



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1389

A decorative background featuring two wine glasses filled with a golden liquid, set against a backdrop of flowing, layered waves in shades of red, orange, and brown. The glasses are positioned on the right side of the page, with their reflections visible below them.

ANNUAL
REPORT
2016

Corporate Information

Registered office

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

Headquarter, head office and principal place of business in Hong Kong

Suite 822
Ocean Centre
Harbour City
5 Canton Road
Kowloon
Hong Kong

Company's website

www.majorcellar.com

Executive directors

Mr. Cheung Chun To (*Chairman*)
Mr. Leung Chi Kin Joseph
Ms. Cheung Wing Shun

Independent non-executive directors

Mr. Wong Siu Ki
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Company secretary

Mr. Chan Yee Tak (HKICPA)

Compliance officer

Ms. Cheung Wing Shun

Authorised representatives

Mr. Cheung Chun To
Mr. Leung Chi Kin Joseph

Audit committee

Mr. Wong Siu Ki (*Chairman*)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Remuneration committee

Mr. Yue Kwai Wa Ken (*Chairman*)
Mr. Wong Siu Ki
Mr. Ngai Hoi Ying

Nomination committee

Mr. Ngai Hoi Ying (*Chairman*)
Mr. Wong Siu Ki
Mr. Yue Kwai Wa Ken

Compliance adviser

Innovax Capital Limited
Room 2002
Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal banker

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Auditor

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

Hong Kong legal adviser

Robertsons
57/F., The Center
99 Queen's Road Central
Hong Kong

Stock code

1389

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Major Holdings Limited (the "Group"), it is my pleasure to present the Group's Annual Report for the year ended 31 March 2016.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2016:

- Revenue decreased by approximately 16.6% from approximately HK\$268.4 million for the year ended 31 March 2015 to approximately HK\$223.9 million for the year ended 31 March 2016
- Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 69.3% from approximately HK\$24.1 million for the year ended 31 March 2015 to approximately HK\$7.4 million for the year ended 31 March 2016
- Basic earnings per share decreased from HK2.51 cents for the year ended 31 March 2015 to HK0.78 cent for the year ended 31 March 2016
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent)

GOING FORWARD

The Hong Kong's retail market was full of challenges during the period under review. The total retail sales by type of retail outlet of Hong Kong dropped approximately 6.4% year-on-year. The wine retail market in Hong Kong also continued to face weak local consumption. In order to maintain the market leading position and cope with worldwide economic uncertainties, the Group took proactive steps to minimize the impact of the adverse situation by exploring more sales channels, increasing investment in marketing and promotion activities, front-line wine consultants development, intensifying cost control and we continued to seek opportunities to develop and grow even though the retail environment was difficult.

We carefully select wine brands for promotion and sale to ensure that we have the highest quality and products portfolios in our collections. With our sentient observation of trends, our adaption to the market coupled with dynamic service, the Group is confident in its position as a world class enterprise.

A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, business partners, suppliers and customers who remain faithful to and maintain confidence in the Group. I would also like to express our sincere gratitude to the management and staff for their commitment and contribution throughout the years.

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 24 June 2016



Management Discussion and Analysis

BUSINESS REVIEW

Hong Kong's retail markets remain challenging. The value of total retail sales by type of retail outlet in March 2015 decreased from approximately HK\$490.1 billion in March 2015 to approximately HK\$458.8 billion in March 2016, representing a year-on-year decrease by approximately 6.4%, as released by the Census and Statistics Department. During the year ended 31 March 2016, the Group's revenue decreased by approximately 16.6% to approximately HK\$223.9 million (2015: HK\$268.4 million). The decrease was mainly due to the decrease of the sales of red wine from approximately HK\$239.3 million for the year ended 31 March 2015 to approximately HK\$196.1 million for the year ended 31 March 2016.

The Group had implemented a special offer campaign to reinforce our customers' purchasing habit and broaden our customer base, and increased investment in marketing and promotion exercises in response to the challenging retail market in Hong Kong.

The Group's long-term success is attributable to the efforts of front-line professional wine consultants, most of whom possess various levels of certificates in wines and spirits awarded by the Wine & Spirit Education Trust ranging from level one foundation certificate in wines to level three advance certificate in wines and spirits. The Group recognises these precious assets and encourage continuous studies and continues to deploy resources in training to ensure the provision of valuable consumption experience to our customers despite the rising staff costs.

Red wine continued to be the Group's core product type and main source of profit driver. In response to the challenging retail market in Hong Kong, the Group will continue to improve its sales by offering and implementing new marketing channels and shopping methods, adjusting its sales and marketing strategies and optimizing its inventory level. The Group is confident in its position as one of Hong Kong's main premium wine retailers.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 16.6% from approximately HK\$268.4 million for the year ended 31 March 2015 to approximately HK\$223.9 million for the year ended 31 March 2016. The decrease was mainly due to the decrease of the sales of red wine from approximately HK\$239.3 million for the year ended 31 March 2015 to approximately HK\$196.1 million for the year ended 31 March 2016.

Gross profit

Gross profit of the Group decreased by approximately 20.8% from approximately HK\$60.5 million for the year ended 31 March 2015 to approximately HK\$47.9 million for the year ended 31 March 2016. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2016. The gross profit margin slightly decreased from approximately 22.5% for the year ended 31 March 2015 to approximately 21.4% for the year ended 31 March 2016. The decrease was mainly attributable to the implementation of a special offer campaign to reinforce our customers' buying habit and broaden our customer base in response to the challenging retail market in Hong Kong.

Management Discussion and Analysis

Depreciation of property, plant and equipment

The Group recorded depreciation on property, plant and equipment of approximately HK\$1.5 million and HK\$1.0 million for the two years ended 31 March 2015 and 2016 respectively.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group increased by approximately 20.8% from approximately HK\$15.4 million for the year ended 31 March 2015 to approximately HK\$18.6 million for the year ended 31 March 2016. The change was mainly attributable to the increase in advertising and promotion expenses, staff costs and operating lease payment in respect of warehouses and retails shops for the year ended 31 March 2016.

Administrative expenses of the Group increased by approximately 19.5% from approximately HK\$16.4 million for the year ended 31 March 2015 to approximately HK\$19.6 million for the year ended 31 March 2016. The increase was mainly attributable to the increase of legal and professional fees, staff costs and donations, which was slightly offset by the decrease of operating lease payment of the office premises, depreciation of property, plant and equipment, bank charges and motor vehicles expenses.

Income tax expense

Income tax expense for the Group decreased by approximately 59.6% from approximately HK\$5.2 million for the year ended 31 March 2015 to approximately HK\$2.1 million for the year ended 31 March 2016. The decrement was mainly due to the decrease of estimated assessable profit for the year ended 31 March 2016 compared to the corresponding period in 2015.

Profit and total comprehensive income for the year attributable to owners of the Company

For the reasons mentioned above, profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 69.3% from approximately HK\$24.1 million for the year ended 31 March 2015 to approximately HK\$7.4 million for the year ended 31 March 2016.

Final Dividend

The Board does not recommend the payment of a final dividend to shareholders of the Company for the year ended 31 March 2016 (2015: HK1 cent).



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2016	2015
Current assets	133,202,000	141,763,000
Current liabilities	35,217,000	31,640,000
Current ratio	3.78	4.48

The current ratio of the Group at 31 March 2016 was approximately 3.78 times as compared to that of approximately 4.48 times at 31 March 2015. It was mainly resulted from a decrease in current assets which arose out of the lowered business volume during the year.

At 31 March 2016, the Group had total bank balances and cash of approximately HK\$9.3 million (2015: HK\$32.9 million).

At 31 March 2016, the Group's gearing ratio (represented by amount due to a shareholder, obligations under finance leases and bank borrowings divided by equity) amounted to approximately 19.5% (2015: 14.2%). The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$2.8 million as at 31 March 2016 (2015: HK\$10.6 million). As at 31 March 2016, the Group did not have any significant capital commitments (2015: Nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 26 in the notes to the Consolidated Financial Statements.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this report, these were no other significant investments held as at 31 March 2016. The Group did not have other plans for material investments and capital assets.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 March 2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2016 (2015: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group has foreign currency purchases denominated in Euro, Great Britain Pound, Swiss Franc and United States Dollar. Certain bank balances and cash, pledged bank deposits and trade payables related to purchases made by the Group were denominated in foreign currencies. However, the Directors consider the foreign exchange exposure minimal as a majority of the Group's sales, monetary assets and liabilities are denominated in HK\$.

As at 31 March 2016, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

PLEDGE OF ASSETS

As at 31 March 2015, the Group has pledged bank deposits of HK\$5.0 million to secure the banking facilities granted to the Group. Such pledged bank deposits are released during the year ended 31 March 2016.



Management Discussion and Analysis

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 30 December 2013 which became effective on 10 January 2014. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

(b) Participants of the Share Option Scheme and Eligibility Criteria

The eligible persons of the Share Option Scheme to whom options may be granted by the Board shall include any directors, employee, consultants or advisers, or any other person, who at the sole discretion of the Board, has contributed to the Group ("Eligible Person").

(c) Maximum number of Shares available for Subscription

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 Schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme unless the Company obtains a fresh approval.

(d) Maximum entitlement of each Eligible Person

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve month period must not exceed 1% of the issued share capital of the Company.

(e) Time of exercise of Option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to the grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of acceptance of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme).

Management Discussion and Analysis

(f) **Subscription Price**

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

- (i) the closing price per Share as stated in The Stock Exchange of Hong Kong Limited's ("Stock Exchange") daily quotation sheet on the offer date;
- (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or
- (iii) the nominal value of the Share.

(g) **Life of the Share Option Scheme**

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

During the year ended 31 March 2016, no option under the Share Option Scheme has been granted by the Company (2015: nil).



Management Discussion and Analysis

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 17 June 2015, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares in issue from GEM to the Main Board of the Stock Exchange. The approval-in-principle and the listing approval have been granted by the Stock Exchange on 19 October 2015 and on 29 October 2015 respectively, for the Shares to be listed on the Main Board and de-listed from GEM, according to Rule 9A.09(6) of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). Accordingly the Group commenced to comply with the Listing Rules starting from 30 October 2015.

The last day of dealings in the Shares on GEM (Stock code: 8209) was 29 October 2015. Dealings in the Shares on the Main Board (Stock code: 1389) commenced at 9:00 a.m. on 30 October 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group employed a total of 35 full-time and 2 part-time employees (2015: 35 full-time and 2 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK\$15.6 million for the year ended 31 March 2016 (2015: HK\$12.5 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end and discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

Management Discussion and Analysis

LOOKING FORWARD

Hong Kong remains as one of the largest and important wine auction centres in the world. Its vibrant local market and prime geographical location serve as a platform for growing wine trade in other Asian market.

Looking forward, the worldwide economic environment will continue to be uncertain. The Group will increase its efforts to enhance the Group's profile through participation in exhibitions and fairs, tasting events and expand its product portfolio to keep abreast of market trends. Furthermore, given that the Group has successfully transferred its listing from GEM to the Main Board of the Stock Exchange under the new stock code 1389 on 30 October 2015, the Directors believe that such transfer can strengthen the Group's growth momentum and enhance its corporate image and share liquidity.

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2016.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 2 April 2013. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the GEM Board of the Stock Exchange of Hong Kong Limited, the Company became the holding company of the companies now comprising the Group on 28 August 2013.

The shares of the Company were listed on the GEM Board of the Stock Exchange of Hong Kong Limited with effect from 10 January 2014 and subsequently transferred listing to Main Board of the Stock Exchange on 30 October 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW AND PERFORMANCE

The review of the business of the Group for the year ended 31 March 2016 and the potential future development of the Group's business and the performance analysis using financial key performance indicators are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" on pages 2, pages 3 to 10, pages 11 to 20, pages 35 to 79, and page 80, respectively. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report.

PARTICULARS OF IMPORTANT EVENTS

Save as disclosed in this annual report, since 31 March 2016, being the end of the financial year under review, no important event has occurred affecting the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 March 2016.

Report of the Directors

ENVIRONMENTAL POLICY

The Group emphasises the importance of energy conservation and environmental protection as part of its corporate culture and encourages its employees to minimise the use of paper by promoting digitalisation of documents and better use of waste paper.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as valuable assets of the Group and the Group will motivate the employees by providing reasonable remuneration package and implementing an annual appraisal system to provide opportunities for career development within the Group. In addition, the Group also offers other employee benefits, such as medical insurance and training sponsorship, etc.

The Group provides good quality services to the customers and maintains effective communication with them. The Group treasures the long-term relationships developed with the customers and suppliers. During the year ended 31 March 2016, there was no material dispute or argument between the Group and its business partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities, by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the year ended 31 March 2016 to promote the importance of work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasises a code of conduct which forms part of the staff manual. Employees are required to act with integrity and to report any suspected bribery cases. Whistle-blowing procedures are in place which allows direct reporting to the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duty.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent).

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 80.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 26 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2016.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2016. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BANK LOANS AND OTHER BORROWINGS

The Company and its subsidiaries obtained banking facilities during the year. The bank borrowings at 31 March 2016 amounted to approximately HK\$18.7 million and the details are set out in note 24 to the consolidated financial statements. Save as disclosed herein, there is no other outstanding balance of bank loans and other borrowings as at 31 March 2016.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$133.8 million. The amount represents the Company's share premium, net of accumulated profits, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's transactions with its major suppliers and customers during the year are set out as below:

During the year ended 31 March 2016, our largest supplier accounted for approximately 6.6% of our total purchases (2015: 9.6%). The aggregate purchase from our five largest suppliers contributed approximately 23.2% of our total purchases in the current year (2015: 27.8%).

During the year ended 31 March 2016, our largest customer accounted for approximately 5.4% of turnover (2015: 7.3%). The aggregate sales to our five largest customers contributed approximately 16.8% of our total sales in the current year (2015: 23.1%).

At no time during the year ended 31 March 2016 did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Cheung Chun To (*Chairman*)
Mr. Cheung Chun Pang (resigned on 30 November 2015)
Mr. Leung Chi Kin Joseph
Ms. Cheung Wing Shun

Independent non-executive Directors

Mr. Wong Siu Ki
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Mr. Cheung Chun Pang resigned as executive director on 30 November 2015 as he would like to concentrate on his other business commitment.

Pursuant to Article 84 of the Articles, at each general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring director shall be eligible for re-election.

Pursuant to the Articles, Mr. Wong Siu Ki and Mr. Ngai Hoi Ying shall retire from office as Directors at the forthcoming AGM and, being eligible, offer themselves for re-election.

Biographical information of the Directors of the Company and the senior management of the Group are set out on pages 30 to 32.

Report of the Directors

CHANGES IN DIRECTORS' INFORMATION

Mr. Yue, Kwai Wa Ken, independent non-executive Director was appointed as an independent non-executive director of Manfield Chemical Holdings Limited, whose shares are listed on the Stock Exchange (Stock code: 1561) on 6 November 2015.

DIRECTORS' SERVICE CONTRACTS

Each of executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated in accordance with the terms of the agreement.

Independent non-executive Directors are appointed for a term of one year and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Save as disclosed above, no Director 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 of compensation other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NONEXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company, or any of its subsidiaries, and any of the controlling shareholders or any of their subsidiaries during the year ended 31 March 2016.

MANAGEMENT CONTRACTS

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

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors of the Company are set out in note 9 to the consolidated financial statements in this annual report.

Report of the Directors

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

In order to protect the Group's interest in its business activities, each of the controlling shareholders of the Company, has given a non-competition undertaking in favour of the Company, pursuant to which each of them undertakes and covenants with the Company that, for so long as he/it and/or his/its associates, directly or indirectly, whether individually or taken together, remain to be the controlling shareholder, he/it will not and will procure his/its associates not to directly or indirectly carry on, participate, engage or otherwise be interested in any business which is or may be in competition with the business of any members of the Group from time to time.

Details of the undertaking has been set out in the section headed "Relationship with Our Controlling Shareholders" of the prospectus of the Company dated 6 January 2014.

During the year ended 31 March 2016 and up to the date of this report, none of the Directors or any of their respective associates, has been engaged or otherwise interested in any business which is or may be in competition with the business of any members of the Group.

EQUITY-LINKED AGREEMENTS

Save as the share option scheme disclosed in section head "Management Discussion and Analysis", during the year ended 31 March 2016, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

Report of the Directors

THE INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

So far as were known to the Directors or chief executive of the Company, as at 31 March 2016, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the securities and futures ordinance ("SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and pursuant to the Model Code of the Listing Rules, were as follows:

Name	Capacity/ Nature of Interest	Number of shares	Approximate percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	355,620,000 shares	37.04%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	352,800,000 shares	36.75%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 355,620,000 shares held by Silver Tycoon Limited.
2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 352,800,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and pursuant to the Model Code of the Listing Rules.

Report of the Directors

(b) Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 March 2016, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) has interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of shares	Approximate percentage of shareholding
Silver Tycoon Limited	Beneficial Owner (Note 1)	355,620,000 shares	37.04%
High State Investments Limited	Beneficial Owner (Note 2)	352,800,000 shares	36.75%
Ms. Lin Shuk Shuen	Family Interest (Note 3)	355,620,000 shares	37.04%
Ms. Ma Pui Ying	Family Interest (Note 4)	352,800,000 shares	36.75%
Shanghai Haitong Securities Asset Management Company Limited* (上海海通證券資產管理有限公司)	Trustee	48,132,000 shares	5.01%
Zhongou Shengshi Asset Management (Shanghai) Company Limited* (中歐盛世資產管理(上海)有限公司)	Trustee	48,132,000 shares	5.01%

Notes:

- Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 355,620,000 shares held by Silver Tycoon Limited.
- Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 352,800,000 shares held by High State Investments Limited.
- Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To and is therefore deemed to be interested in all the shares held/ owned by Mr. Cheung Chun To (by himself and through Silver Tycoon Limited) by virtue of the SFO.
- Ms. Ma Pui Ying is the spouse of Mr. Leung Chi Kin Joseph and is therefore deemed to be interested in all the shares held/ owned by Mr. Leung Chi Kin Joseph (by himself and through High State Investments Limited) by virtue of the SFO.

* For identification purposes only

Report of the Directors

Save as disclosed above, as at 31 March 2016, the Directors or chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who has an interest or short position in the securities in the Company that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS OF THE COMPLIANCE ADVISER

The Company and its former compliance adviser have mutually agreed to terminate the former compliance adviser agreement with effect from 30 June 2015, which arose out of no consensus being reached between the Company and its former compliance adviser on the level of works required and the level of revised fees. The Company has appointed Innovax Capital Limited (“Innovax Capital”) as its new compliance adviser as required under Rules 6A.19 and 6A.27 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”).

Innovax Capital received fees for acting as the Company’s compliance adviser with effect from 1 July 2015. As notified by the Innovax Capital, save for the compliance adviser agreement dated 30 June 2015 entered into between the Company and the Innovax Capital, neither the Innovax Capital, its directors, employees and close associates had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2016.

Announcements on the change of compliance adviser have been made by the Company on 30 June 2015 and 3 July 2015.

AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Wong Siu Ki, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2016.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2016 are set out in note 29 to the financial statements. None of these related party transactions constitutes a connected transaction for the year ended 31 March 2016 as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules.

Report of the Directors

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DONATIONS

During the year ended 31 March 2016, the Group donated approximately HK\$1.0 million for charitable purposes.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in the note 32 to the consolidated financial statements, there were no significant events after the reporting period of the Group.

AUDITOR

Deloitte Touche Tohmatsu was appointed by the Directors as the auditor of the Company. Deloitte Touche Tohmatsu will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 March 2016 have been audited by Deloitte Touche Tohmatsu.

By Order of the Board

Cheung Chun To

Chairman

24 June 2016

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "GEM CG Code") as set out in Appendix 15 to the GEM Listing Rules during the period from 1 April 2015 to 29 October 2015 (as the Company was transferred to list on Main Board since 30 October 2015, the GEM Listing Rules was still applicable to relevant disclosure requirement for the period from 1 April 2015 to 29 October 2015), and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules from 30 October 2015 onwards (the "CG Code"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability. The Board is pleased to report compliance with the code provisions of the CG Code for the year ended 31 March 2016, except where otherwise stated. The Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the GEM CG Code and the CG Code during relevant periods and the Directors will continue to use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings") from 1 April 2015 to 29 October 2015 (as the Company was only transferred its listing on Main Board since 30 October 2015, the GEM Listing Rules was still applicable to relevant disclosure requirements as at and during the period from 1 April 2015 to 29 October 2015) and The Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules from 30 October 2015 and onwards as the code of conduct regarding Directors' securities transactions in securities of the Company. The Company has confirmed, having made specific enquiry to the Directors, all the Directors have complied with the Required Standard of Dealings during the relevant periods.

Corporate Governance Report

BOARD OF DIRECTORS

The Board comprises:

Executive Directors

Mr. Cheung Chun To (*Chairman*)

Mr. Leung Chi Kin Joseph

Ms. Cheung Wing Shun

Independent non-executive Directors

Mr. Wong Siu Ki

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2016, a total of 6 Board meetings were held. The attendance record of each Director at the Board meetings is set out in the table below:

Name of Director	Number of meetings attended	
	Board meetings	General meetings
Mr. Cheung Chun To	6/6	1/1
Mr. Leung Chi Kin Joseph	6/6	1/1
Mr. Cheung Chun Pang (Note)	5/6	1/1
Ms. Cheung Wing Shun	6/6	1/1
Mr. Wong Siu Ki	6/6	0/1
Mr. Yue Kwai Wa Ken	6/6	1/1
Mr. Ngai Hoi Ying	6/6	1/1

Note: Mr. Cheung Chun Pang resigned as executive Director on 30 November 2015.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE

In accordance with the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Cheung Chun To is the chairman of the Board who is primarily responsible for managing the Board. Mr. Cheung also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. During the year, the Company did not name any officer with the title "Chief executive officer". Mr. Leung Chi Kin Joseph assumed the position of chief executive officer who is primarily responsible for day-to-day management of the Group's business.

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Cheung, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not practicable.

Code provision A.6.7 of the Code stipulates that the independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company. Mr. Wong Siu Ki was unable to attend the annual general meeting of the Company held on 19 June 2015 as he had other business engagement.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the “Articles”) provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each Independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his independence and each of the independent non-executive Directors has provided an annual confirmation of his independency to the Company pursuant to Rule 3.13 of the Listing Rules and the Company considers these independent non-executive Directors to be independent.

PROFESSIONAL DEVELOPMENT

To assist Directors’ continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors are kept and updated by the Company Secretary of the Company. Mr. Cheung Chun To, Mr. Leung Chi Kin Joseph, Mr. Cheung Chun Pang, Ms. Cheung Wing Shun and Mr. Ngai Hoi Ying received a training of regulatory updates relating listed companies in Hong Kong; Mr. Wong Siu Ki received trainings of role of independent non-executive director and change of Company Law and Mr. Yue Kwai Wa, Ken received trainings of listing rules, legal and other regulatory requirements.

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

AUDIT COMMITTEE

The major roles and functions of the audit committee of the Company (the “Audit Committee”) are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Company and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment.

During the year, the Company adopted a whistleblowing policy in order to allow our employees or other stakeholders (e.g. suppliers and customers) of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Audit Committee currently comprise of the three independent non-executive Directors, namely Mr. Wong Siu Ki, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying. Mr. Wong Siu Ki is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company’s website and on the website of the Stock Exchange.

Corporate Governance Report

During the year ended 31 March 2016, three Audit Committee meetings were held. In the meetings during the year ended 31 March 2016, the Audit Committee has reviewed the consolidated audited annual results of the Group and the unaudited condensed consolidated first quarterly and condensed consolidated interim results of the Group; and reviewed the internal control system of the Group. The attendance record of each member of the Audit Committee for the meetings is set out as follows:

Name of members of the Audit Committee	Number of meetings attended
Mr. Wong Siu Ki	3/3
Mr. Yue Kwai Wa Ken	3/3
Mr. Ngai Hoi Ying	3/3

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 30 December 2013 comprising the three independent non-executive Director, namely Mr. Yue Kwai Wa Ken, Mr. Wong Siu Ki and Mr. Ngai Hoi Ying. Mr. Yue Kwai Wa Ken is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange. The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and the Remuneration Committee has adopted the approach under B.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 9 to the financial statements.

Two meetings were held by the Remuneration Committee for the year ended 31 March 2016. In the meetings, the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members and senior management of the Company. The attendance record of each member of the Remuneration Committee for the meetings is set out as follows:

Name of members of the Remuneration Committee	Number of meetings attended
Mr. Yue Kwai Wa Ken	2/2
Mr. Wong Siu Ki	2/2
Mr. Ngai Hoi Ying	2/2

Corporate Governance Report

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 30 December 2013 comprising the three independent non-executive Directors, namely Mr. Ngai Hoi Ying, Mr. Yue Kwai Wa Ken and Mr. Wong Siu Ki. Mr. Ngai Hoi Ying is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executives. In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the valuation and technical advisory services and/or other professional areas.

One meeting was held by the Nomination Committee for the year ended 31 March 2016. In the meeting, the Nomination Committee has performed its duties to determine and make recommendation to the reappointment of the Directors and review the independence of the independent non-executive Directors. The attendance record of each member of the Nomination Committee for the meeting is set out as follows:

Name of members of the Nomination Committee	Meeting attended
Mr. Ngai Hoi Ying	1/1
Mr. Wong Siu Ki	1/1
Mr. Yue Kwai Wa Ken	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Corporate Governance Report

Internal Control and Risk Management

The internal control system has been designed to safeguard the assets of the Group, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The Board carried out a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions. The Board considered that the Company's internal control system is adequate and effective. The Board has also assessed the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget and considered that they are adequate.

Role of Compliance Officer

Compliance officer is responsible to establish a formal mechanism for risk assessment and management monitoring the effectiveness of the Company's internal control system and procedures and assessing the remediation status.

AUDITOR'S REMUNERATION

The audit committee of the Board is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorised external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors.

During the financial year ended 31 March 2016, the fees paid/payable to the Company's auditor are set out as follows:

Services rendered	Fees paid/ payable HK\$'000
Audit services	600
Non-audit services	150

COMPANY SECRETARY

Mr. Chan Yee Tak ("Mr. Chan") was appointed as the company secretary of the Company on 27 January 2015. The biographical details of Mr. Chan are set out under the section headed "Biographical Details of Directors and Senior Management". During the year ended 31 March 2016, the company secretary of the Company undertook not less than 15 hours of professional training to update skill and knowledge.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paidup 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 sent to the Company's principal office as set out in the manner below, to require an EGM 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.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Suite 822, Ocean Centre, Harbour City, 5 Canton Road, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting 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 by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- (a) least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;
- (b) At least 21 clear days' notice in writing (and not less than 20 business days) if calling for an annual general meeting or the proposal constitutes a special resolution of the Company in EGM.

Corporate Governance Report

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to alfred.chan@majorcellar.com for the attention of the company secretary.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.majorcellar.com.

For the year ended 31 March 2016, there had been no significant change in the Company's constitutional documents.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung Chun To (張俊濤), aged 37, is our chairman and an Executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang and Ms. Cheung Wing Shun. Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001, with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai. From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恆隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc Wines Limited ("Rouge & Blanc"). In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar Company Limited ("Major Cellar") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

Mr. Leung Chi Kin Joseph (梁子健), aged 37, is an Executive Director, was appointed to the Board on 2 April 2013. Mr. Leung is primarily responsible for sourcing and pricing wines and spirits products for our Group, expanding product range, establishing and maintaining relationship with wine agents and vineyards and overseeing the overall sales operation. Mr. Leung graduated from York University, Canada in November 2002, with a bachelor's degree in business administration. From December 2002 to 2007, Mr. Leung worked at Gi-Go Toys Factory Limited initially as a management trainee and thereafter as a sales manager responsible for promotional campaigns and sales budget. In December 2007, Mr. Leung began the business of distributing and selling wines by establishing Rouge & Blanc and was appointed a director at around the same time. In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar and Mr. Leung has been appointed a director of Major Cellar since the day of its incorporation.

Biographical Details of Directors and Senior Management

Ms. Cheung Wing Shun (張詠純), aged 35, is an Executive Director and also the compliance officer; she was appointed to the Board on 30 December 2013. Ms. Cheung Wing Shun is the sister of Mr. Cheung and Mr. Cheung Chun Pang. Ms. Cheung Wing Shun is responsible for the overall internal operation and marketing promotion of our Group. Ms. Cheung Wing Shun graduated from University of Western Ontario, Canada in June 2003, with a bachelor's degree in arts. Ms. Cheung Wing Shun also obtained a diploma in "SME Company Operations & Management" from the Hong Kong Productivity Council in June 2011 and the WSET level 2 intermediate certificate in 2010. From 2004 to 2006, Ms. Cheung Wing Shun worked at the Hong Kong Trade Development Council as a project assistant; her main responsibilities included organising events and exhibitions. From 2007 to 2009, Ms. Cheung Wing Shun worked at Gate Worldwide Limited as an account executive. In July 2009, Ms. Cheung Wing Shun joined Rouge & Blanc as a senior operation officer and in December 2010, she became an assistant to the directors of Major Cellar, responsible for assisting the directors in the daily management of Major Cellar. In particular, Ms. Cheung Wing Shun had assisted in the change of the POS system for Major Cellar and implemented a series of policies to streamline the Group's operation and management. Ms. Cheung was appointed as a director of Major Cellar since December 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Siu Ki (黃兆麒), aged 39, is an Independent Non-Executive Director. Mr. Wong was appointed to the Board on 30 December 2013. Mr. Wong graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy with first class honours in November 1998. He was admitted as a fellow member of the Association of Chartered Certified Accountants in September 2006, an associate of the Institute of Chartered Accountants in England and Wales in October 2007 and a fellow member of the Hong Kong Institute of Certified Public Accountants in May 2010. Mr. Wong has more than 17 years of experiences in accounting, capital markets and the financial sector. From 1997 to 2003, Mr. Wong worked in an international accounting firm specialising in clients' initial public offerings. From 2004 to 2007, Mr. Wong was appointed chief financial officer and company secretary of Eagle Brand Holdings Limited, a company listed in the Singapore Stock Exchange (Stock code: E04). From 2007 to 2010, Mr. Wong was appointed as chief financial officer and company secretary of Xingfa Aluminium Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 98). From 2010 to 2012, Mr. Wong was appointed a non-executive director of Xingfa Aluminium Holdings Limited. Since December 2012, Mr. Wong has been appointed as an alternate director and an alternate authorised representative to an executive director and the chairman of the board of Xingfa Aluminium Holdings Limited. Since April 2015, Mr. Wong was further appointed as chief investment officer of Xingfa Aluminium Holdings Limited. Mr. Wong has been appointed as an independent non-executive director of AMCO United Holding Limited (Stock code: 630), a company listed on the Main Board of the Stock Exchange, since May 2015.

Mr. Ngai Hoi Ying (魏海鷹), aged 59, is an Independent Non-Executive Director; he was appointed to the Board on 30 December 2013. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資(集團)有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and Macau (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009.

Biographical Details of Directors and Senior Management

Mr. Yue Kwai Wa Ken (余季華), aged 50, is an Independent Non-Executive Director; he was appointed to the Board on 30 December 2013. Mr. Yue has approximately 22 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited (Stock code: 8072), a company listed on the GEM of the Stock Exchange, since 18 March 2011 and company secretary and compliance officer of Roma Group Limited since 26 September 2011. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited (Stock Code: 3838), a company listed on the Main Board of the Stock Exchange, since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (stock code:1561) since 6 November 2015. Mr. Yue was the executive director of Legend Strategy International Holdings Group Company Limited, a company listed on the Stock Exchange (Stock code: 1355) from 4 July 2014 to 18 November 2014.

SENIOR MANAGEMENT

Ms. Ho Sau Wan Ada (何秀雲), aged 49, is the shipping supervisor of our Group. Ms. Ho joined our Group on 2 July 2009 and is responsible for supervising shipping matters and carrying out inspection of goods. From May 1985 to April 1988, Ms. Ho worked at Kwun Wah Flower & Plant Manufactory Limited; her last position was a senior shipping clerk. From October 1990 to February 1994, Ms. Ho worked at Maersk Hong Kong Limited as a customer service representative. From February 1994 to September 2006, Ms. Ho worked at Bezalel Advertising Premiums Company as an assistant to director. From September 2006 to June 2009, Ms. Ho worked at Gartner Studio International Limited as a human resources manager.

Mr. Ma Min To (馬棉濤), aged 34, is the warehouse supervisor of our Group. Mr. Ma joined our Group on 4 October 2010 and is responsible for supervising logistic matters and the daily operation of the warehouse. From 2003 to 2010, Mr. Ma worked at Marathon Sports; his last position was a shop supervisor.

COMPANY SECRETARY

Mr. Chan Yee Tak (陳怡德), age 45, is the company secretary of the Company, joined the Group as the chief financial officer in September 2014. Mr. Chan has over 16 years of experience in the field of financial management and company secretarial practice and previously worked in certain unlisted and listed groups. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan obtained the Honours Diploma in Accountancy from Lingnan College (now known as Lingnan University). Mr. Chan obtained Master of Science in Accountancy and Finance from Birmingham City University.

Independent Auditor's Report

Deloitte.

德勤

TO THE members OF MAJOR HOLDINGS LIMITED

美捷滙控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Major Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 79, which comprise the consolidated statement of financial position as at 31 March 2016, 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 the 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.

Independent Auditor's Report

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 2016, 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 compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	8	223,929	268,425
Cost of sales		(176,052)	(207,929)
Gross profit		47,877	60,496
Other income	10	5	573
Other gains and losses, net	11	89	428
Promotion, selling and distribution expenses		(18,551)	(15,440)
Administrative expenses		(19,566)	(16,373)
Finance costs	12	(275)	(332)
Profit before taxation		9,579	29,352
Income tax expense	13	(2,131)	(5,220)
Profit and total comprehensive income for the year attributable to owners of the Company	14	7,448	24,132
Earnings per share, basic (HK cents)	16	0.78	2.51

Consolidated Statement of Financial Position

As at 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	17	2,436	3,316
Rental deposits	19	–	2,067
		2,436	5,383
Current assets			
Inventories	18	73,865	79,929
Trade and other receivables, deposits and prepayments	19	48,276	28,885
Tax recoverable		1,739	–
Pledged bank deposits	21	–	5,001
Bank balances and cash	21	9,322	27,948
		133,202	141,763
Current liabilities			
Trade and other payables and deposits received	22	15,646	14,795
Amount due to a shareholder	20	480	660
Tax liabilities		–	945
Obligations under finance leases – due within one year	23	416	519
Bank borrowings	24	18,675	14,721
		35,217	31,640
Net current assets		97,985	110,123
Total assets less current liabilities		100,421	115,506

Consolidated Statement of Financial Position

As at 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Capital and reserves			
Issued capital	26	1,200	1,200
Reserves		99,041	113,673
Total equity		100,241	114,873
Non-current liabilities			
Obligations under finance leases – due after one year	23	13	429
Deferred tax liability	25	167	204
		180	633
		100,421	115,506

The consolidated financial statements on pages 35 to 79 were approved and authorised for issue by the Board of Directors on 24 June 2016 and are signed on its behalf by:

Cheung Chun To
DIRECTOR

Leung Chi Kin Joseph
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note i)	Other reserve HK\$'000 (Note ii)	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2014	1,200	131,534	(104,902)	30,483	63,626	121,941
Profit and total comprehensive income for the year	-	-	-	-	24,132	24,132
Dividend declared (note 15)	-	-	-	-	(31,200)	(31,200)
At 31 March 2015	1,200	131,534	(104,902)	30,483	56,558	114,873
Profit and total comprehensive income for the year	-	-	-	-	7,448	7,448
Dividend declared (note 15)	-	-	-	-	(22,080)	(22,080)
At 31 March 2016	1,200	131,534	(104,902)	30,483	41,926	100,241

Notes:

- (i) The capital reserve represents the difference between the nominal value of the share capital of Major Cellar Company Limited ("Major Cellar") at the date on which it was acquired by Beyond Elite Limited ("Beyond Elite") and the deemed consideration of HK\$104,912,000 settled by issuance of 100 shares by the Company pursuant to the corporate reorganisation completed on 28 August 2013.
- (ii) The other reserve represents deemed contribution from Rouge & Blanc Wines Limited ("Rouge & Blanc") regarding the waiver of amount due to Rouge & Blanc effective on 1 April 2012 which arose from the transfer of wine and spirit products and furniture and fixtures from Rouge & Blanc to Major Cellar on 31 March 2010. Rouge & Blanc is controlled by Mr. Cheung Chun To ("Mr. Cheung") and Mr. Leung Chi Kin Joseph ("Mr. Leung"), the directors and also the shareholders of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	9,579	29,352
Adjustments for:		
Depreciation of property, plant and equipment	954	1,532
Interest expenses	275	332
Interest income	(1)	(110)
Net reversal of allowance for inventories	(147)	(1,042)
Loss on disposal of property, plant and equipment	-	24
Operating cash flows before movements in working capital	10,660	30,088
Decrease in inventories	6,211	2,024
(Increase) decrease in trade and other receivables, deposits and prepayments	(17,324)	10,147
Increase (decrease) in trade and other payables and deposits received	851	(12,538)
(Decrease) increase in amount due to a shareholder	(180)	480
Cash generated from operations	218	30,201
Income tax paid	(4,852)	(6,372)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,634)	23,829
INVESTING ACTIVITIES		
Interest received	1	110
Purchases of property, plant and equipment	(74)	(809)
Proceeds from disposal of property, plant and equipment	-	10
Placement of pledged bank deposits	-	(5,001)
Withdrawal of pledged bank deposits	5,001	5,593
NET CASH FROM (USED IN) INVESTING ACTIVITIES	4,928	(97)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
FINANCING ACTIVITIES		
Interest paid	(275)	(332)
Dividend paid	(22,080)	(31,200)
New bank borrowings raised	31,846	37,083
Repayment of bank borrowings	(27,892)	(30,946)
Repayment of obligations under finance leases	(519)	(489)
NET CASH USED IN FINANCING ACTIVITIES	(18,920)	(25,884)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,626)	(2,152)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,948	30,100
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	9,322	27,948

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 2 April 2013 and its shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 January 2014 and subsequently transferred listing to Main Board of the Stock Exchange on 30 October 2015. The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suite 822, Ocean Centre, Harbour City, 5 Canton Road, Kowloon, Hong Kong respectively.

The Company is an investment holding company and its principal subsidiary is mainly engaged in sale and distribution of premium wine and spirit products and wine accessory products in Hong Kong.

The functional currency of the Company is Hong Kong dollar (“HK\$”), which is the same as the presentation currency of the consolidated financial statements.

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

Application of amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to 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:

HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers ²
HKFRS 16	Leases ⁴
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹
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 ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2019.

HKFRS 15 “Revenue from contracts with customers”

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 15 “Revenue from contracts with customers” (continued)

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 Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

HKFRS 16 Leases (continued)

As set out in note 28, total operating lease commitment of the Group in respect of leased premises as at 31 March 2016 is amounted to HK\$2,808,000. The directors of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Except as described above, the directors of the Company anticipate that the application of other new and amendments to 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 ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purpose, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins with 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.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

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

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have 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.

Interest income from a financial asset is recognised when it is probable that 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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.

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Taxation

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

Current tax

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference 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 difference arises from goodwill or from the initial recognition (other than in a business combination) 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 associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest 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.

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 asset 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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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 amount of its assets and liabilities. Current and deferred tax are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables. 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 financial asset 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 or points 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.

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 other receivables, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loan and receivable, the estimated future cash flows of the loans and receivables 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 or 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 for impairment on a collective basis even if they were assessed not to be impaired individually. 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 and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 loss 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity 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 an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a shareholder and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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 or points 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 liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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 in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment 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.

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 the 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 4, management is 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 underlying 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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 from the end of each reporting period.

Allowances provided for inventories

Management of the Group reviews the inventory aging analysis at the end of the reporting period in order to identify slow-moving inventory items. Management estimates the net realisable value for inventories based primarily on the latest market prices and current market conditions. In addition, the Group carries out an inventory review on a product-by-product basis at the end of each reporting period and provides necessary allowance if the net realisable value is estimated to be below the cost.

Net reversal of allowance for inventories HK\$147,000 (2015: HK\$1,042,000) were made for the year ended 31 March 2016. The carrying amount of inventories is HK\$73,865,000 (2015: HK\$79,929,000) as at 31 March 2016.

Allowances for bad and doubtful debts

The allowance for bad and doubtful debts of the Group is estimated based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

No allowance for bad and doubtful debts was made for years ended 31 March 2016 and 2015. The carrying amount of trade receivable is HK\$22,964,000 (2015: HK\$14,527,000) as at 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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 owners through the optimisation of the debt and equity balance. The Group overall strategy remains unchanged for both years.

The capital structure of the Group consists of debt, which includes amount due to a shareholder and bank borrowings as disclosed in notes 20 and 24, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and accumulated profits.

The directors of the Company review the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	33,089	48,302
Financial liabilities		
Amortised cost	25,712	25,051

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a shareholder and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has foreign currency purchases, which expose the Group to foreign currency risk. Certain bank balances and cash and trade payables of the Group are denominated in foreign currencies.

The carrying amounts of the Group's bank balances and cash and trade payables denominated in foreign currencies at the end of each reporting period are as follows:

	Bank balances and cash		Trade payables	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Euro ("EUR")	6	40	1,271	1,100
Great British Pound ("GBP")	37	40	329	342
Swiss Franc ("CHF")	2	2	85	901
United States Dollar ("USD")	77	77	396	1,761
Renminbi ("RMB")	41	32	–	–

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

As at 31 March 2016 and 2015, the monetary assets and monetary liabilities denominated in foreign currencies are insignificant. No sensitivity analysis is presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases (note 23).

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances as well as floating-rate bank borrowings (note 24).

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, the directors of the Company monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Dollar Prime rate quoted by Shanghai Commercial Bank arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity analysis

In the opinion of directors of the Company, the expected change in interest rate on pledged bank deposits and bank balances will not be significant in the near future, hence sensitivity analysis is not presented.

The sensitivity analyses below have been determined based on the exposure to interest rates of the Group's floating-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of each reporting period was outstanding for the whole year. A 100 basis points (2015: 100 basis points) increase or decrease is used which represents directors' assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2015: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would be decrease/increase by HK\$156,000 (2015: decrease/increase by HK\$123,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's credit risk is primarily attributable to trade receivables, trade deposits paid, bank balances and pledged bank deposits for both years.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

The Group has concentration of credit risk as 30% (2015: 40%) of the total trade receivables were due from the Group's major customer which is a private entity operating in both Hong Kong and the PRC as at 31 March 2016 (2015: an individual wine collector). The directors of the Company considered that the credit risks of trade receivables is insignificant after considering the credit quality and financial ability of these customers.

The Group has concentration of credit risk as 37% (2015: 31%) of the total trade deposits were placed to the Group's largest supplier as at 31 March 2016. The directors of the Company considered that the credit risks of trade deposits placed are low after considering the good trading relationship with this supplier and the long history of business development of this supplier.

In order to minimise the credit risk, the directors of the Company 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 debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on pledged bank deposits and liquid funds which are deposited with several banks with high credit ratings, the Group does not have significant concentration of credit risk.

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 unexpected fluctuations in cash flows. As at 31 March 2016, the Group has available unutilised short-term bank loan facilities of approximately HK\$17,815,000 (2015: HK\$19,045,000).

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 loans 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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 at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK\$'000	1-2 years HK\$'000	Over 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 31 March 2016						
Non-derivative financial liabilities						
Trade and other payables	N/A	6,557	-	-	6,557	6,557
Amount due to a shareholder	N/A	480	-	-	480	480
Obligations under finance leases	3.42	427	13	-	440	429
Bank borrowings						
– floating-rate	3.69	18,675	-	-	18,675	18,675
		26,139	13	-	26,152	26,141
As at 31 March 2015						
Non-derivative financial liabilities						
Trade and other payables	N/A	9,670	-	-	9,670	9,670
Amount due to a shareholder	N/A	660	-	-	660	660
Obligations under finance leases	3.43	559	440	-	999	948
Bank borrowings						
– floating-rate	3.54	14,721	-	-	14,721	14,721
		25,610	440	-	26,050	25,999

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or within 1 year” time band in the above maturity analysis. As at 31 March 2016, the aggregate carrying amounts of these bank borrowings amounted to HK\$18,675,000 (2015: HK\$14,721,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, which is less than one year (2015: less than one year). At that time, the aggregate principal and interest cash outflows would amount to HK\$19,364,000 (2015: HK\$15,242,000) for bank borrowings as at 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Fair value

The Group has no financial instruments measured at fair value subsequent to initial recognition on a recurring basis.

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

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

8. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from sale and distribution of premium wine and spirit products and wine accessory products in Hong Kong for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

The following is an analysis of the Group's revenue from its major products:

	2016 HK\$'000	2015 HK\$'000
Red wine	196,135	239,283
White wine	7,396	7,831
Sparkling wine	5,338	3,229
Spirit	14,667	17,447
Wine accessory products	383	547
Other products	10	88
	223,929	268,425

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and all of the Group's non-current assets are located in Hong Kong by physical location of assets.

For the year ended 31 March 2016, no revenue is derived from a single customer of the Group which amounted for over 10% of the Group's total revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 7 (2015: 7) directors of the Company were as follows:

	Other emoluments				Total HK\$'000
	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Bonus HK\$'000 (Note iv)	Retirement benefits scheme contributions HK\$'000	
2016					
<i>Executive directors</i>					
Mr. Cheung	–	840	1,000	18	1,858
Mr. Leung (Note i)	–	840	1,000	18	1,858
Mr. Cheung Chun Pang (Note iii)	–	160	–	8	168
Ms. Cheung Wing Shun ("Ms. Cheung") (Note ii)	–	466	500	18	984
<i>Independent non-executive directors</i>					
Mr. Wong Siu Ki (Note ii)	120	–	–	–	120
Mr. Ngai Hoi Ying (Note ii)	120	–	–	–	120
Mr. Yue Kwai Wa Ken (Note ii)	120	–	–	–	120
Total	360	2,306	2,500	62	5,228
2015					
<i>Executive directors</i>					
Mr. Cheung	–	840	–	18	858
Mr. Leung (Note i)	–	840	–	18	858
Mr. Cheung Chun Pang (Note iii)	–	240	–	12	252
Ms. Cheung Wing Shun ("Ms. Cheung") (Note ii)	–	480	–	18	498
<i>Independent non-executive directors</i>					
Mr. Wong Siu Ki (Note ii)	120	–	–	–	120
Mr. Ngai Hoi Ying (Note ii)	120	–	–	–	120
Mr. Yue Kwai Wa Ken (Note ii)	120	–	–	–	120
Total	360	2,400	–	66	2,826

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS (continued)

Directors' emoluments (continued)

Notes:

- (i) Mr. Leung 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 Officer.
- (ii) The executive director, Ms. Cheung and the independent non-executive directors, Mr. Wong Siu Ki, Mr. Ngai Hoi Ying and Mr. Yue Kwai Wa Ken, were appointed on 30 December 2013.
- (iii) The executive director, Mr. Cheung Chun Pang was resigned on 30 November 2015.
- (iv) Incentive performance bonus for the year ended 31 March 2016 is determined by the remuneration committee having regard to the performance and duties of directors.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. No director of the Company has waived any remuneration during the year ended 31 March 2016 and 2015.

Employees' emoluments

Of the five individuals with the highest emoluments, three (2015: three) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two (2015: two) highest paid individuals for the year ended 31 March 2016, which was individually less than HK\$1,000,000, were as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, bonuses and other benefits	1,560	1,001
Contributions to retirement benefit schemes	36	29
	1,596	1,030

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

10. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Other income		
Bank interest income	1	110
Others	4	463
	5	573

11. OTHER GAINS AND LOSSES, NET

	2016 HK\$'000	2015 HK\$'000
Loss on disposal of property, plant and equipment	–	(24)
Net foreign exchange gains	89	452
	89	428

12. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interests on:		
Bank borrowings	234	262
Obligations under finance leases	41	70
	275	332

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

13. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
Hong Kong Profits Tax:		
Current year	2,148	5,144
Underprovision in prior years	20	30
	2,168	5,174
Deferred tax (note 25)		
Current year	(37)	46
	2,131	5,220

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	9,579	29,352
Tax at the profits tax rate of Hong Kong of 16.5%	1,581	4,843
Tax effect of expenses not deductible for tax purpose	546	226
Underprovision in respect of prior years	20	30
Others	(16)	121
Income tax expense for the year	2,131	5,220

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

14. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Auditor's remuneration	600	600
Directors' remuneration (note 9)		
Directors' fee	360	360
Salaries and other emoluments	4,806	2,400
Retirement benefits scheme contributions	62	66
	5,228	2,826
Other staff costs:		
Salaries, bonuses and other benefits	8,297	7,353
Sales commission	1,758	1,974
Retirement benefits scheme contributions	359	331
	15,642	12,484
Depreciation of property, plant and equipment	954	1,532
Cost of inventories recognised as cost of sales	176,052	207,929
Including: Reversal of allowance for inventories, net	(147)	(1,042)
Operating lease payments in respect of office premises, warehouses and retail shops	8,181	8,477

15. DIVIDEND

	2016 HK\$'000	2015 HK\$'000
Dividends recognised as distributions by the Company during the year:		
2015 final dividend, paid HK1 cent per share (2014: HK1 cent per share)	9,600	9,600
2015 first interim dividend, paid HK0.5 cent per share	4,800	–
2015 second interim dividend, paid HK0.3 cent per share	2,880	–
2015 special dividend, paid nil (2014: HK1.25 cents per share)	–	12,000
2016 first interim dividend, paid HK0.5 cent per share (2015: HK1 cent per share)	4,800	9,600
	22,080	31,200

Notes to the Consolidated Financial Statements

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15. DIVIDEND (continued)

Adjustments were made to the amount of dividend per share for 2014 final dividend and 2014 special dividend due to the share subdivision during the year ended 31 March 2015. Each share of the Company of HK\$0.01 per share was subdivided into 8 shares of HK\$0.00125 per share with effect from 15 January 2015 as detailed in note 26.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent).

16. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2016 HK\$'000	2015 HK\$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	7,448	24,132
	2016	2015
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	960,000,000	960,000,000

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31 March 2015 has accounted for the share subdivision which was effective from 15 January 2015.

No diluted earnings per share is presented for both years as there were no potential ordinary shares outstanding for both years.

Also, as disclosed in note 32, a shareholder resolution was passed on 23 June 2016 to approve the bonus issue on the basis of three bonus shares for every two existing shares held by shareholders as of 28 June 2016. Had such bonus issue been occurred before these consolidated financial statements were authorised for issue, the basic earnings per share for the year ended 31 March 2016 would have been diluted to HK 0.31 cent (2015: HK 1.01 cents) based on the weighted average number of ordinary shares of 2,400,000,000 (2015: 2,400,000,000).

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17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office computers HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST					
At 1 April 2014	2,621	879	1,751	3,244	8,495
Additions	464	14	13	318	809
Disposals	–	–	–	(79)	(79)
At 31 March 2015	3,085	893	1,764	3,483	9,225
Additions	–	38	36	–	74
At 31 March 2016	3,085	931	1,800	3,483	9,299
DEPRECIATION					
At 1 April 2014	1,519	608	1,371	924	4,422
Provided for the year	600	175	322	435	1,532
Eliminated on disposals	–	–	–	(45)	(45)
At 31 March 2015	2,119	783	1,693	1,314	5,909
Provided for the year	386	84	49	435	954
At 31 March 2016	2,505	867	1,742	1,749	6,863
CARRYING VALUES					
At 31 March 2016	580	64	58	1,734	2,436
At 31 March 2015	966	110	71	2,169	3,316

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Shorter of 20% and over the lease terms
Office computers	20%
Furniture, fixtures and equipment	20%
Motor vehicles	12.5%

At 31 March 2016, the carrying values of motor vehicles included an amount of approximately HK\$1,250,000 (2015: HK\$1,552,000) in respect of assets held under finance leases.

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18. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Premium wine and spirits products	72,911	78,999
Wine accessory products	930	900
Other products	24	30
	73,865	79,929

The net reversal of allowance for inventories of HK\$147,000 (2015: HK\$1,042,000) included an allowance for inventories of HK\$898,000 (2015: HK\$424,000) and a reversal of allowance for inventories of HK\$1,045,000 (2015: HK\$1,466,000) respectively. The reversal of allowance for inventories had been recognised for the sales of inventories, in which allowance has been made in prior years, at cost or above during the year ended 31 March 2016.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK\$'000	2015 HK\$'000
Trade receivables from third parties	22,964	14,527
Trade deposits paid	22,174	13,211
Other receivables and prepayments	3,138	3,214
	48,276	30,952
Analysed as		
Current	48,276	28,885
Non-current	–	2,067
	48,276	30,952

Generally, no credit period is offered to walk-in customers at retail shops. The credit period granted to long term and wholesale customers with good business relationship with the Group ranged up to 120 days. Trade receivables from third parties mainly represent receivables from customers in relation to the sales of premium wine and spirits products.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aged analysis of trade receivables from third parties net of allowance for doubtful debts presented based on the delivery date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2016 HK\$'000	2015 HK\$'000
0 to 30 days	15,446	4,176
31 to 60 days	6,179	10,153
61 to 90 days	521	31
Over 90 days	818	167
	22,964	14,527

All trade receivables that are neither past due nor impaired are due from customers with good settlement history and no default on settlement had been noted.

Included in the Group's trade receivables are debtors with a carrying amount of HK\$3,451,000 (2015: HK\$934,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there were subsequent settlement as at the date of issuance of these consolidated financial statements or there was continuous settlements by the respective customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables from third parties past due but not impaired

	2016 HK\$'000	2015 HK\$'000
0 to 30 days	2,087	560
31 to 60 days	602	176
61 to 90 days	447	31
Over 90 days	315	167
	3,451	934

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20. AMOUNT DUE TO A SHAREHOLDER

	2016 HK\$'000	2015 HK\$'000
Amount due to a shareholder of the Company: Mr. Leung (Note)	480	660

Note: The amount represents rental payable and is unsecured, non-interest bearing and repayable on demand.

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 March 2016, bank balances carry interest at average market rates of 0.02% (2015: 0.02%) per annum. The pledged deposits carry fixed interest rates 0.01% (2015: 0.01%) per annum.

As at 31 March 2015, deposits amounting to HK\$5,001,000 had been pledged to secure undrawn facilities and are therefore classified as current assets.

22. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2016 HK\$'000	2015 HK\$'000
Trade payables	4,573	8,426
Trade deposits received	9,089	5,125
Other payables	1,984	1,244
	15,646	14,795

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For the year ended 31 March 2016

22. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED (continued)

Other than trade deposits paid, the credit period on purchases of goods is 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2016 HK\$'000	2015 HK\$'000
0 to 30 days	1,508	3,101
31 to 60 days	337	929
61 to 90 days	635	1,641
Over 90 days	2,093	2,755
	4,573	8,426

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Amounts payable under finance leases:				
Within one year	427	559	416	519
In the second to fifth year inclusive	13	440	13	429
	440	999	429	948
Less: Future finance charges	(11)	(51)	–	–
Present value of lease obligations	429	948	429	948
Less: Amounts due for settlement within one year (shown as current liabilities)			(416)	(519)
Amounts due for settlement after one year			13	429

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

23. OBLIGATIONS UNDER FINANCE LEASES (continued)

The Group leased certain of its motor vehicles under finance leases. The lease term was ranged from 3 to 5 years (2015: 3 to 5 years). The average borrowing rate was 3.42% (2015: 3.43%) per annum as at 31 March 2016. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangement was entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessors' charge over the leased assets.

24. BANK BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Secured import loans	–	1,370
Unsecured import loans	12,185	7,785
Unsecured bank loans	6,490	5,566
	18,675	14,721
Carrying amount repayable*:		
Within one year	18,675	14,721

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2016 and 2015, all bank borrowings contain a repayment on demand clause.

As at 31 March 2016 and 31 March 2015, the unsecured bank borrowings were guaranteed by the Company.

Borrowings comprise:

	2016 HK\$'000	2015 HK\$'000
Floating-rate borrowings	18,675	14,721

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

24. BANK BORROWINGS (continued)

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

	2016	2015
Effective interest rate (per annum):		
Floating-rate borrowings	2.25%–3.75%	3.0%–4.25%

25. DEFERRED TAX LIABILITY

The following is the major deferred tax liability recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000
At 1 April 2014	158
Debit to profit or loss (note 13)	46
At 31 March 2015	204
Credit to profit or loss (note 13)	(37)
At 31 March 2016	167

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For the year ended 31 March 2016

26. ISSUED CAPITAL

	Par value per ordinary share HK\$	Number of shares	Share capital HK\$'000
Authorised:			
At 1 April 2014	0.01	1,000,000,000	10,000
Increase upon share subdivision (Note)		7,000,000,000	–
At 31 March 2015 and 31 March 2016	0.00125	8,000,000,000	10,000
Issued:			
At 1 April 2014	0.01	120,000,000	1,200
Increase upon share subdivision (Note)		840,000,000	–
At 31 March 2015 and 31 March 2016	0.00125	960,000,000	1,200

Note:

On 14 January 2015, the shareholders of the Company passed an ordinary resolution to approve the subdivision of each of the existing issued and unissued shares of HK\$0.01 each in the capital of the Company into 8 subdivided shares of HK\$0.00125 each with effect from 15 January 2015.

All issued shares rank pari passu in all respects with each other.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

27. OPERATING LEASE COMMITMENTS

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	2,808	7,760
In the second to fifth year inclusive	–	2,808
	2,808	10,568

The Group leases its office premises, warehouses and retail shops under operating lease arrangements. Leases for office premises, warehouses and retail shop are negotiated for fixed terms ranged from 1 to 2 years (2015: 1 to 2 years).

28. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement benefit plan for all qualifying employees in Hong Kong. The Group and the employees shall make contributions based on a percentage of the employee's basic salary with a cap of HK\$1,500 per month (from HK\$1,250 to HK\$1,500 per month with effect of 1 June 2014) and charged to profit or loss as they become payable in accordance with the rules of Mandatory Provident Fund Scheme. The assets of the plan are held separately from those of the Group in funds under the control of trustees.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

29. RELATED PARTY TRANSACTIONS

Other than the balance with a shareholder as disclosed in note 20, the Group had the following related party transactions:

	2016 HK\$'000	2015 HK\$'000
Sales to related parties		
– Mr. Cheung	–	10
– Mr. Leung	101	55
– Ms. Cheung	6	10
– Major Watch Company Limited (“Major Watch”) (Note i)	109	110
	216	185
Rental expense in respect of warehouse paid or payable to Mr. Leung, one of the Shareholders (Note ii)	480	480

Notes:

- (i) Major Watch is a private limited company, which is non-wholly owned and controlled by Mr. Cheung, one of the Shareholders.
- (ii) As at 31 March 2016, the Group did not have commitments for future minimum lease payments in respect of warehouse to Mr. Leung (2015: nil).

Compensation of key management personnel

The remuneration of directors and other members of key management which were determined by reference to the Group's performance during the years ended 31 March 2016 and 2015 were as follows:

	2016 HK\$'000	2015 HK\$'000
Short-term benefits	6,499	3,887
Post-employment benefits	104	106
	6,603	3,993

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

30. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Unlisted investments		107,325	107,325
Current assets			
Amounts due from subsidiaries	i	28,172	27,113
Other receivables and prepayments		151	202
		28,323	27,315
Current liabilities			
Other payables		633	50
Net current assets		27,690	27,265
Total assets less current liabilities		135,015	134,590
Capital and reserves			
Share capital		1,200	1,200
Reserves	ii	133,815	133,390
		135,015	134,590

Particulars of the principal subsidiaries of the Company at 31 March 2016 are set out in note 31.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

30. FINANCIAL INFORMATION OF THE COMPANY (continued)

Notes:

- (i) Amounts due from subsidiaries

The amount is unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount will be repaid on or before 31 March 2017 and the amount is therefore shown as current asset as at 31 March 2016. The effective interest rate of the amount is 4.25% per annum.

- (ii) Reserves of the Company

	Share premium HK\$'000	Accumulated (loss) profits HK\$'000	Total HK\$'000
At 2 April 2014	131,534	(11,721)	119,813
Profit and total comprehensive income for the year	–	44,777	44,777
Dividend declared	–	(31,200)	(31,200)
At 31 March 2015	131,534	1,856	133,390
Profit and total comprehensive income for the year	–	22,505	22,505
Dividend declared	–	(22,080)	(22,080)
At 31 March 2016	131,534	2,281	133,815

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31. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2016 are as follows:

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Issued and fully paid share capital	Attributable equity interest of the Group as at 31 March		Principal activities
				2016 %	2015 %	
Beyond Elite	British Virgin Islands	Hong Kong	Ordinary USD 1	100	100	Investment holding
Major Cellar	Hong Kong	Hong Kong	Ordinary HK\$10,000	100	100	Sale and distribution of premium wine and spirits products
Credit Major Company Limited	Hong Kong	Hong Kong	Ordinary HK\$10,000	100	100	Inactive

None of the subsidiaries had issued any debt securities at the end of the reporting period.

32. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement and the circular dated 25 May 2016 and 6 June 2016 respectively, the Company proposed to carry out a bonus issue on the basis of three bonus shares for every two existing shares held by shareholders. The proposal for the bonus issue was approved by shareholders in a special general meeting held on 23 June 2016.

Financial Summary

For the year ended 31 March 2016

RESULTS

	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Turnover	281,434	268,425	223,929
Profit before taxation	17,403	29,352	9,579
Income tax expense	(4,610)	(5,220)	(2,131)
Profit for the year	12,793	24,132	7,448

ASSETS AND LIABILITIES

	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Total assets	161,776	147,146	135,638
Total liabilities	(39,835)	(32,273)	(35,397)
Total equity	121,941	114,873	100,241