iii) the nominal value of a Share.

The Eligible Person must accept any such Offer notified to him or her within fourteen (14) days from the Offer Date, failing which it shall be deemed to have been rejected. Upon acceptance of the Offer, any Eligible Person who accepts an Offer in accordance with the terms of the Share Option Scheme (the "**Grantee**") shall pay HK$1.00 to the Company as consideration for the grant.

(d) Maximum number of Shares subject to the Share Option Scheme

(i) Subject to the provisions of paragraph (d)(ii) below,

(1) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed ten (10)% ("**Scheme Mandate Limit**") of the nominal amount of all issued Shares as at 16 June 2005 (the "**Listing Date**") (such ten (10)% shall represent 40,000,000 Shares) unless the Company obtains a fresh approval from the holders of the Shares (the "**Shareholders**") pursuant to paragraphs (d)(i)(2) and/or (3) below;

(2) the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit from time to time such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed ten (10)% of the Shares in issue as at the date of such Shareholders' approval. The Company must send a circular containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules to the Shareholders; and

(3) the Company may seek separate Shareholders' approval in general meeting to grant Options over and above the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Company before such approval is sought and for whom specific approval is then obtained. The Company must issue a circular containing the information, required under Note 1 to Rule 17.03(3) of the Listing Rules to the Shareholders.

(ii) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed thirty (30)% of the Shares in issue from time to time required under Note 2 of Rule 17.03(3) of the Listing Rules. Further, no option may be granted under the Share Option Scheme and any other option scheme(s) of the Company if such limit is exceeded.

SHARE OPTION SCHEME (Continued)

(e) Maximum entitlement of each Grantee

(i) Unless the approval of Shareholders contemplated under paragraph (e)(ii) below is obtained, the total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1)% of the Shares in issue.

(ii) Where the Board proposes to grant an option to an Eligible Person under the Share Option Scheme and/or any other share option scheme(s) of the Company and such further grant would result in such Eligible Person becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares (a) already issued under all the options previously granted to him or her which have been exercised; (b) issuable under all the options previously granted to him or her which are for the time being subsisting and unexercised; and (c) which were subject to options previously granted to him or her but for the time being having been cancelled in the past 12-month period up to and including the date of such further grant, exceeding one (1)% of the Shares in issue for the time being, such further grant shall be separately approved by the Shareholders in general meeting (with such Eligible Person and his or her associates abstaining from voting). The relevant requirements under the Note to Rule 17.03(4) of the Listing Rules must be complied with.

(iii) Each grant of option to an Eligible Person who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the Share Option Scheme must be approved by the independent non-executive director(s) of the Company (excluding the independent non-executive director who is the grantee of the option).

(iv) Where the Board proposes to grant any option to an Eligible Person who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, and such option, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the past 12-month period up to and including the date of grant (a) representing in aggregate more than 0.1% of the total number of Shares in issue and (b) having an aggregate value (on the assumption that all such options had been exercised and all Shares allotted), based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant or, if that date is not a business day, the business day immediately before that date, in excess of HK$5,000,000, such further grant of options must be approved by the Shareholders.

(f) Term of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten (10) years commencing from 27 May 2005 (being the date of approval of the Share Option Scheme by the Shareholders), after which no further Options shall be granted but the Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the Share Option Scheme shall in all other respects remain in full force and effect in respect thereof.

SHARE OPTION SCHEME (Continued)

(g) Grant of Share Option

Particulars of the Share Option Scheme are set out in Note 29 to the Financial Statements.

As at 31 March 2015, 6,720,000 share options remained outstanding under the Share Options Scheme and the details of the movements of the said outstanding share options were as follow:

Name of grantee	Date of grant	Exercise period	Exercise price per share (HK$)	At 1 April 2014	Exercised during the year	Lapsed during the year	At 31 March 2015	% of total Issued shares
Senior management	22 February 2010	2012.02.22 – 2015.05.26	0.5	3,360,000	–	–	3,360,000	0.8%
Senior management	22 February 2010	2013.02.22 – 2015.05.26	0.6	3,360,000	–	–	3,360,000	0.8%
				6,720,000	–	–	6,720,000	1.6%

Notes:

1. The closing price of the shares of the Company on the date of grant of the above options that is, 22 February 2010, was HK$0.47 per share.

2. 12,790,000 options are exercisable from 22 February 2011 to 26 May 2015 (both days inclusive) subject to the following exercisable periods:

   (i) the first 5,590,000 will be exercisable from 22 February 2011 at an exercise price of HK$0.5 per share;

   (ii) the next 3,600,000 will be exercisable from 22 February 2012 at an exercise price of HK$0.5 per share; and

   (iii) the remaining 3,600,000 will be exercisable from 22 February 2013 at an exercise price of HK$0.6 per share.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of the Company's issued shares as required under the Listing Rules.

INDEPENDENCY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its Independent Non-Executive Directors an annual confirmation of his independence. The Company considers that all of its Independent Non-Executive Directors are independent.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 79 and 80.

RELATED PARTY TRANSACTIONS

Details of the information in relation to the related party transactions of the Group during the year is set out on Note 33 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to its existing Shareholders.

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, transfer or other dispositions of Shares are exempted from Cayman Islands stamp duty.

(c) Professional tax advice recommended

Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 86.0% of the total sales for the year and sales to the largest customer included therein amounted to approximately 44.4%.

Purchases from the Group's five largest suppliers accounted for approximately 28.7% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 7.3%.

None of the Directors or any of their associates or any shareholders, which to the knowledge of the Directors, own more than 5% of the issued share capital of the Company had any beneficial interest in the Group's five largest customers and suppliers.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the financial year ended 31 March 2015, except for the deviation from the CG Code A.2.1. The Company has published its corporate governance report, details of which are set out on pages 21 to 30 of this annual report.

AUDITORS

The financial statements of the Company have been audited by Deloitte Touche Tohmatsu who retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$ Nil (2014: HK$ Nil).

On behalf of the Board
KENFORD GROUP HOLDINGS LIMITED

Lam Wai Ming
Chairman
Hong Kong, 26 June 2015

DIRECTORS

Executive Directors

Mr. Lam Wai Ming, aged 56, joined the Group in January 1989. Mr. Lam is currently the Executive Director and the Chairman of the Company and a member of the Remuneration Committee. Mr. Lam is principally responsible for the leadership and effective running of the Board. Mr. Lam is also responsible for the overall management, corporate strategies, planning and development as well as supervising production, sales and marketing functions of the Group. Mr. Lam has over 26 years of experience in trading and manufacturing of electrical appliances. He holds an Executive Master of Business Administration from City University of Hong Kong. Mr. Lam received the Asia Pacific Entrepreneurship Awards ("**APEA**") – Outstanding Entrepreneur Awards from Enterprise Asia on 4 July 2011. At present, Mr. Lam is the Vice President of The Hong Kong Electrical Appliance Industries Association from 2012-2016 and was the Communication & Publication Deputy Director of The Hong Kong Electrical Appliance Industries Association from 2010 to 2012. Mr. Lam is the brother of Mr. Lam Wai Hung, the Administration Manager of the subsidiaries of the Company in the PRC and the brother-in-law of Mr. Poon Kam Ming, the Senior Marketing Manager of the Group.

Mr. Tam Chi Sang, aged 55, joined the Group in July 1991. Mr. Tam is currently the Executive Director and Managing Director of the Company and a member of the Remuneration Committee. Mr. Tam is responsible for supervision and management of the purchasing, quality control, engineering and design functions of the Group. Mr. Tam has over 26 years of experience in the trading and manufacturing of electrical appliances. Mr. Tam was the Deputy Director and the Director of The Hong Kong Electrical Appliance Industries Association from 2000-2008.

Independent Non-Executive Directors

Mr. Chiu Fan Wa, aged 50, has been the Independent Non-Executive Director of the Company since March 2005. Mr. Chiu is also currently serving as the Chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Chiu is a founder and the managing director of Chiu, Choy & Chung C.P.A. Limited, a local audit firm and a partner of F. S. Li & Co, a local audit firm. He graduated from City University of Hong Kong and obtained a Bachelor of Arts (Honours) Degree with major in accountancy in 1992 and was awarded a Master of Professional Accounting from The Hong Kong Polytechnic University in 2002. Mr. Chiu is a Certified Public Accountant (Practising) in Hong Kong, a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a member of The Society of Chinese Accountants & Auditors, an associate member of the Institute of the Chartered Accountants in England and Wales, an associate of The Hong Kong Institute of Chartered Secretaries, an associate of The Institute of Chartered Secretaries and Administrators, United Kingdom and a fellow member of the Taxation Institute of Hong Kong and registered as a Certified Tax Adviser in 2010. Mr. Chiu is an independent non-executive director of Tianda Pharmaceuticals Limited (Stock Code: 00455) which is a company listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Choi Hon Keung, aged 54, has been the independent non-executive director of the Company since August 2011. Mr. Choi is also currently serving as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Choi has been International Legal Counsel for TCL Multimedia, a global TV manufacturer, since February 2005 till November 2014. Mr. Choi is currently an independent non-executive director of Boyaa Interactive International Limited. (Stock Code: 00434), a company listed on the Stock Exchange of Hong Kong. Mr. Choi is also an active social and economic affairs legal advisor to the Hong Kong Electrical Appliance Industries Association. Mr. Choi obtained a bachelor degree in laws from Peking University in 1991, a master degree in laws from London University in 1992 and a Common Profession Examination Certificate in laws from Hong Kong University in 1994. Mr. Choi was admitted as a Solicitor of the Supreme Court of England and Wales in 1998 and as a member of the Institute of Linguists in 1996.

DIRECTORS (Continued)

Independent Non-Executive Directors (Continued)

Mr. Li Chi Chung, aged 46, has been the Independent Non-Executive Director of the Company since March 2005. Mr. Li is also currently serving as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Li is currently a solicitor practising in Hong Kong. Mr. Li obtained a Bachelor Degree in Laws from The University of Sheffield in England in 1990. Mr. Li was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters. At present, Mr. Li is an independent non-executive director of PINE Technology Holdings Limited (Stock Code: 01079), which is a company listed on the Main Board. Mr. Li is the company secretary of China Financial International Investments Limited (Stock Code: 00721) and Kingbo Strike Limited (Stock Code: 01421), both of which are companies listed on Main Board of The Stock Exchange. Mr. Li was an independent non-executive director of Richfield Group Holdings Limited (Stock Code: 00183) and Eagle Nice (International) Holdings Limited (Stock Code: 02368) from 23 March 2007 to 12 December 2011 and November 2002 to 27 February 2013, respectively. Both of these two companies are listed on the Main Board of The Stock Exchange.

Senior Management

Ms. Pang Kit Teng, aged 52, joined the Group in October 2011. Ms. Pang is the Company Secretary and the Financial Controller of the Group. Ms. Pang is responsible for overseeing the Group's financial planning, control and management, regulating compliance, investor relationship and HR and Administrative functions. Prior to joining the Group, Ms. Pang had held various senior management positions, including Chief Financial Officer, Director of Finance and Company Secretary in various listed companies in USA and HK. She had also worked in Deloitte Touche Tohmatsu Limited, one of the world's largest international accounting firms, for four years. Ms. Pang has over 27 years of professional accountancy, financial and executive management experience. She holds an Executive Master of Business Administration from City University of Hong Kong and a Bachelor of Business Administration from York University in Canada. Ms. Pang is a member of the Hong Kong Institute of Certified Public Accountant and a member of the American Institute of Certified Public Accountant.

Mr. Kwong Pak Chuen, Patrick, aged 54, joined the Group in June 1999 and is the Senior Engineering Manager of the Group. Mr. Kwong is the Head of Engineering, Design and Research and Development Departments. Mr. Kwong graduated from The University of Warwick with a Master Degree of Science in Engineering Business Management. Mr. Kwong has over 29 years of experience in project engineering, product development and research and development for small household electrical appliances, such as haircare products, kitchen ware products, other hand held drilling machines and hand toys.

Mr. Poon Kam Ming, Percy, aged 59, joined the Group in 1997 and is the Senior Marketing Manager of the Group. Mr. Poon is responsible for sales and marketing functions of the Group. Mr. Poon was awarded Master Degree of Science and a Bachelor Degree of Science in Civil Engineering from University of Saskatchewan. Mr. Poon has over 18 years of experience in sales and marketing of electrical appliances. Prior to joining the Group, Mr. Poon served an international construction company and earned several years of managerial experience. Mr. Poon is the brother-in-law of Mr. Lam Wai Ming, the Executive Director and the Chairman of the Company.

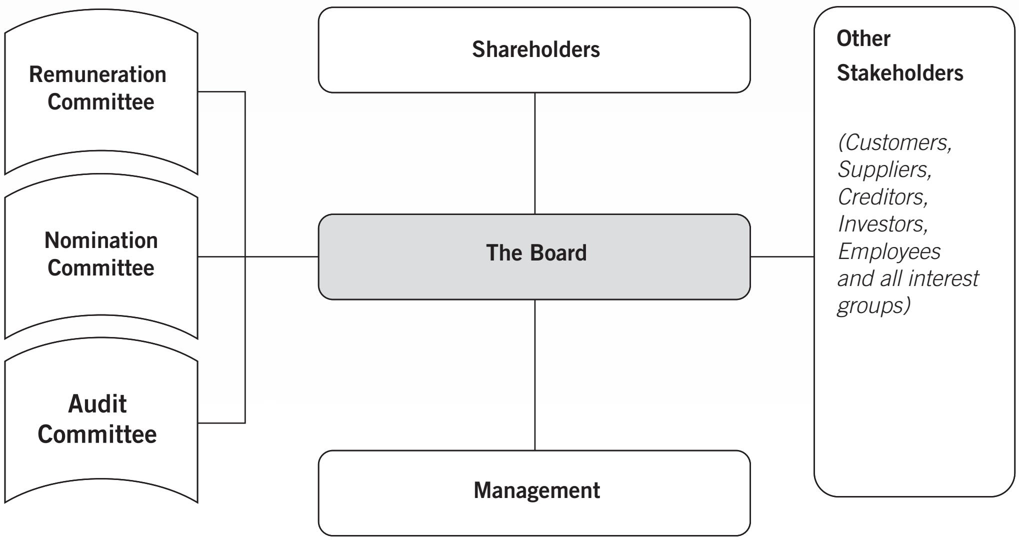
Mr. Yeung Kin Wing, Ramo, aged 45, joined the Group in June 1998 and is the Operation Manager of the Group. Mr. Yeung is responsible for the overall production management of the factories in PRC. Mr. Yeung has obtained a Bachelor Degree of Business Administration from Lincoln University and a National Diploma in Engineering from Business and Technical Education Council. Mr. Yeung has over 24 years of experience in manufacturing industry.

Mr. Lam Wai Hung, aged 45, joined the Group in February 1993 and is the Administration Manager of the subsidiaries of the Company in the PRC. Mr. Lam is responsible for the administration, human resources, training, import duty, information and technology functions of the factories in the PRC. Mr. Lam has over 22 years of experience in factory administration and regulatory compliances in the PRC. Mr. Lam is the brother of Mr. Lam Wai Ming, the Executive Director and the Chairman of the Company.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the board of directors (the "**Board**") of Kenford Group Holdings Limited (the "**Company**"), the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the financial year ended 31 March 2015, except for the deviation from the CG Code A.2.1. This corporate governance report contains the detailed explanations on the Company's practices in compliance with the applicable CG Code provisions and the considered reasons for such deviations.

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Company and its subsidiaries (collectively, the "**Group**"), the chart of which is shown below. The Group will keep on reviewing and improving the corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the directors of the Company (the "**Directors**") have confirmed that they fully complied with the required standards as set out in the Model Code throughout the financial year ended 31 March 2015.

DIRECTORS' AND OFFICERS' INDEMNITY

The Company continues to subscribe for an insurance policy to indemnify the Directors and senior executives from any losses, claims, damages, liabilities and expenses, including without limitation, any proceedings brought against them, arising from the performance of their duties pursuant to their appointment under their respective service agreements or letter of appointment entered into with the Company. The current policy has been renewed and shall be under constant review.

BOARD OF DIRECTORS

Board functions

The Board oversees the strategic development and determines objectives, strategy, policy and business plan of the Company. It monitors and controls the operation and financial performance, reviews the corporate governance standard of the Company and sets appropriate policies pursuant to the Company's objectives.

Board composition

The Board of Directors of the Company comprised five Directors, of which two were Executive Directors, namely, Mr. Lam Wai Ming (Chairman) and Mr. Tam Chi Sang (Managing Director); and three were Independent Non-Executive Directors, namely, Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung. The biographical details of the existing Directors of the Company and the relationships among them as at the date of this report are set out in the "Directors' and Senior Management's Profile" section on pages 19 to 20 of this annual report. Save as disclosed in this annual report, none of the Directors has any business, financial, family or material relationship with each other and the Company.

The Board believes it is a balanced composition as each of the Directors has his own skills, expertise, professional qualifications and appropriate experiences to effectively oversee the business of the Group and the Directors give sufficient time and attention to the Group's affairs. It can effectively exercise independent judgment for the business activities of the Group to safeguard the interests of the shareholders and to improve standard in corporate governance to fulfill the demands of the shareholders and stakeholders of the Group.

During the financial year ended 31 March 2015, the Board complied at all times with the requirements of the Listing Rules relating to the appointment of Independent Non-Executive Directors representing at least one-third of the Board. One of the Independent Non-Executive Directors is a professional accountant, which is in compliance with the requirement of the Listing Rules. Each of the Independent Non-Executive Directors has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considered all of the Independent Non-Executive Directors to be independent.

Board delegation

The Board delegates the authorities to the board committees and the senior management of the Company to provide professional advice and monitor the daily operation of the Group on issues which require discussion, expertise knowledge and experience to make the decision. The three committees of the Board, namely, Remuneration Committee, Nomination Committee and Audit Committee are responsible for making recommendation on the specified matters in line with the terms of reference adopted by the Board set out separately. The senior management is responsible for supervision on the daily operation of the Group by functions.

BOARD OF DIRECTORS (Continued)

Board, Board committees and general meetings

The total number of the meetings and the individual attendance of each Director in person at each of the meetings during the financial year ended 31 March 2015 were as follows:

	Number of meeting attended				
Name of Directors	Board Meetings *(Note)*	Remuneration Committee meetings	Nomination Committee meetings	Audit Committee meetings	Shareholders' General Meeting
Executive Directors					
Mr. Lam Wai Ming	4/4	2/2	2/2	2/2	1/1
Mr. Tam Chi Sang	3/4	2/2	2/2	2/2	1/1
Independent Non-Executive Directors					
Mr. Chiu Fan Wa	4/4	2/2	2/2	2/2	1/1
Mr. Choi Hon Keung	3/4	2/2	2/2	2/2	1/1
Mr. Li Chi Chung	3/4	2/2	2/2	2/2	0/1

Note: There were four (4) Board Meetings held during the financial year ended 31 March 2015 which included three (3) meetings with formal notice and agenda.

Code Provision A.1.1 stipulates that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. There were in total 4 Board meetings held during the financial year ended 31 March 2015, out of which there were 3 regular meetings with formal notice and agenda. The Board believes that the fairness and effectiveness for the decision making on the business needs are adequately ensured. In view of good corporate governance practices, the Board will use its endeavors to meet regularly and hold at least four regular Board meetings in the forthcoming years.

The notices were given at least 14 days in advance for each of the regular Board meeting to all the Directors so that they could have an opportunity to attend the same in person during the year. On ad hoc basis, the Executive Directors met together upon reasonable notices or by agreement of the Executive Directors to waive the notice of the meetings to discuss the matters as required by business needs. In respect of regular Board meetings, and so far as practicable, an agenda and accompanying board papers were sent in full to all Directors in a timely manner at least 3 days before the intended dates of Board meetings.

The company secretary of the Company attended all regular board meetings to advise on corporate governance and statutory compliance when necessary. In addition, the Company has maintained a procedure for Directors to seek independent professional advice in appropriate circumstances. Minutes of Board meetings and meetings of Board committees are kept by a duly appointed secretary of the meetings and such minutes would be inspected at any reasonable time on reasonable notice by any Director.

Minutes of Board meetings and Board committees meetings had recorded in sufficient details the matters considered by the Board and decisions reached, including any concerns raised by Directors or the representatives of the relevant parties or dissenting views expressed. Draft and final versions of minutes of Board meetings had been sent to all Directors and the representatives of the relevant parties involved in the meetings through electronic means for their comments and records respectively, in both cases within a reasonable time after the meetings held.

BOARD OF DIRECTORS (Continued)

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

1. to develop and review the Company's policies and practices on corporate governance;

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

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

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

5. to review the Company's compliance with the code and disclosure in this corporate governance report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lam Wai Ming holds the position of Chairman currently and is deemed to be the Chief Executive Officer. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies and development plans. The Board believes that the balance of power and authority is adequately ensured.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company renewed a letter of appointment with each of the Independent Non-executive Directors for a term of one year.

DIRECTORS' TRAINING

Every newly appointed Director of the Company will receive a comprehensive, formal and tailored induction package to ensure that the Director has a proper understanding of the Company's operation and business and the relevant statues, common laws, the Listing Rules, legal and regulatory requirements and governance policies. The company secretary also provides updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements to the Directors from time to time.

DIRECTORS' TRAINING (Continued)

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of trainings received by Directors since 1 April 2014 to 31 March 2015 according to the records provided by the Directors is as follows:

	Type of trainings		
Directors	**Seminars and/or conferences and/or forums**	**Corporate events or visits**	**Reading**
Executive Directors			
Mr. Lam Wai Ming	✓	✓	✓
Mr. Tam Chi Sang	✓	✓	✓
Independent Non-executive Directors			
Mr. Chiu Fan Wa	✓	✓	✓
Mr. Choi Hon Keung	✓	✓	✓
Mr. Li Chi Chung	✓	✓	✓

REMUNERATION COMMITTEE

Remuneration Committee functions

The remuneration committee of the Company (the "**Remuneration Committee**") was established to formulate remuneration policy for the Board's approval. It has adopted the terms of reference, which are in line with the Code Provisions set out in the CG Code under Appendix 14 of the Listing Rules.

The terms of reference of the Remuneration Committee were amended in August 2011 to the effect that the Remuneration Committee shall include two Executive Directors appointed by the Board in addition to the three Independent Non-executive Directors from time to time. The majority of the members of the Remuneration Committee must be Independent Non-executive Directors of the Company.

The principal functions of the Remuneration Committee include reviewing and recommending specific remuneration packages for each Executive Director and senior management by reference to corporate goals and objectives as well as the share option scheme of the Company.

Remuneration Committee composition

The Remuneration Committee comprises three Independent Non-Executive Directors namely, Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung and two Executive Directors namely, Mr. Lam Wai Ming and Mr. Tam Chi Sang. Mr. Choi Hong Keung was appointed as the chairman of the Remuneration Committee.

REMUNERATION COMMITTEE (Continued)

Remuneration Committee meetings

During the financial year ended 31 March 2015, the Remuneration Committee had met two times to discuss the following matters:

– to review and give comment to the overall remuneration policy and remuneration packages of the Group;

– to review and give comment to the basic salary of the Executive Directors and senior management of the Group;

– to review and give comment to the performance bonus of the Executive Directors of the Company;

– to note the fact that no compensation had been paid to the Executive Directors and senior management of the Group in relation to their resignation, if any; and

– to recommend the remuneration packages of the Executive Directors and senior management of the Group for the financial year ended 31 March 2015 prior to recommending them to the Board for determination.

The details of the number of the Remuneration Committee meetings held during the financial year ended 31 March 2015 and the relevant record of individual attendance of the members of the Remuneration Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 23 of this corporate governance report.

The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. Details of emoluments of the Directors from the Group for the year are as disclosed in Note 13 to the Financial Statements.

NOMINATION COMMITTEE

Nomination Committee functions

The nomination committee of the Company (the "**Nomination Committee**") was established to formulate nomination policy for consideration of the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference, which are in line with the CG Code under Appendix 14 of the Listing Rules.

As a result of the establishment and the adoption of the written terms of reference of the Nomination Committee, it has been developed a formal, consistent and transparent procedure for the appointment of new Directors to the Board. There would be plans in place for orderly succession for appointments to the Board. All Directors would be subject to re-election at regular intervals.

A proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. The Nomination Committee will consider the skills and expertise of the candidates as well as personal ethics, integrity and the willingness to commit time to the affairs of the Group. All candidates must be able to meet the standards set out in the Listing Rules. A candidate who is to be appointed as an Independent Non-Executive Directors should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

NOMINATION COMMITTEE (Continued)

Nomination Committee composition

The terms of reference of the Nomination Committee were amended in August 2011 to the effect that the Nomination Committee shall include three Independent Non-executive Directors from time to time, namely, Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung. Mr. Chiu Fan Wa was appointed as the chairman of the Nomination Committee.

Nomination Committee meetings

During the financial year ended 31 March 2015, the Nomination Committee had met two times to discuss the following matters:

– to consider the structure, size, and composition of the Board;

– to consider no new Board member be nominated and introduced to the Board; and

– to consider the re-election of the Directors of the Company at the annual general meeting of the Company.

The details of the number of the Nomination Committee meetings held during the financial year ended 31 March 2015 and the relevant record of individual attendance of the members of the Nomination Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 23 of this corporate governance report.

AUDITORS' REMUNERATION

During the financial year ended 31 March 2015, the Company engaged Deloitte Touche Tohmatsu as the external auditors of the Company to perform audit and non-audit services. The audit fee was approximately HK$700,000 and other non-audit service fee was approximately HK$30,000 for the year ended 31 March 2015.

AUDIT COMMITTEE

Audit Committee functions

The audit committee of the Company (the "**Audit Committee**") was established on 29 April 2005 with written terms of reference published on both the websites of the Stock Exchange and the Company. They are available for inspection by the shareholders of the Company upon request made to the company secretary. The primary duties of the Audit Committee are, inter alia, to review and supervise the financial reporting process and internal control system of the Group, to review the financial statements focusing particularly on (i) any changes in accounting policies and practices of the Group; (ii) the compliance with accounting standards and (iii) the compliance with the legal requirements, as well as to review the Company's annual reports and interim reports.

The audit committee has the responsibilities and powers set forth in the terms of reference of the audit committee. Committee members shall meet at least twice to consider the interim and final results prepared by the Board.

Audit Committee composition

The Audit Committee comprises three Independent Non-Executive Directors namely Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung. Mr. Chiu Fan Wa, who is a qualified accountant with appropriate professional qualification and experience in financial matters, was appointed as the chairman of the Audit Committee. None of the Audit Committee members are members of the former or existing auditors of the Company.

AUDIT COMMITTEE (Continued)

Audit Committee meetings

During the financial year ended 31 March 2015, the Audit Committee had met 2 times to discuss the following matters:

– to review the final results of the Group for the year ended 31 March 2014 prior to recommending them to the Board for approval;

– to review the interim results for the six months ended 30 September 2014 of the Group prior to recommending them to the Board for approval;

– to review the selection and appointment of the external auditors of the Company for the financial year ended 31 March 2015 prior to recommending them to the Board for approval and the Board had agreed with the Audit Committee's view on this matter;

– to discuss with the Group's external auditors any significant or unusual items reflected in interim and annual reports;

– to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system; and

– to review the internal audit function and report of the Group.

The details of the number of the Audit Committee meetings held during the financial year ended 31 March 2015 and the relevant record of individual attendance of the members of the Audit Committee, on a named basis, are shown in the table under the heading "Board, Board committees and general meetings" on page 23 of this corporate governance report.

As at the date of this corporate governance report, the Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the financial year ended 31 March 2015 in conjunction with the Group's external auditors.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting

Shareholders holdings at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Detailed procedures can be found in the Procedures for Shareholders to convene "General Meetings" which is available on the Company's website.

SHAREHOLDERS' RIGHTS (Continued)

Investor Relations

The Board recognises the importance of maintaining on-going communications with shareholders and investors for the performance of the Company and establishes different communicate channels. These include: (i) the publication of interim and annual reports and/or dispatching circular, notices and other announcements and notifications; (ii) conducting annual general meeting or extraordinary general meeting (if any) which provides a forum for Shareholders of the Company to raise comments and exchange views with the Board; and (iii) updating the websites with the corporate information, achievements and new development of the Group.

To strengthen the investors' relationship, the Company provides different ways for investors to access the soft and hard copies of the Company's information. The printed copies of this annual report in both English and Chinese languages will be dispatched to the Shareholders of the Company in early July 2015. Shareholders can obtain corporate communications free of charge by notice in writing to the Company Secretary of the Company. This annual report in both English and Chinese language is also available on the following websites:

(a) www.hkex.com.hk

(b) www.kenford.com.hk

INTERNAL CONTROL AND RISK MANAGEMENT

The Company believes that improvement in its internal control system will enhance its operational management efficiency and effectiveness. The Company has set up an internal audit department since February 2008. The Audit Committee has met with the internal auditor and discussed with the Board about the internal control report. The Board also through the Audit Committee conducted a review of the effectiveness of the system of internal control of the Group which cover all material controls, including financial, operational and compliance control and risk management functions. The Company has engaged a qualified accountant with appropriate working experiences in the Finance & Accounting Department of the Group. The Board was also satisfied with the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting and financial reporting function.

The Group's internal control for strategic risks includes assessing the threats and opportunities that influence the Company's development. The Company's business environment is affected by economic and political conditions globally.

The Group's internal control for financial risks includes ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use as well as for publication, ensuring compliance with relevant legislation and regulations, and implementing credit risk management. The Directors are responsible for overseeing the preparation of accounts for the financial year to ensure such accounts give a true and fair view of the state of affairs of the Group. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. As at the date of this corporate governance report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern required to be disclosed.

The Group's internal control for operational risks includes: (i) maintaining and ensuring compliance with ISO9001 under the family of ISO9000, a series of international standards on quality management and quality assurance developed by the International Organization for Standardization, for the quality control of the Group's production; (ii) maintaining and implementing a sound network system to avoid computer viruses or other system malfunctions; and (iii) maintaining a team of staff for products development. Besides, the Group has been maintaining product liability insurance for most types of the Group's products against possible claims relating to personal injury or property damage arising from the use of the products manufactured by the Group.

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

The Group's internal control for compliance risks includes maintaining a team of professionals with accounting, financial management, financial risk control (including credit assessment), and corporate governance expertise (including regulatory compliance) to monitor the ongoing activities of the Group to avoid the breach of financial regulations, Listing Rules, companies ordinance requirements and other regulations and laws. The Group would seek for advice from external advisers on accounting, financial and legal issues if necessary.

MANAGEMENT FUNCTIONS

The Board has delegated aspects of its management and administration functions to the management. The management should report back and obtain prior approval from the Board before making decisions or entering into any agreements or arrangements to discharge its functions. The Directors clearly understand the Group's delegation arrangements in place. The key terms and conditions relative to the Directors' appointments have been set out in their service agreements and/or letters of appointments.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairman and the Managing Director. From time to time, the company secretary advises the Board on governance matters and ensures the board procedures, applicable law, rules and regulations are followed. During the financial year ended 31 March 2015, the company secretary has confirmed that she has taken no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

During the financial year ended 31 March 2015, there is no significant change in the Company's constitutional documents.

ENVIRONMENTAL PROTECTION

The Group is fully committed to environmental sustainability both for its products and its operations. The implementation of the European Union's Directives on Restriction of the use of the certain Hazardous Substances in Electrical and Electronic Equipment ("**RoHS**") in August 2005 in European Union members' states has impacted on the electrical and electronic Industry. Accordingly, the Group installed new equipments and established a comprehensive set of policies and procedures to ensure the Group's products completely satisfy RoHS requirements for the European Community and equivalent requirement for the rest of the world. The Group had also made it mandatory for all vendors and business partners to comply with the RoHS requirements.

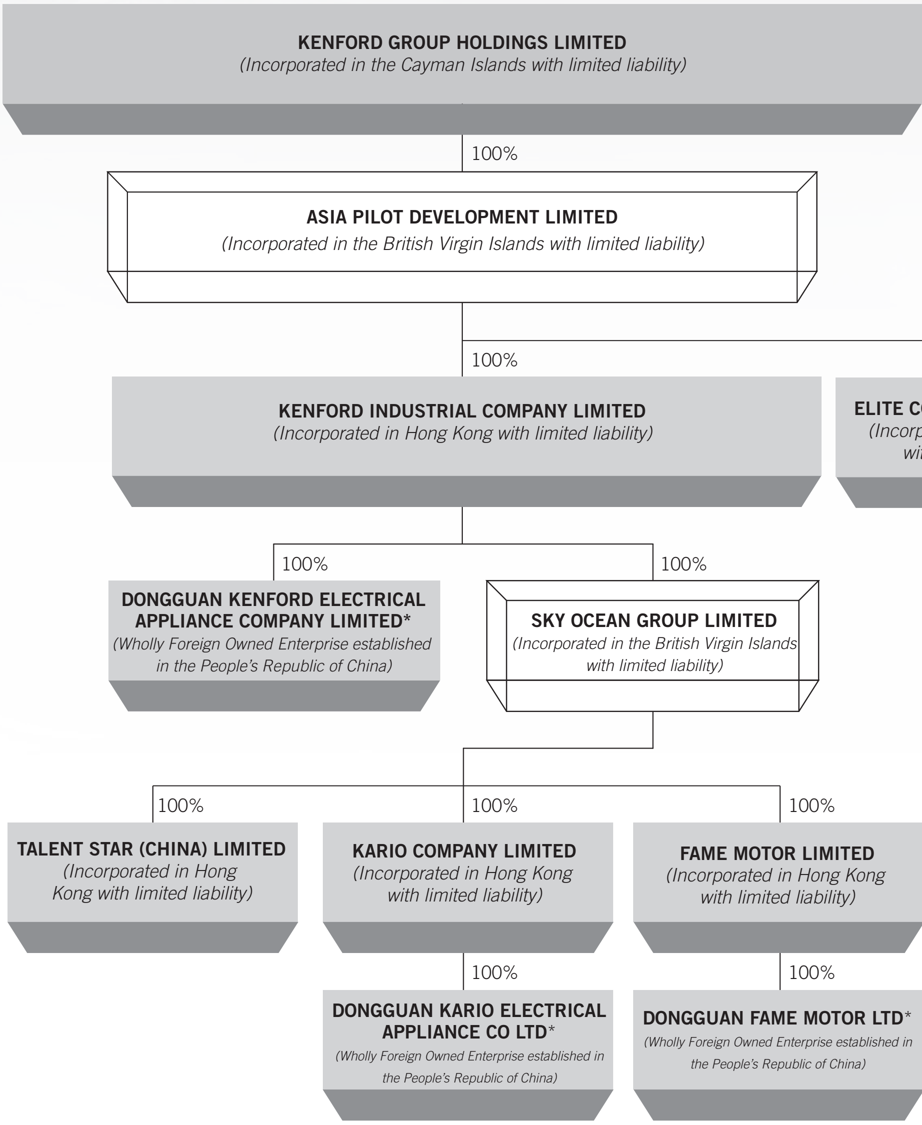
In addition, the Group's production process has conformed to local environmental regulations. The Group is actively pursuing opportunities to directly contribute to environmental protection, and remains steadfast in its support of environmental protection, consistent with its commitment to be a good corporate citizen.

LOOKING FORWARD

The Group will keep on reviewing and improving its corporate governance standards from time to time and the Board will take necessary actions to ensure the compliance with the provisions of the CG Code introduced by the Stock Exchange.

CORPORATE STRUCTURE OF THE GROUP

The following chart provides the overview of the corporate structure of Kenford Group Holdings Limited and its subsidiaries (the "**Group**") as at 31 March 2015.



* The English names are translated from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.

Deloitte.
德勤

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF KENFORD GROUP HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kenford Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 78, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	7	**585,027**	617,218
Cost of sales		**(504,144)**	(569,468)
Gross profit		**80,883**	47,750
Other income, gains and losses	9	**7,473**	10,226
Distribution costs		**(9,272)**	(10,718)
Administrative expenses		**(75,291)**	(82,382)
Finance income		**444**	441
Finance costs	10	**(1,553)**	(1,827)
Profit (loss) before taxation		**2,684**	(36,510)
Income tax (expense) credit	11	**(1,891)**	4,896
Profit (loss) for the year attributable to owners of the Company	12	**793**	(31,614)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of leasehold land and buildings		**10,990**	18,505
Deferred tax arising from revaluation of leasehold land and buildings		**(2,283)**	(2,713)
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(99)**	3,921
Other comprehensive income for the year		**8,608**	19,713
Total comprehensive income (expense) for the year attributable to owners of the Company		**9,401**	(11,901)
Basic earnings (loss) per share (HK cents)	16	**0.181**	(7.203)
Diluted earnings (loss) per share (HK cents)	16	**0.181**	(7.203)

Consolidated Statement of Financial Position

At 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**194,197**	188,753
Prepaid lease payments	18	**3,726**	3,821
Deposits paid for acquisition of property, plant and equipment		**5,842**	4,321
Goodwill	19	**1,403**	1,403
		205,168	198,298
Current assets			
Inventories	20	**89,605**	108,470
Trade and bills receivables	21	**117,177**	117,691
Deposits, prepayments and other receivables		**17,640**	15,184
Tax recoverable		**2,325**	–
Structured deposits	22	**–**	10,090
Short-term bank deposit	23	**2,524**	–
Bank balances and cash	23	**96,920**	93,667
		326,191	345,102
Current liabilities			
Trade payables	24	**71,607**	81,653
Accruals and other payables		**19,921**	19,480
Provision for onerous contract	25	**710**	–
Bank borrowings	26	**44,476**	62,071
Tax liabilities		**5,381**	4,850
		142,095	168,054
Net current assets		**184,096**	177,048
Total assets less current liabilities		**389,264**	375,346
Non-current liabilities			
Provision for onerous contract	25	**363**	–
Deferred tax liabilities	27	**15,820**	11,666
		16,183	11,666
Net assets		**373,081**	363,680
Capital and reserves			
Share capital	28	**439**	439
Share premium and reserves		**372,642**	363,241
Total equity		**373,081**	363,680

The consolidated financial statements on pages 34 to 78 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

Lam Wai Ming	**Tam Chi Sang**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**Properties revaluation reserve** HK$'000	**Translation reserve** HK$'000	**Share options reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2013	439	58,873	942	57,107	15,067	536	246,216	379,180
Loss for the year	–	–	–	–	–	–	(31,614)	(31,614)
Other comprehensive income for the year	–	–	–	15,792	3,921	–	–	19,713
Total comprehensive income (expense) for the year	–	–	–	15,792	3,921	–	(31,614)	(11,901)
Dividends paid (note 15)	–	–	–	–	–	–	(3,599)	(3,599)
At 31 March 2014	439	58,873	942	72,899	18,988	536	211,003	363,680
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**793**	**793**
Other comprehensive income (expense) for the year	**–**	**–**	**–**	**8,707**	**(99)**	**–**	**–**	**8,608**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**8,707**	**(99)**	**–**	**793**	**9,401**
At 31 March 2015	**439**	**58,873**	**942**	**81,606**	**18,889**	**536**	**211,796**	**373,081**

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**2,684**	(36,510)
Adjustments for:		
Depreciation of property, plant and equipment	**16,552**	15,737
Amortisation of prepaid lease payments	**98**	98
Gain on disposal of property, plant and equipment	**(64)**	(276)
Impairment loss recognised in respect of property, plant and equipment	**780**	–
Change in fair value of investments held for trading	**–**	(165)
Provision of onerous contract	**1,073**	–
Finance income	**(444)**	(441)
Net reversal of allowance for inventories	**(793)**	(209)
Finance costs	**1,553**	1,827
Operating cash flows before movements in working capital	**21,439**	(19,939)
Decrease in inventories	**19,658**	3,731
Decrease in trade and bills receivables	**514**	33,617
Increases in deposits, prepayments and other receivables	**(2,456)**	(702)
Decrease in investments held for trading	**–**	660
Decrease in trade payables	**(10,046)**	(19,678)
Increase (decrease) in accruals and other payables	**441**	(1,246)
Cash generated from (used in) operations	**29,550**	(3,557)
Income tax paid	**(1,820)**	(2,861)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**27,730**	(6,418)
INVESTING ACTIVITIES		
New short-term bank deposit placed	**(2,524)**	–
New structured deposits placed	**–**	(6,374)
Withdrawal of structured deposits	**10,090**	–
Purchase of property, plant and equipment	**(10,287)**	(9,937)
Proceeds from disposal of property, plant and equipment	**282**	612
Deposits paid for acquisition of property, plant and equipment	**(3,141)**	(1,764)
Interests received	**444**	441
NET CASH USED IN INVESTING ACTIVITIES	**(5,136)**	(17,022)
FINANCING ACTIVITIES		
New bank borrowings raised	**153,928**	180,360
Repayment of bank borrowings	**(171,523)**	(182,879)
Interests paid	**(1,553)**	(1,827)
Dividends paid	**–**	(3,599)
NET CASH USED IN FINANCING ACTIVITIES	**(19,148)**	(7,945)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,446**	(31,385)
CASH AND CASH EQUIVALENTS AT 1 APRIL	**93,667**	123,223
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(193)**	1,829
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**96,920**	93,667

1. GENERAL

The Company is incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Beaute Inc., a company incorporated in the British Virgin Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Room 1106-8, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

The functional currency of the Company is United States dollars ("US$"), the currency of the primary economic environment in which the Company and its major subsidiaries operates. For the purpose of the preparation of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are presented in Hong Kong dollars ("HK$").

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

Amendments to HKFRSs and the new interpretation that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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
HK(IFRIC) – INT 21	Levies

The application of these amendments to HKFRSs and the new interpretation 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.

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

New and revised HKFRSs in issue 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.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[3]
HKFRS 9	Financial instruments[5]
HKFRS 15	Revenue from contracts with customers[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[3]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2018.

Annual improvements to HKFRSs 2010 – 2012 cycle

The Annual improvements to HKFRSs 2010 – 2012 cycle include a number of amendments to various HKFRSs. The relevant ones 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 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 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.

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

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue 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.

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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until the Group performs detailed review.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings and structured deposits, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

Property, plant and equipment

Property, plant and equipment other than leasehold land and buildings and construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on revaluation of such leasehold land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised so as to write off the cost or fair value of items of assets, other than construction in progress over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

Leasing

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

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

Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are calculated using the weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs to completion and costs necessary to make the sale.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

The Group's financial assets include loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL, of which interest income is included in net gain or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is designated as at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other income, gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, deposits and other receivables, short-term bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, accruals and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Depreciation and revaluation of property, plant and equipment

The Group depreciates its property, plant and equipment on a straight-line basis over their estimated useful lives as set out in note 17 to the consolidated financial statements, commencing from the date the items of property, plant and equipment are put into their intended use. The estimated useful lives and the dates the items of property, plant and equipment are put into use reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the property, plant and equipment. The Group assesses the residual value and useful lives of the property, plant and equipment on a regular basis and if the expectation differs from the original estimate, such difference will impact the depreciation charge in the year in which such estimate has been changed.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Depreciation and revaluation of property, plant and equipment (Continued)

As described in note 17, leasehold land and buildings in Hong Kong and buildings in the People's Republic of China ("PRC") were revalued as at 31 March 2015 and 2014 based on direct comparison approach and depreciated replacement cost method respectively determined by directors of the Company and independent professional valuer respectively. Such valuations were based on certain assumptions, which are subject to uncertainty and may materially differ from the actual results. In making the estimation for direct comparison approach for leasehold land and buildings in Hong Kong, the Group's management considers information in relation to the current price in the market and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Where there are any changes in the assumptions on the market conditions in Hong Kong, the estimate of fair value of leasehold land and buildings may be affected. In making the estimation for depreciated replacement cost method for buildings in the PRC, the independent professional valuer considers information from the aggregate amount of the new replacement cost of the buildings and deductions may be made to allow for the age, condition, economic or functional obsolescence and environmental factor existing at the end of the reporting period. As at 31 March 2015, the carrying amounts of leasehold land and buildings in Hong Kong and buildings in the PRC are approximately HK$51,000,000 and HK$101,809,000 (2014: HK$50,000,000 and HK$95,258,000) respectively.

Allowance for inventories

Management of the Group reviews an aging analysis at the end of the reporting period and makes allowance for obsolete and slow moving inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions, carries out an inventory review at the end of reporting period and makes allowance for inventories, as appropriate. If the market condition is to deteriorate, resulting in a lower net realisable value for inventories, additional allowance may be required.

Allowance for bad and doubtful debts

When there is objective evidence of impairment loss, management of the Group takes into consideration the estimation of future cash flows (details please refer to accounting policies in note 3) to determine allowance for trade receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amount of the aggregate trade receivables is approximately HK$116,897,000, net of allowance for bad and doubtful debts of approximately HK$51,000 (2014: carrying amount of approximately HK$117,296,000, net of allowance for bad and doubtful debts of approximately HK$51,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of the bank borrowings disclosed in note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as addition to new borrowings and repayment of existing borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 **HK$'000**	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**219,820**	213,229
Financial assets at FVTPL	**–**	10,090
Financial liabilities		
Amortised cost	**131,122**	159,765

Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, structured deposits, short-term bank deposit, bank balances and cash, trade payables, accruals and other payables and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, certain deposits and other receivables, short-term bank deposit, bank balances and cash, trade payables, accruals and other payables and bank borrowings are denominated in foreign currencies other than the functional currency of the respective group entities.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date exposing to currency risk are as follows:

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB") against US$	**8,470**	4,267	**5,605**	2,931

The Group also entered into certain structured deposits as set out in note 22, of which the coupon rate was dependent on exchange rate of US$. The directors of the Company considered currency risk arising from structured deposits was insignificant.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables are held constant. 5% (2014: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% (2014: 5%) change in RMB. A positive number below indicates increase in post-tax profit (2014: decrease in post-tax loss) for the year where RMB strengthen 5% (2014: 5%) against the functional currency of each group entity. For a 5% (2014: 5%) weakening of RMB against the functional currency of each group entity, there would be an equal and opposite impact on the post-tax profit (loss) for the year and the balances below would be negative.

	2015	2014
	HK$'000	HK$'000
Increase in post-tax profit (2014: decrease in post-tax loss) for the year		
Impact of RMB against US$	**120**	56

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

The Group's fair value interest rate risk relates primarily to the fixed rate bank deposits and fixed rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and financial liabilities at variable rates, namely bank balances and variable rate bank borrowings, which mainly concentrate on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR").

The Group currently does not have interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure to interest rate risk of bank deposits and bank balances as a result of the change of market interest rate is insignificant and thus no sensitivity analysis is performed.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to interest rates for the variable rate financial instruments including bank borrowings at the end of the reporting period. It is prepared assuming the amount of liability outstanding at the end of the reporting period is outstanding for the whole year. A 25 basis points (2014: 25 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2014: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$111,000 (2014: loss for the year would increase/decrease by approximately HK$155,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank borrowings.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position at 31 March 2015 and 2014. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounts for 34% (2014: 39%) of the total trade receivables as at 31 March 2015.

The Group has concentration of credit risk as 66% (2014: 75%) and 94% (2014: 88%) of the total trade receivables are due from the Group's largest customer and the five largest customers respectively.

The Group's bank balances, bank deposits and structured deposits are deposited with banks of high credit rating and the Group has limited exposure to any single financial institution.

Other than the concentration of credit risk on bank balances, bank deposits, structured deposits and trade receivables, the Group has no other significant concentration of credit risk.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2015, the Group has available unutilised overdrafts and short-term bank loan facilities of approximately HK$105,924,000 (2014: HK$97,131,000). At 31 March 2015 and 2014, all the undrawn banking facilities are in floating rate without specific expiry terms. Details of the Group's bank borrowings at 31 March 2015 and 2014 are set out in note 26.

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

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

Liquidity tables

	Weighted average effective interest rate % per annum	On demand HK$'000	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 31.3.2015 HK$'000
2015					
Non-derivative financial liabilities					
Trade payables	–	–	71,607	71,607	71,607
Accruals and other payables	–	–	15,039	15,039	15,039
Bank borrowings	2.47	44,476	–	44,476	44,476
		44,476	86,646	131,122	131,122

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average effective interest rate % per annum	On demand HK$'000	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts at 31.3.2014 HK$'000
2014					
Non-derivative financial liabilities					
Trade payables	–	–	81,653	81,653	81,653
Accruals and other payables	–	–	16,041	16,041	16,041
Bank borrowings	2.35	62,071	–	62,071	62,071
		62,071	97,694	159,765	159,765

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not believe that it is probable that the counterparties will exercise their discretionary rights to demand immediate repayment and believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At 31 March 2015, the directors consider that the aggregate undiscounted principal and interest cash outflows of these bank borrowings is HK$44,754,000 (2014: HK$62,447,000) under the time band of "less than 1 year".

6. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's structured deposits are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March 2015	Fair value as at 31 March 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Structured deposits	–	HK$10,090,000	Level 2	Valuation technique: Discounted cash flow Key inputs: Forward exchange rates, contracted interest rates, contracted exchange rates and volatility of exchange rates.

There are no transfers between level 1 and 2 for both years.

The directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

The Group is principally engaged in the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

The following is an analysis of the Group's revenue:

	2015 **HK$'000**	2014 HK$'000
Electrical haircare products	**576,819**	607,969
Electrical healthcare products and other small household electrical appliances	**8,208**	9,249
	585,027	617,218

8. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM") for the purposes of resources allocation and assessment of performance of a single reportable and operating segment, which is the design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances.

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

Geographical information

The Group's revenue is mainly derived from customers located in Europe, Asia, North and South America, Africa and Australia while the Group's business activities are conducted predominantly in Hong Kong and the PRC.

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Europe	**313,282**	288,653	**–**	–
Asia	**206,364**	230,734	**205,168**	198,298
North and South America	**53,309**	77,933	**–**	–
Africa	**6,428**	11,953	**–**	–
Australia	**5,644**	7,945	**–**	–
	585,027	617,218	**205,168**	198,298

Information about major customers

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

	2015	2014
	HK$'000	HK$'000
Customer A	**259,921**	292,306
Customer B	**92,973**	71,912

9. OTHER INCOME, GAINS AND LOSSES

	2015 **HK$'000**	2014 HK$'000
Other income:		
Mould income	**3,475**	5,797
Compensation received in respect of cancelled orders	**4,308**	4,404
Sundry income	**756**	473
	8,539	10,674
Other gains and losses:		
Gain on disposal of property, plant and equipment	**64**	276
Impairment loss reconginsed in respect of property, plant and equipment	**(780)**	–
Net foreign exchange gain (loss)	**723**	(889)
Change in fair value of investments held for trading	**–**	165
Provision for onerous contract	**(1,073)**	–
	(1,066)	(448)
Total other income, gains and losses	**7,473**	10,226

10. FINANCE COSTS

	2015 **HK$'000**	2014 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	**31**	146
Trust receipt loans	**1,522**	1,681
	1,553	1,827

11. INCOME TAX (EXPENSE) CREDIT

	2015 HK$'000	2014 HK$'000
PRC Enterprise Income Tax:		
Current tax	–	(117)
(Under) over provision in prior years	(26)	202
	(26)	85
Deferred tax:		
Current year (note 27)	(1,865)	4,811
	(1,891)	4,896

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No PRC Enterprise Income Tax has been provided for the year ended 31 March 2015 in the consolidated financial statements as the subsidiaries of the Group operating in the PRC are either suffering from tax losses for the year, or the assessable profits are wholly absorbed by tax losses brought forward.

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

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

	2015 HK$'000	2014 HK$'000
Profit (loss) before taxation	2,684	(36,510)
Taxation at the Enterprise Income Tax rate of 25% (2014: 25%)	(671)	9,128
Tax effect of expenses not deductible for tax purposes	(56)	(1,644)
Tax effect of income not taxable for tax purposes	25	219
Tax effect of tax exemptions granted (Note)	1,877	(1,430)
(Under) over provision in prior years	(26)	202
Tax effect of tax losses not recognised	(3,162)	(1,170)
Tax effect of utilisation of tax losses previously not recognised	109	121
Effect of different tax rates of subsidiaries operating in other jurisdictions	743	(1,058)
Others	(730)	528
Income tax (expense) credit	(1,891)	4,896

Note: This amount mainly represents the tax effect of the 50% of assessable profit/loss of a subsidiary, Kenford Industrial Company Limited, which is exempted under Departmental Interpretation and Practice Notes No. 21 (Revised 2009) issued by the Inland Revenue Department of Hong Kong in respect of claiming 50% of manufacturing profit/loss as offshore profit/loss.

12. PROFIT (LOSS) FOR THE YEAR

	2015 HK$'000	2014 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**700**	740
Amortisation of prepaid lease payments	**98**	98
Depreciation of property, plant and equipment	**16,552**	15,737
Net reversal of allowance for inventories (included in cost of sales) (Note)	**(793)**	(209)
Directors' emoluments (note 13)	**13,062**	16,942
Other staff costs		
Salaries and allowances	**135,476**	153,075
Retirement benefits scheme contributions	**5,806**	5,086
Total staff costs	**154,344**	175,103
Costs of inventories recognised as expenses (included staff costs relevant to manufacturing processes)	**504,937**	569,677
Minimum lease payments in respect of rented properties	**2,102**	1,743

Note: Allowance for inventories is written back when the relevant inventory is sold.

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the five (2014: six) directors are as follows:

Year ended 31 March 2015

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
Lam Wai Ming	–	8,241	18	8,259
Tam Chi Sang	–	4,497	18	4,515
Independent non-executive directors				
Chiu Fan Wa	96	–	–	96
Choi Hong Keung	96	–	–	96
Li Chi Chung	96	–	–	96
Total	288	12,738	36	13,062

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (Continued)

Year ended 31 March 2014

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (Note a)	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors					
Lam Wai Ming	–	7,832	2,936	15	10,783
Tam Chi Sang	–	5,210	568	15	5,793
Independent non-executive directors					
Chiu Fan Wa	96	–	–	–	96
Choi Hong Keung	96	–	–	–	96
Li Chi Chung	96	–	–	–	96
Li Tat Wah (Note b)	78	–	–	–	78
Total	366	13,042	3,504	30	16,942

Notes:

(a) The performance related incentive payments are determined having regard to the performance of individuals.

(b) Mr. Li Tat Wah resigned as a director with effective from 24 January 2014.

Mr. Lam Wai Ming is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During both years, no emoluments are paid by the Group to the directors as compensation for loss of office or an inducement to join or upon joining the Group. None of the directors has waived or agreed to waive any emoluments in both years.

14. EMPLOYEE'S EMOLUMENTS

During the year ended 31 March 2015, of the five individuals with the highest emoluments in the Group, two (2014: two) are directors of the Company whose emoluments are included in the disclosures in note 13 above.

The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and other benefits	**4,050**	4,093
Contributions to retirement benefits schemes	**53**	45
	4,103	4,138

Their emoluments are within the band HK$1,000,001 – HK$1,500,000.

15. DIVIDENDS

	2015	2014
	HK$'000	HK$'000
Dividends recognised as distribution and paid during the year:		
Final dividend – nil (2014: HK0.82 cents per ordinary share for 2013)	**–**	3,599

The directors have resolved not to declare payment of a final dividend for both financial years.

16. EARNINGS (LOSS) PER SHARE

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

	2015	2014
	HK$'000	HK$'000
Profit (loss) for the purpose of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	**793**	(31,614)

Number of shares

	'000	'000
Number of ordinary shares for the purpose of basic earnings (loss) per share	**438,926**	438,926
Effect of dilutive potential ordinary shares – share options	**220**	–
Number of ordinary shares for the purpose of diluted earnings (loss) per share	**439,146**	438,926

The computation of diluted earnings (loss) per share did not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 March 2015 and 2014.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building in Hong Kong HK$'000	Buildings in the PRC HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Construction in progress HK$'000	Total HK$'000
COST OR VALUATION									
At 1 April 2013	40,000	88,295	16,751	56,632	30,190	6,108	68,931	2,826	309,733
Additions	–	–	5,741	1,357	3,707	1,473	867	–	13,145
Disposals/written off	–	–	–	(125)	(342)	(1,388)	(268)	–	(2,123)
Transfer	–	–	–	–	–	–	268	(268)	–
Revaluation increase	10,000	5,360	–	–	–	–	–	–	15,360
Exchange realignment	–	1,603	125	388	176	34	65	51	2,442
At 31 March 2014	50,000	95,258	22,617	58,252	33,731	6,227	69,863	2,609	338,557
Additions	**–**	**–**	**7,440**	**1,552**	**2,423**	**69**	**423**	**–**	**11,907**
Disposals/written off	**–**	**–**	**(15)**	**(1,100)**	**(601)**	**–**	**(56)**	**–**	**(1,772)**
Transfer	**–**	**–**	**–**	**–**	**–**	**–**	**56**	**(56)**	**–**
Revaluation increase	**1,000**	**6,475**	**–**	**–**	**–**	**–**	**–**	**–**	**7,475**
Exchange realignment	**–**	**76**	**11**	**22**	**12**	**2**	**3**	**4**	**130**
At 31 March 2015	**51,000**	**101,809**	**30,053**	**58,726**	**35,565**	**6,298**	**70,289**	**2,557**	**356,297**
Comprising:									
At cost	**–**	**–**	**30,053**	**58,726**	**35,565**	**6,298**	**70,289**	**2,557**	**203,488**
At valuation – 2015	**51,000**	**101,809**	**–**	**–**	**–**	**–**	**–**	**–**	**152,809**
	51,000	**101,809**	**30,053**	**58,726**	**35,565**	**6,298**	**70,289**	**2,557**	**356,297**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 1 April 2013	–	–	11,435	36,956	22,265	4,898	62,770	329	138,653
Charge for the year	952	2,192	1,927	3,382	3,216	777	3,291	–	15,737
Eliminated on disposals/written off	–	–	–	(111)	(288)	(1,388)	–	–	(1,787)
Eliminated on revaluation	(952)	(2,193)	–	–	–	–	–	–	(3,145)
Exchange realignment	–	1	64	123	84	27	42	5	346
At 31 March 2014	–	–	13,426	40,350	25,277	4,314	66,103	334	149,804
Charge for the year	**1,190**	**2,322**	**3,350**	**3,378**	**3,516**	**772**	**2,024**	**–**	**16,552**
Eliminated on disposals/written off	**–**	**–**	**(15)**	**(953)**	**(586)**	**–**	**–**	**–**	**(1,554)**
Eliminated on revaluation	**(1,190)**	**(2,325)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,515)**
Impairment loss recognised in profit or loss	**–**	**–**	**693**	**–**	**87**	**–**	**–**	**–**	**780**
Exchange realignment	**–**	**3**	**7**	**11**	**7**	**2**	**3**	**–**	**33**
At 31 March 2015	**–**	**–**	**17,461**	**42,786**	**28,301**	**5,088**	**68,130**	**334**	**162,100**
CARRYING VALUES									
At 31 March 2015	**51,000**	**101,809**	**12,592**	**15,940**	**7,264**	**1,210**	**2,159**	**2,223**	**194,197**
At 31 March 2014	50,000	95,258	9,191	17,902	8,454	1,913	3,760	2,275	188,753

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings in Hong Kong	Over the unexpired lease terms
Buildings in the PRC	The shorter of the lease terms of the land use rights on which the buildings are located or 50 years
Leasehold improvements	The shorter of the lease terms or 5 years
Plant and machinery	10%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%
Moulds	20%

The Group's interests in leasehold land and buildings that are situated in Hong Kong and the PRC are held under medium-term lease.

In view of the recurring loss of the hairstyle flagship shop, at the end of the reporting period, the directors of the Company conducted an impairment assessment of the assets that are belonged to this generating until based on their recoverable amounts. Taking into account both value in use projection for the operation of hairstyle flagship shop and the fair value less cost of disposal for the relevant property, plant and equipment, the directors has determined to fully impair the relevant leasehold improvements and furniture and fixtures, and accordingly, impairment loss of HK$780,000 (2014: nil) has been made during the year.

Fair value measurement of the Group's leasehold land and buildings

At 31 March 2015 and 2014, the fair value of the Group's leasehold land and building in Hong Kong was valued by the directors using direct comparison method. The buildings in the PRC were valued by qualified valuers from an independent firm not connected to the Group, LCH (Asia-Pacific) Surveyors Limited, Chartered Surveyors, using depreciated replacement cost method.

The fair value of the leasehold land and building located in Hong Kong has been determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the location and condition of the properties under review. The fair value of the buildings located in the PRC has been determined using the depreciated replacement cost method that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's leasehold land and buildings at revalued amount are categorised into level 3 of the fair value hierarchy. In determining the fair value of the buildings located in the PRC, at the end of each reporting period, the chief financial officer ("CFO") works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs to be used in determining the fair value of the properties. Discussion of valuation processes and results is held between CFO and the directors of the Company at least once a year.

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's leasehold land and buildings (Continued)

The following table shows the valuation techniques used in the determination of fair values and unobservable inputs used in the valuation models.

Description	Fair value 2015 HK$'000	Fair value 2014 HK$'000	Valuation techniques	Unobservable inputs	Significant inputs	Relationship of inputs to fair value
Leasehold land and building in Hong Kong	**51,000**	50,000	Comparison approach	Market price per square feet	Adjusted price of HK$2,648 (2014: HK$2,600) per square feet in average	The higher the market price, the higher the fair value
Buildings in the PRC	**101,809**	95,258	Depreciated replacement cost approach	Replacement cost per square meter	RMB1,940 to RMB1,990 (2014: RMB1,800 to RMB1,900) per square meter	The higher the replacement cost, the higher the fair value
				Discount factor	69% (2014: 73%) for buildings acquired in 1999 89% (2014: 93%) for buildings acquired in 2009	The higher the discount factor, the higher the fair value
	152,809	145,258				

Had the leasehold land and building in Hong Kong and buildings in the PRC been carried at cost less accumulated depreciation and accumulated impairment losses, their carrying values would have been HK$9,003,000 and HK$53,622,000 (2014: HK$9,284,000 and HK$54,578,000) respectively.

18. PREPAID LEASE PAYMENTS

	2015 HK$'000	2014 HK$'000
Leasehold land outside Hong Kong under medium-term lease	**3,726**	3,821

19. GOODWILL

	HK$'000
CARRYING AMOUNT	
At 1 April 2013, 31 March 2014 and 31 March 2015	1,403

The amount represents goodwill arising on the acquisition of interests in Kario Company Limited ("Kario HK") and its subsidiaries (collectively referred to as the "Kario Group").

Goodwill has been allocated to a single cash generating unit, Kario Group. The recoverable amount has been determined based on a value in use calculation. The calculation applies cash flow projections based on financial budgets approved by management covering a 5-year period, and at a discount rate of 10.3% (2014: 10.3%) per annum. Cash flows for the first financial period is based on expected sales orders estimated by management. Cash flows for the second to the fifth financial periods are extrapolated using the average steady growth rate of 5% (2014: 5%). Budgeted gross margin is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount and therefore no impairment loss is necessary.

20. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Raw materials	**50,496**	57,805
Work in progress	**20,016**	23,159
Finished goods	**19,093**	27,506
	89,605	108,470

21. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	**116,948**	117,347
Less: Allowance for bad and doubtful debts	**(51)**	(51)
	116,897	117,296
Bills receivables	**280**	395
Total trade and bills receivables	**117,177**	117,691

21. TRADE AND BILLS RECEIVABLES (Continued)

The following is an aged analysis of trade and bills receivables (net of allowance for bad and doubtful debts) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

	2015 HK$'000	2014 HK$'000
0 – 60 days	**67,272**	58,277
61 – 120 days	**46,137**	56,713
121 – 365 days	**3,640**	1,701
Over 365 days	**128**	1,000
	117,177	117,691

The credit terms granted by the Group range from 14 days to 90 days. For those major customers, a credit term up to 120 days from the invoice date would be allowed.

Before accepting any new customers, the Group assesses the potential customer's credit quality by reference to their historical settlement record and defines credit limits by customers on geographical basis. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. Included in the Group's trade and bills receivables balance is receivables with aggregate carrying amount of HK$104,117,000 and (2014: HK$112,507,000) which are neither past due nor impaired as the directors consider these amounts are of good credit quality and there are continuous subsequent settlements from customers.

Included in the Group's trade and bills receivables balance is debtors with aggregate carrying amount of HK$13,060,000 (2014: HK$5,184,000) which are past due at the end of the reporting period but for which the Group has not provided for impairment loss. The directors consider that these receivables are of good credit quality and there are continuous subsequent settlements from customers. The Group does not hold any collateral over these balances.

Ageing of trade and bills receivables which are past due but not impaired

	2015 HK$'000	2014 HK$'000
Overdue by:		
0 – 60 days	**9,780**	2,480
61 – 120 days	**587**	726
121 – 365 days	**2,568**	1,115
Over 365 days	**125**	863
Total	**13,060**	5,184

22. STRUCTURED DEPOSITS

The structured deposits were placed with a bank and contained embedded derivatives. These structured deposits were structured investment products and principal protected deposits with maturity less than one year. The counterparty bank guaranteed 100% of the invested capital and the returns of which were determined by reference to the change in exchange rates. The structured deposits were designated as financial assets at FVTPL on initial recognition.

Major terms of the structured deposits as at 31 March 2014 were as follows:

Principal amount	Maturity	Annual coupon rate
RMB3,500,000	June 2014	0% or 6.80%
RMB4,500,000	March 2015	0% or 5.40%

Note: The annual coupon rate was dependent on whether the spot rate for conversion of US$ for RMB as prevailing in the international foreign exchange market fell within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

At the end of the reporting period, the structured deposits were stated at fair values. The fair values were determined by reference to the expected returns stated in the investment contracts provided by the counterparty bank using discounted cash flows analysis. Details are set out in note 6.

23. SHORT-TERM BANK DEPOSIT AND BANK BALANCES AND CASH

The short-term bank deposit carries interest at fixed rate of 2.95% (2014: nil) per annum.

Short-term bank deposit represents deposit placed with a bank with more than 3 months to maturity when acquired. Short-term bank deposit will be matured within 12 months from the end of the reporting period and is therefore classified as current asset.

Bank balances and cash comprise of bank deposits and short-term deposits with maturity less than 3 months, which carry interests at market rates ranging from 0.01% – 2.85% (2014: 0.01% – 2.85%) per annum.

24. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	2015 **HK$'000**	2014 HK$'000
0 – 60 days	**62,896**	69,273
61 – 120 days	**7,100**	10,432
121 – 365 days	**800**	1,003
Over 365 days	**811**	945
	71,607	81,653

The credit periods on purchases of goods range from 30 to 120 days.

25 PROVISION FOR ONEROUS CONTRACT

	HK$'000
At 1 April 2013 and 31 March 2014	–
Amount provided during the year	1,073
At 31 March 2015	1,073

Analysed for reporting purposes as:

	2015 **HK$'000**	2014 HK$'000
Non-current liabilities	**363**	–
Current liabilities	**710**	–
	1,073	–

Amount represents the provision on onerous operating lease contract in relation to a hairstyle flagship shop of the Group. Management considers the unavoidable costs of meeting the obligation under such lease contract exceed the economic benefits expected to be received under such lease contact.

26. BANK BORROWINGS

	2015 **HK$'000**	2014 HK$'000
Trust receipt loans – unsecured	**44,476**	55,763
Other bank borrowings – unsecured	**–**	6,308
	44,476	62,071
Carrying amount repayable (Note):		
Within one year	**44,476**	62,071
Carrying amount of bank borrowings repayable within one year which contain a repayment on demand clause and shown under current liabilities	**44,476**	62,071

Note: The amounts due are based on scheduled repayable dates set out in loan agreements.

26. BANK BORROWINGS (Continued)

The ranges of effective interest rates (which are same as the contracted interest rates) on the Group's bank borrowings are as follows:

	2015	2014
Effective interest rates:		
Fixed-rate bank borrowings	N/A	4%
Variable-rate bank borrowings, HIBOR + 2% to 2.25% (2014: HIBOR + 0.4% to 2.25%)	2.42% – 2.69%	0.57% – 2.68%

27. DEFERRED TAXATION

The followings are the major deferred tax liabilities and (assets) recognised and movements thereon during the current and prior years:

	Accelerated depreciation allowance for property, plant and equipment other than leasehold land and buildings HK$'000	Provisions HK$'000	Tax losses HK$'000	Revaluation of leasehold land and buildings HK$'000	Total HK$'000
At 1 April 2013	3,135	(930)	–	11,383	13,588
(Credit) charge to profit or loss (note 11)	(1,908)	154	(3,057)	–	(4,811)
Charge to other comprehensive income	–	–	–	2,713	2,713
Exchange realignment	–	–	–	176	176
At 31 March 2014	1,227	(776)	(3,057)	14,272	11,666
(Credit) charge to profit or loss (note 11)	(119)	(39)	2,023	–	1,865
Charge to other comprehensive income	–	–	–	2,283	2,283
Exchange realignment	–	–	(2)	8	6
At 31 March 2015	1,108	(815)	(1,036)	16,563	15,820

Under the PRC law, withholding tax is imposed on dividends declared to non-residents in respect of profits earned by subsidiaries in the PRC from 1 January 2008 onwards. Deferred tax liabilities have not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits earned by subsidiaries in the PRC amounting to HK$89,836,000 (2014: HK$85,075,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 March 2015, unused tax losses of HK$24,956,000 (2014: HK$12,404,000) has not been recognised as deferred tax asset due to unpredictability of future profit streams. Included in unused tax losses are losses of HK$11,240,000 (2014: HK$2,777,000) that will expire in 2019 and 2020. All other tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Ordinary shares of HK$0.001 each:		
Authorised:		
At 1 April 2013, 31 March 2014 and 31 March 2015	1,000,000	1,000
Issued and fully paid:		
At 1 April 2013, 31 March 2014 and 31 March 2015	438,926	439

29. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to a resolution passed on 27 May 2005 for the primary purpose of providing incentives to directors and eligible employees, and will remain in force for a period of ten years. Under the Share Option Scheme, the Board of Directors (the "Board") may, in its absolute discretion, offer to grant options to any employee, executive and officer of the Group, any director (including non-executive director and independent non-executive director) and any adviser, consultant, supplier, customer and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

At 31 March 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 6,720,000 (2014: 6,720,000), representing 1.53% (2014: 1.53%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the nominal amount of all issued shares as at 16 June 2005, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted were exercisable from 22 February 2011 to 26 May 2015 (both days inclusive). The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

29. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of specific categories of options outstanding at the end of the reporting period are as follows:

Option type	Number of share options	Date of grant	Exercise period	Exercise price HK$	Fair value at grant date HK$
2012	3,360,000	22 February 2010	22 February 2012 to 26 May 2015	0.5	0.0922
2013	3,360,000	22 February 2010	22 February 2013 to 26 May 2015	0.6	0.0674

Details and movements of the share options are as follows:

Eligible participants	Number of share options outstanding at 1.4.2013, 31.3.2014 and 31.3.2015	Weighted average exercise price
Employees	6,720,000	HK$0.55

No options were granted, exercised, cancelled or expired during both years.

30. RETIREMENT BENEFITS SCHEME

The Group operates a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees of the Group in Hong Kong. The Group follows the minimum contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK$1,250 per month and revised to HK$1,500 per month after 1 June 2014. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of the trustees.

30. RETIREMENT BENEFITS SCHEME (Continued)

The employees of the PRC wholly owned subsidiaries of the Group are required to participate in a defined contribution retirement benefit plan organised by the local municipal government in the PRC under which the subsidiaries and the employees are required to make monthly contributions to the plan calculated at 16% of the employees' average monthly salary in the preceding year.

The Group's contributions to the retirement benefits scheme charged to profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015 amounted to approximately HK$5,842,000 (2014: HK$5,116,000).

31. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,851**	4,992

32. OPERATING LEASE COMMITMENTS

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

	2015	2014
	HK$'000	HK$'000
Within one year	**1,001**	1,971
In the second to fifth year inclusive	**549**	1,550
	1,550	3,521

Operating lease payments represent rental payable by the Group for its hairstyle flagship shop and warehouses. Leases are negotiated for three years with fixed monthly rentals over the lease terms.

33. RELATED PARTY TRANSACTIONS

The Group does not have any material related party transactions for both years.

Compensation of key management personnel

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

	2015 **HK$'000**	2014 HK$'000
Salaries and allowances	**18,117**	19,073
Discretionary bonuses	**124**	3,504
Contributions to retirement benefits schemes	**123**	120
	18,364	22,697

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including directors and other senior management, totalling 7 individuals (2014: 8 individuals).

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Form of business structure	Place of incorporation/ registration/ operation	Issued and paid up shares/ registered capital	Percentage of ownership interest attributable to the Company 2015	2014	Principal activities
Direct subsidiary						
Asia Pilot Development Limited	Corporation	British Virgin Islands ("BVI")	US$1	**100%**	100%	Investment holding
Indirect subsidiaries						
Kenford Industrial Company Limited	Corporation	Hong Kong	HK$1,000,000	**100%**	100%	Design, manufacture and sale of electrical haircare products, electrical healthcare products and other small household electrical appliances
Elite Concept Inc Limited	Corporation	Hong Kong	HK$10,000	**100%**	100%	Marketing of hair products

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Form of business structure	Place of incorporation/ registration/ operation	Issued and paid up shares/ registered capital	Percentage of ownership interest attributable to the Company 2015	2014	Principal activities
Sky Ocean Group Limited	Corporation	BVI	US$1	**100%**	100%	Investment holding
Kario Company Limited	Corporation	Hong Kong	HK$10,000	**100%**	100%	Investment holding and trading
東莞家利來電器有限公司 Dongguan Kario Electrical Appliance Company Limited (Note)	Corporation	PRC	US$4,050,000	**100%**	100%	Design, manufacture and sale of electrical haircare products
Talent Star (China) Limited	Corporation	Hong Kong	HK$1	**100%**	100%	Managerial services for group companies
Fame Motor Limited	Corporation	Hong Kong	HK$1	**100%**	100%	Investment holding and trading
東莞榮豐電機有限公司 Dongguan Fame Motor Limited (Note)	Corporation	PRC	US$1,210,000	**100%**	100%	Design, manufacture and sale of motors
東莞建福電器有限公司 Dongguan Kenford Electrical Appliance Company Limited (Note)	Corporation	PRC	HK$21,600,000	**100%**	100%	Provision of contract processing services

Notes: These entities are registered as wholly foreign owned enterprises under the PRC law. The English translation of the company names is for identification purpose only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of year or at any time during the year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)
Non-current assets					
Property, plant and equipment	**194,197**	188,753	171,080	157,927	158,678
Prepaid lease payments	**3,726**	3,821	3,850	3,933	3,944
Deposits paid for acquisition of property, plant and equipment	**5,842**	4,321	5,662	7,514	–
Goodwill	**1,403**	1,403	1,403	1,403	1,403
	205,168	198,298	181,995	170,777	164,025
Current assets					
Inventories	**89,605**	108,470	111,992	111,891	92,817
Trade and bills receivables	**117,177**	117,691	151,308	139,876	143,505
Deposits, prepayments and other receivables	**17,640**	15,184	14,482	8,360	10,782
Investments held for trading	**–**	–	495	2,604	8,426
Tax recoverable	**2,325**	–	–	–	–
Structured deposits	**–**	10,090	3,716	–	–
Short-term bank deposit	**2,524**	–	–	–	–
Bank balances and cash	**96,920**	93,667	123,223	132,547	144,756
	326,191	345,102	405,216	395,278	400,286
Current liabilities					
Trade payables	**71,607**	81,653	101,331	80,168	83,928
Accruals and other payables	**19,921**	19,480	20,726	28,378	29,513
Provision for onerous contract	**710**	–	–	–	–
Bank borrowings	**44,476**	62,071	64,590	82,444	91,325
Obligations under finance leases – due within one year	**–**	–	–	514	499
Tax liabilities	**5,381**	4,850	7,796	8,929	10,192
	142,095	168,054	194,443	200,433	215,457
Net current assets	**184,096**	177,048	210,773	194,845	184,829
Total assets less current liabilities	**389,264**	375,346	392,768	365,622	348,854
Non-current liabilities					
Obligations under finance leases – due after one year	**–**	–	–	104	618
Provision for onerous contract	**363**	–	–	–	–
Deferred tax liabilities	**15,820**	11,666	13,588	13,383	13,166
	16,183	11,666	13,588	13,487	13,784
Net assets	**373,081**	363,680	379,180	352,135	335,070
Capital and reserves					
Share capital	**439**	439	439	439	433
Share premium and reserves	**372,642**	363,241	378,741	351,696	334,637
Total equity	**373,081**	363,680	379,180	352,135	335,070

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**585,027**	617,218	657,302	634,357	655,541
Cost of sales	**(504,144)**	(569,468)	(551,204)	(519,877)	(520,334)
Gross profit	**80,883**	47,750	106,098	114,480	135,207
Other income, gains and losses	**7,473**	10,226	14,459	12,491	14,343
Distribution costs	**(9,272)**	(10,718)	(11,736)	(11,830)	(11,537)
Administrative expenses	**(75,291)**	(82,382)	(77,467)	(69,539)	(59,493)
Finance income	**444**	441	314	490	171
Finance costs	**(1,553)**	(1,827)	(1,596)	(1,474)	(1,280)
Profit (loss) before taxation	**2,684**	(36,510)	30,072	44,618	77,411
Income tax (expenses) credit	**(1,891)**	4,896	(8,789)	(13,752)	(11,755)
Profit (loss) for the year attributable to owners of the Company	**793**	(31,614)	21,283	30,866	65,656
Other comprehensive income (expenses)					
Items that will not be reclassified to profit or loss:					
Gain on revaluation of leasehold land and buildings	**10,990**	18,505	11,413	2,652	8,598
Deferred tax arising from revaluation of leasehold land and buildings	**(2,283)**	(2,713)	(415)	(96)	(1,081)
Item that may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations	**(99)**	3,921	1,260	4,461	4,904
Other comprehensive income for the year	**8,608**	19,713	12,258	7,017	12,421
Total comprehensive income (expenses) for the year attributable to owners of the Company	**9,401**	(11,901)	33,541	37,883	78,077
Basic earnings (loss) per share (HK cents)	**0.181**	(7.203)	4.849	7.054	15.151
Diluted earnings (loss) per share (HK cents)	**0.181**	(7.203)	4.849	7.042	15.071