2015
Annual Report
年報

Sincere Watch
(Hong Kong) Limited

Stock Code 股份代號： 00444

(Incorporated in the Cayman Islands with limited liability)

Contents

Corporate Information

Directors

Executive Directors

Mrs. CHU Yuet Wah *(Chairman)*
Mr. WU Ting Yuk, Anthony *(Co-Chairman)*
Mr. CHU, Kingston Chun Ho *(Vice Chairman and Managing Director)*

Independent Non-executive Directors

Mr. LAU Man Tak
Ms. LO Miu Sheung, Betty
Dr. WONG Yun Kuen

Audit Committee

Mr. LAU Man Tak *(Chairman)*
Ms. LO Miu Sheung, Betty
Dr. WONG Yun Kuen

Remuneration Committee

Dr. WONG Yun Kuen *(Chairman)*
Mr. LAU Man Tak
Ms. LO Miu Sheung, Betty

Nomination Committee

Ms. LO Miu Sheung, Betty *(Chairman)*
Mr. LAU Man Tak
Dr. WONG Yun Kuen

Investment Committee

Mrs. CHU Yuet Wah *(Chairman)*
Mr. CHU, Kingston Chun Ho
Dr. WONG Yun Kuen

Company Secretary

Mr. CHAN Kwong Leung, Eric

Authorised Representatives

Mr. CHU, Kingston Chun Ho
Mr. CHAN Kwong Leung, Eric

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

Room 602, 6/F
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Auditor

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

Principal Share Registrar and Transfer Office

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 Bankers

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Stock Code

00444

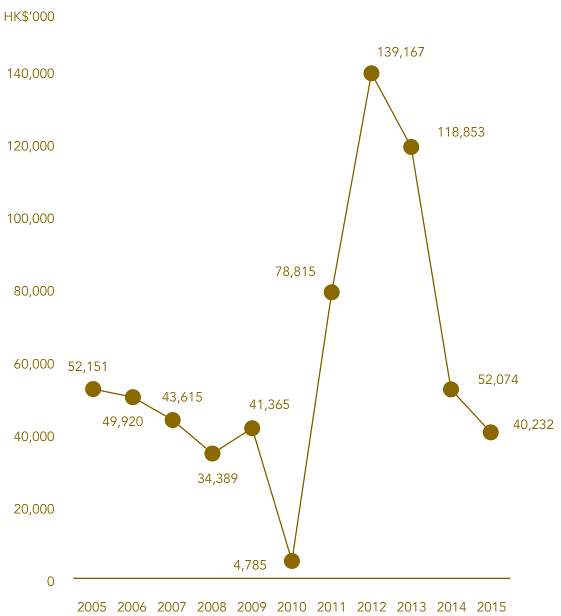
Website

http://www.sincerewatch.com.hk

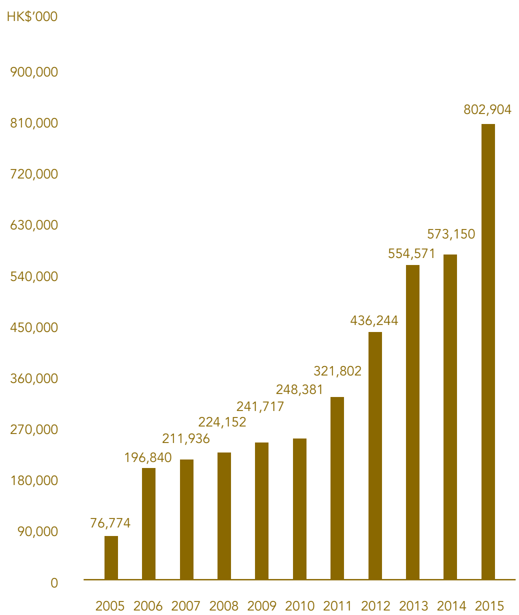
Financial Highlights

- Turnover for the financial year ended 31 March 2015 ("FY2015") decreased by 9.0% from HK$648,013,000 to HK$589,716,000 when compared with last financial year ("FY2014").
- Gross margin decreased from 38.8% to 38.3%. Gross profit for this financial year decreased from HK$251,255,000 to HK$225,650,000.
- The realised foreign exchange gain for the year was HK$15,705,000 as compared with loss of HK$11,192,000 last year. The unrealised foreign exchange gain of this financial year was HK$3,955,000 as compared with HK$2,660,000 loss of last financial year.
- Net profit for FY2015 was HK$40,232,000 (FY2014: HK$52,074,000).
- Earnings per share (basic) was 1.22 HK cents for this financial year and 2.02 HK cents (restated) for last financial year.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (FY2014: 0.8 HK cents).

PROFIT FOR THE YEAR



NET ASSETS VALUE



Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Sincere Watch (Hong Kong) Limited, we are pleased to review with you the performance and development of the Group for the year ended 31 March 2015.

In spite of the slowdown in the luxury retail markets for fine watches during the year under review, we would like to announce another set of profitable results for the year ended 31 March 2015 ("FY2015").

Our profitable results proved the Group's competitiveness in the challenging environment in the luxury retail markets for fine watches. The Group's competitiveness is, in turn, supported by our effective strategic asset management, prudent cost controls and strong brand awareness.

We will continue to further strengthen our core competencies and reinforce our leadership position to leverage new opportunities that may arise in order to continually deliver positive returns to our shareholders.

Key Financial Highlights

The Group remained profitable despite the weakening of sales for the year under review.

The total turnover was HK$589.7 million, down 9.0% from HK$648.0 million for the year ended 31 March 2014 ("FY2014"). The decline was mainly due to the slowdown in the luxury retail markets for fine watches in FY2015.

Gross profit dropped from HK$251.3 million in FY2014 to HK$225.7 million in FY2015 and gross margin slightly decreased from 38.8% to 38.3%.

In FY2015, the Group incurred a realised foreign exchange gain of HK$15.7 million against realised foreign exchange loss of HK$11.2 million in FY2014 due to the weakening of Swiss Franc during FY2015.

Selling & distribution expenses increased by 7.0% to HK$102.5 million mainly attributable to higher shop rental expenses, while general and administrative expenses was up by 16.2% to HK$86.6 million mainly due to increases in staff costs and depreciation expenses.

The Group recorded a profit before tax of HK$49.2 million and a net profit of HK$40.2 million in FY2015. When compared with FY2014, the decreases in the profit before tax and net profit were mainly attributable to the slowdown in the luxury retail markets for fine watches and higher general and administrative expenses.

Earnings per share (basic) were 1.2 HK cents in FY2015 against 2.0 HK cents (restated) in FY2014. Net Asset Value per share rose by 39.8% to 23.2 HK cents as at 31 March 2015, up from 16.6 HK cents (restated) as at 31 March 2014.

The Group's financial position remained healthy with cash and bank deposits totaling HK$460.4 million, without any bank borrowings, as at 31 March 2015.

Dividends

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

Going Forward

There is some moderation in the demand for luxury watches in Hong Kong and China. It is likely that this trend of stabilising of demand will continue in our major watch retail markets.

Faced with the market challenges ahead, we will continue to pursue proactive yet prudent strategies on brand enhancement activities and strive to expand our distribution network. Our persistence in delighting our customers and reinforcing the Group's leadership position in the luxury watch industry across Asia by embarking on innovative and signature initiatives will remain our strategic priorities.

Given the Group's established reputation with strong brand awareness, we have confidence that the Group will remain competitive and innovative and leverage new opportunities in order to achieve further growth.

Chairman's Statement (continued)

A Note of Appreciation

On behalf of the Board, we would like to express our gratitude to our shareholders, business partners, suppliers, brand principals, customers and employees who maintained faith and confidence in the Board and management. Thank you for all your unwavering support throughout the years.

Chu Yuet Wah
Chairman

Directors and Senior Management

Directors

Mrs. CHU Yuet Wah

Chairman and Executive Director

Mrs. CHU Yuet Wah, aged 56, is an Executive Director and the Chairman of the Company since 29 May 2012 and 13 July 2012, respectively. Mrs. Chu has been a director of Sincere Watch Limited, the immediate holding company of the Company since 21 May 2012 and is also a director of a number of the Company's subsidiaries. Mrs. Chu is a business woman and possesses over 20 years of experience in financial services industry. Mrs. Chu is the chief executive officer, an executive director and the ultimate controlling shareholder of Kingston Financial Group Limited, which is a company listed on the Main Board of the Stock Exchange.

Mrs. Chu is the Member of National Committee of Chinese People's Political Consultative Conference, Permanent Member of the Friends of Hong Kong Association, Founder and Honorary Chairman of The Chamber of Hong Kong Listed Companies, Chairman of The Institute of Securities Dealers, Vice Chairman of Hong Kong Securities Professionals Association, Chairman of Po Leung Kuk, Standing Chairman of Federation of Hong Kong Guangdong Community Organisations, Chairman of the Hong Kong Federation of Dongguan Associations, Chairman of Aplichau Promotion of Tourism Association, Chairman of The Aplichau KaiFong Welfare Association, Honorary President of Hong Kong Army Cades Association, Honorary President of Hong Kong New Arrivals Services Foundation Limited, Honorary Vice President of Hong Kong Girl Guides Association and Director of Sun Yat-Sen University Advisory Board. She received an Honorary Doctorate of Philosophy in Business Management degree from York University, the U.S.A. and holds a Bachelor of Science in Management degree from Golden Gate University, the U.S.A. Mrs. Chu is the mother of Mr. Chu, Kingston Chun Ho, the Vice Chairman, the Managing Director and an Executive Director of the Company.

Mr. WU Ting Yuk, Anthony

Co-chairman and Executive Director

Mr. WU Ting Yuk, Anthony, GBS, JP, aged 61, is an Executive Director and Co-chairman of the Company since 27 March 2015. Mr. Wu is a member of Standing Committee of the 12th Chinese People's Political Consultative Conference National Committee. Mr. Wu was formerly the chairman of the Hong Kong Hospital Authority and chairman of Far East and China of Ernst & Young. He also served as the chairman, and is currently a director of the Hong Kong General Chamber of Commerce. Mr. Wu is a member of the State Council's Medical Reform Leadership Advisory Commission. He is also a member of the Public Policy Advisory Committee of the National Health and Family Planning Commission of the People's Republic of China, the Principal Advisor for International Collaboration and member of the Expert Advisory Committee on Reforms and Development of Chinese Medicine to the State Administration of Traditional Chinese Medicine of the People's Republic of China, Chief Advisor to the Bank of Tokyo-Mitsubishi UFJ, Ltd., the Chairman of China Oxford Scholarship Fund and an Honorary Professor of Faculty of Medicine of the Chinese University of Hong Kong. Mr. Wu is an independent non-executive director of Power Assets Holdings Limited, Guangdong Investment Limited and China Taiping Insurance Holdings Company Limited, all of which are companies listed on the Main Board of the Stock Exchange. Mr. Wu was also an independent non-executive director of Agricultural Bank of China Limited from January 2009 to June 2015, which is a company listed on The Shanghai Stock Exchange and the Main Board of the Stock Exchange. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Honorary Fellow of Hong Kong College of Community Medicine.

Mr. CHU, Kingston Chun Ho

Vice Chairman, Managing Director and Executive Director

Mr. CHU, Kingston Chun Ho, aged 30, is an Executive Director of the Company since 29 May 2012, and the Vice Chairman and Managing Director of the Company since 13 July 2012. Mr. Chu has been a director of Sincere Watch Limited, the immediate holding company of the Company since 21 May 2012 and is also a director of a number of the Company's subsidiaries. Mr. Chu is a Member of Guangxi Committee of The Chinese People's Political Consultative Conference, Member of General Committee of The Chamber of Hong Kong Listed Companies, Vice President of Hong Kong CPPCC Youth Association, Vice President of Federation of HK Guangxi Community Organisations, Honorary Chairman of Hong Kong Guangxi Youth Organisations, Youth Committee Chairman of Hong Kong Federation of Dongguan Associations, Director of Hong Kong Securities Association and The Federation of Hong Kong Watch Trades & Industries. Mr. Chu holds a Bachelor Degree of Business from the University of Southern California in the U.S.A. Mr. Chu is the son of Mrs. Chu Yuet Wah, the Chairman and an Executive Director of the Company.

Mr. LAU Man Tak

Independent Non-executive Director

Mr. LAU Man Tak, aged 45, is an Independent Non-executive Director of the Company since 19 June 2012. Mr. Lau holds a Bachelor Degree in Accountancy from the Hong Kong Polytechnic University. He has more than 15 years of experience in corporate finance, accounting and auditing. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the Hong Kong Securities and Investment Institute and a fellow member of Hong Kong Institute of Directors. He is currently an independent non-executive director of Kingston Financial Group Limited, KuangChi Science Limited (formerly known as Climax International Company Limited) and AMCO United Holdings Limited, which are companies listed on the Main Board of the Stock Exchange. He was also an executive director, the chairman, authorised representative and compliance officer of Aurum Pacific (China) Group Limited from June 2012 to September 2014, which is a company listed on the Growth Enterprise Market of the Stock Exchange, an independent non-executive director of Kong Sun Holdings Limited from September 2008 to April 2014 and an executive director of China Sandi Holdings Limited from April 2010 to September 2012, which are companies listed on the Main Board of the Stock Exchange.

Ms. LO Miu Sheung, Betty

Independent Non-executive Director

Ms. LO Miu Sheung, Betty, aged 53, is an Independent Non-executive Director of the Company since 19 June 2012. Ms. Lo is a qualified solicitor in Hong Kong and has over 25 years of experience in general legal practice, with specialisation in conveyancing, commercial and probate laws. Ms. Lo has been in active practice since qualification and is currently a consultant of Messrs. K.C. Ho & Fong, Solicitors & Notaries. She graduated from The University of Hong Kong with a Bachelor Degree in Laws (LL.B.) in 1985. She also holds a Postgraduate Certificate in Laws (PCLL). She is currently an independent non-executive director of AEON Stores (Hong Kong) Co., Limited, which is a company listed on the Main Board of the Stock Exchange. She was also an independent non-executive director of Eagle Legend Asia Limited from March 2012 to December 2014, which is a company listed on the Main Board of the Stock Exchange.

Dr. WONG Yun Kuen

Independent Non-executive Director

Dr. WONG Yun Kuen, aged 57, is an Independent Non-executive Director of the Company since 18 September 2012. Dr. Wong received a Ph.D. Degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. He has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities and Investment Institute. Dr. Wong is an Adjunct Professor of Syracuse University, USA, the chairman and an executive director of UBA Investments Limited, and an independent non-executive director of Bauhaus International (Holdings) Limited, Kingston Financial Group Limited, China Sandi Holdings Limited, Guocang Group Limited, Kaisun Energy Group Limited, China Yunnan Tin Minerals Group Company Limited and Far East Holdings International Limited. Dr. Wong was also an independent non-executive director of Harmony Asset Limited from September 2004 to January 2015, Kong Sun Holdings Limited from April 2007 to November 2014, Huajun Holdings Limited (formerly known as New Island Development Holdings Limited) from October 2010 to September 2014, KuangChi Science Limited (formerly known as Climax International Company Limited) from June 2007 to August 2014 and Hong Kong Life Sciences and Technologies Group Limited from November 2009 to September 2012. All the companies mentioned above are listed on the Stock Exchange.

Directors and Senior Management (continued)

Senior Management

Mr. SAN Kin Pong, Bond, aged 48, is the Financial Controller of the Group. Mr. San is responsible for the financial reporting and accounting, internal control, corporate finance and treasury functions of the Group. Prior to joining the Group in May 2008, Mr. San worked as the Finance Manager-Group Financial Reporting of IDT International Limited whose shares are listed on the Main Board of the Stock Exchange. He has over 25 years of experience in auditing, accounting and financial management. Mr. San graduated from the Chinese University of Hong Kong with a Bachelor's degree in business administration, and obtained a Master's degree in business administration from the Royal Melbourne Institute of Technology University, Australia. Mr. San is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. LEE Yuk Mei, Jacqueline, aged 44, is the Marketing and Communications Director of the Group. Ms. Lee is responsible for development and implementation of marketing communication strategy, marketing budget planning and control of the Group. Prior to joining the Group in July 2012, she worked as the Marketing and Communications Director of Jaeger LeCoultre under the portfolio of the Richemont Group of luxury brands, and Brand Director of Dior Watches under LVMH Group, Watch and Jewelry Division. She has over 18 years of experience in marketing communication with over 15 years of experience in the luxury industry. Ms. Lee graduated from The Fashion Institute of Design and Merchandising in Los Angeles, California with an associate of arts degree in fashion design in 1995 and a professional diploma in marketing from University of California, Berkeley Extension in 2003.

Mr. LAW Yuen Mau, Jeffy, aged 51, is the Operations Director of the Group. He has over 30 years of sales experience in the watch industry. He worked for various watch dealers in Hong Kong prior to joining the Group. After having worked for the Group from 1995 to 1996, Mr. Law rejoined the Group in August 1999.

Mr. JENG Pei Hwang, Frederick, aged 54, is the General Manager of Sincere Watch Co., Ltd since July 2003. Mr. Jeng is responsible for the general management and the administration of the company's operations. Prior to joining the Group, he had over 15 years of working experience in luxury and watch business in Taiwan handling S.T. Dupont, Alfred Dunhill and watch brands including Chopard, Bvlgari, Hermes and Rado. Mr. Jeng graduated with a master degree in business administration from the University of Wisconsin in 1989 and a bachelor degree in business administration from the National Taipei University in 1984.

Management Discussion and Analysis

Financial Review

The Group's revenue for the year ended 31 March 2015 ("FY2015") decreased 9.0% from HK$648.0 million to HK$589.7 million when compared with last financial year ("FY2014").

Gross profit dropped by 10.2% from HK$251.3 million in FY2014 to HK$225.7 million in FY2015. The gross profit margin dropped from 38.8% to 38.3%.

The Group reported a realised foreign exchange gain of HK$15.7 million in FY2015 against a realised foreign exchange loss of HK$11.2 million in FY2014. The unrealised foreign exchange gain was HK$4.0 million in FY2015 as compared with HK$2.7 million loss in FY2014. There was HK$14.8 million loss on fair value change of derivative financial instruments in FY2015 against HK$0.7 million gain in FY2014.

Unrealised exchange difference arose from trade payables denominated in foreign currencies, translated at the exchange rates prevailing at the balance sheet dates. And any differences in valuation were then recognised in the income statement as unrealised gains or losses.

Excluding the realised and unrealised exchange differences and loss/gain on fair value change of derivative financial instruments, the Group's profit before tax was HK$44.4 million against HK$75.6 million for FY2014.

Selling and distribution costs increased 7.0% from HK$95.8 million last year to HK$102.5 million mainly due to higher shop rental expenses. General and administrative expenses increased 16.2% from HK$74.5 million last year to HK$86.6 million mainly due to increases in staff costs and depreciation expenses.

Net profit dropped 22.7% from HK$52.1 million in FY2014 to HK$40.2 million in FY2015.

Earnings per share (basic) dropped to 1.22 HK cents in FY2015 from 2.02 HK cents (restated) in FY2014. Net asset value per share increased 39.8% from 16.6 HK cents (restated) as at 31 March 2014 to 23.2 HK cents as at 31 March 2015.

Trade receivables as at 31 March 2015 increased by 93.0% from 52.5 million to 101.2 million when compared with last year.

Key Performance Indicators: Inventory Turnover and Current Ratio

Our Inventories as at 31 March 2015 decreased by 8.1% to HK$401.1 million when compared with 31 March 2014. Our Inventory Turnover Period, which is calculated by our Inventories balance divided by our Cost of Sales, marginally increased from 401 days in FY2014 to 402 days in FY2015.

Our Current Ratio, which is calculated by our current assets divided by our current liabilities, was 3.5 as at 31 March 2015 vs 2.5 as at 31 March 2014, indicating the Group's further strengthened liquidity.

Analysis of Major Customers and Suppliers

The sales to the top 5 customers amounted to HK$266.3 million, representing a drop of 2.0% from HK$271.7 million in FY2014.

Our top 5 customers in FY2015 represented approximately 45.2% of our total revenue as compared to approximately 41.9% in FY2014. Our largest customer accounted for approximately 19.5% of our total revenue in FY2015 as compared to approximately 15.8% in FY2014. Four out of our top 5 customers are located in Hong Kong. Our largest customer is a leading firm engaged in selling watches. The Group maintained business relationship with top 5 customers for 3 to over 5 years.

During FY2015, the purchases from the top 5 major suppliers amounted to HK$332.0 million, representing a decrease of about 14.0% from HK$386.0 million in FY2014.

Our top 5 suppliers in FY2015 represented approximately 99.7% of our total purchases as compared to approximately 100.0% in FY2014. Our largest supplier accounted for approximately 90.4% of our total purchases in FY2015 as compared to approximately 98.2% in FY2014. Our largest supplier is the leading supplier of watches. The Group maintained business relationship with such supplier for over ten years.

Liquidity, Financial Resources and Gearing Ratio

As at 31 March 2015, the Group had fixed bank deposits and cash and bank balances totalling HK$460.4 million against HK$316.1 million as at 31 March 2014. The Group has no outstanding bank loan.

On 4 March 2014, the Company proposed to raise approximately HK$122.4 million (before expenses) by way of the rights issue of 204,000,000 rights shares at a subscription price of HK$0.60 per rights share on the basis of one rights share for every two shares held on the record date, which is 18 March 2014. The share certificates for the rights shares in respect of the valid acceptances of the rights shares and successful applications for excess rights shares were dispatched to the allottees on 14 April 2014. Details of the rights issue and the results of rights issue are set out in the announcements of the Company dated 4 March 2014 and 11 April 2014 and the prospectus of the Company dated 20 March 2014 respectively.

On 5 August 2014, the Company entered into the placing agreement, pursuant to which 80,000,000 new shares of the Company would be placed to not less than six independent investors at the placing price of HK$1.34 per share. The completion of the placing took place on 20 August 2014.

The Directors considered that the placing represented an opportunity to raise capital for the Group while broadening its Shareholder and capital base.

The placing price of HK$1.34 per share represented a discount of approximately 18.29% to the closing price of HK$1.64 per Share as quoted on the Stock Exchange on the date of the placing agreement.

The net proceeds from the placing of about HK$104.9 million were intended to be used for investment opportunities as may be identified from time to time and/or general working capital of the Group for supporting the continuous expansion of the Group's distribution network and marketing and branding activities. Up to the date of approval of these consolidated financial statements, the net proceeds were used for general working capital of the Group.

Details of the placing and the completion of the placing are disclosed in announcements of the Company dated 6 August 2014 and 20 August 2014 respectively.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 1 September 2014, each of the existing issued and unissued shares of HK$0.10 each in the share capital of the Company would be subdivided into 5 subdivided shares of HK$0.02 each with effect from 2 September 2014. The subdivided shares rank pari passu in all respects with each other with the shares in issue prior to the share subdivision and the share subdivision will not result in any changes in the relative rights of the shareholders.

Furthermore, immediately upon the share subdivision becoming effective, the authorised share capital of the Company has increased from HK$200,000,000 divided into 10,000,000,000 subdivided shares to HK$400,000,000 divided into 20,000,000,000 subdivided shares by the creation of an additional 10,000,000,000 unissued subdivided shares, which rank pari passu with each other in all respects.

The Group's net current asset rose 37.6% from HK$518.3 million as at 31 March 2014 to HK$713.2 million as at 31 March 2015.

Taking into account the two placings of new shares (which are stated in the following section "Event after the Reporting Period"), the Directors believe the Group's financial resources are sufficient to fulfil its commitments and current working capital requirements.

Capital Structure and Principal Risk: Foreign Exchange Exposure

The principal risk for the Group is that the income of the Group is mainly denominated in Hong Kong Dollars and the Group's purchases are denominated in currencies other than Hong Kong Dollars. The Group monitors foreign currency exposure closely and considers hedging significant foreign currency exposures should the need arise.

The Group recorded a realised exchange gain of HK$15.7 million in FY2015 against a realised loss of HK$11.2 million in FY2014. In addition, the Group registered an unrealised exchange gain of about HK$4.0 million in FY2015 against HK$2.7 million loss in FY2014. Besides, in FY2015, the Group recorded HK$14.8 million loss on fair value change of derivative financial instruments, while HK$0.7 million gain was booked last year.

The Group pursued a prudent policy on financial risk management and the management of foreign currencies and interest rate. The Group continues to benefit from favourable payment terms from its suppliers that may result in unrealised gains or losses from time to time in applying Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

Charge on Assets

The Group did not have any charge on its assets as at 31 March 2015 (31 March 2014: Nil).

Management Discussion and Analysis (continued)

Significant Acquisition of Subsidiary

No significant acquisition of subsidiary was made in the current year.

Future Plans for Material Investments and Capital Assets

Please refer to the following section "Event after the Reporting Period" for details.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2015 (31 March 2014: Nil).

Staff and Employment and Environmental Matters

As at 31 March 2015, the Group's work force stood at 143 including Directors (31 March 2014: 116). The increase was mainly due to the need for more staff to better support the business operations. Employees were paid at market rates with discretionary bonus and medical benefits, covered under the mandatory provident fund scheme.

The Group is constantly reviewing its staff remuneration to ensure it stays competitive with market practice.

On the environmental side, the Group whose principal activities are distribution of branded luxury watches, timepieces and accessories does not give gas emissions or hazardous materials which may arise from manufacturing processes.

Business Review

The Group is the sole distributor of Franck Muller watches and accessories in Hong Kong, Macau, Taiwan and Mainland China. We also represent five other luxury brands — de Grisogono, CVSTOS, Pierre Kunz, European Company Watch and Backes & Strauss.

Distribution network and market penetration

The Group has established its extensive distribution network with 59 retail points of sales and 13 boutiques, making a total of 72 points (76 as at the end of March 2014).

Other than the 8 boutiques run by the Group, the 64 watch retail outlets in the region are run by 29 independent watch dealers throughout our markets.

During the year under review, the Group actively explored every opportunity to open up new retail points of sales in the region. New points of sales were added in Hong Kong through Chow Tai Fook Jewellery Co. Ltd., Prince Jewellery & Watch Co., and Wonderland Watch Ltd.

Brand enhancement activities

Creating and sustaining brand value among our discerning customers is the Group's main priority. As such, we have conducted several brand enhancement activities to reinforce our brand leadership with product imagery and focused product placements in relevant media.

The Group has consistently embarked on niche marketing initiatives to build the image and desirability of its global watch brands. This included several unique events in our key markets with to the aim of enhancing brand exposure and increasing brand networking.

In October 2014, together with 9 top-class watch brands, the Group participated a joint event with Oriental Watch, at Shatin race course. To enrich the partnership, one of the races was named after the brand with trophy presentation by brand's management. A dedicated exhibition area displayed the Franck Muller 7 days power reserve skeleton, a pioneer collection displaying a meticulous craftsmanship. A fashion runway was carried out by the model showcasing the Long Island Sunrise in red gold, an alluring jewellery timepiece.

Also in October 2014, the Group hosted an in store cocktail event at Shenyang Forum 66 boutique in China. Guests enjoyed an exclusive champagne shopping experience, alongside with a model presentation featuring the Giga Tourbillion, the world's largest tourbillion, and Double Mystery, a complete diamond studded piece surrounded by hour markers of precious stones.

In November 2014, the Group hosted a 10 days private VIP viewing promotion at Beijing Yansha Youyi Shopping City Boutique. Clients had a chance to preview the latest Franck Muller collections while enjoying a glass of champagne.

From January to March 2015, an exclusive 3 months exhibition displayed at the Europe Watch boutique, Tsim Sha Tsui Centre. Clients were invited to discover the latest Vanguard collection. An innovative design of futuristic aesthetics featured by the first introduced appliqué relief index, designed in the classic Curvex case inspired by the Franck Muller's traditions.

In March 2015, in supporting Po Leung Kuk as one of the most committed charitable organizations in Hong Kong, the Group was pleased to be the title sponsor for 2015 Po Leung Kuk Annual Charity Ball. A Franck Muller Long Island Ladies timepiece was offered as an auction piece in addition to the sponsorship, the proceeds from the auction was fully funded to serve the Po Leung Kuk's spirit in bringing the goodness to the community. Mrs. Chu Yuet Wah was the Vice Chairman of Po Leung Kuk.

Performance by geographical markets

All of the Group's markets remained profitable although total sales decreased.

Hong Kong, Mainland China and Macau remained the key revenue drivers, contributing together HK$552.9 million which accounted for 93.7% of the Group's total turnover in FY2015.

Hong Kong

Hong Kong continues to be the Group's major market, accounting for 78.1% of the Group's revenue in FY2015. Performance in this market recorded an increase in revenue by HK$12.9 million, or 2.9% from HK$447.7 million in the previous year to HK$460.6 million in this year.

Hong Kong recorded segmental profit of HK$164.9 million which increased 8.0% when compared with last year. This market accounted for 75.2% of the Group's segmental profit.

Mainland China and Macau

The percentage contribution of Mainland China and Macau to the Group's total revenue dropped from 25.4% in FY2014 to 15.6% in FY2015. Sales in this region showed the decrease of 44.1% to HK$92.3 million from HK$164.9 million in the last year.

The market in Mainland China and Macau recorded a decrease in segmental profit by HK$33.1 million, or 42.7% to HK$44.4 million in FY2015.

Other Asian locations

The Group's other Asian territories (i.e. Taiwan and Singapore) remained profitable. The segment recorded revenue of HK$36.9 million, 4.1% higher than HK$35.4 million in FY2014.

This region's contribution to the Group's total revenue increased to 6.3% against 5.5% of Group's total revenue in the previous year. Segmental profit decreased 7.7% to HK$9.8 million from HK$10.7 million in FY2014.

Event after the Reporting Period

1. On 27 March 2015, Giant Bright Holdings Limited (the Company's indirectly wholly owned subsidiary) entered into the subscription agreement in relation to the subscription of registered capital and contribution to the capital reserve of 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited). Pursuant to the subscription agreement, Giant Bright Holdings Limited has conditionally agreed to subscribe for the registered capital and contribute to the capital reserve of the Hainan Chambow Lecheng Development Limited in the aggregate principal amount of RMB380,000,000 (equivalent to approximately HK$474,430,000).

   Hainan Chambow Lecheng Development Limited and its subsidiaries are principally engaged in the construction and development of an international medical, tourism and commercial project carried out in Xiaoledao (小樂島) located at Boao Xiaoledao International Medical & Tourism Pilot Zone (博鰲小樂島國際醫療旅遊先行區項目), which is located in Boao Township, Qionghai City, Hainan Province, the PRC (中國海南省瓊海市博鰲鎮). Details of the subscription are set out in the Company's announcement dated 27 March 2015.

The subscription has not yet completed at the date of this report.

2. On 29 March 2015, the Company entered into two placing agreements under general mandate and specific mandate respectively, pursuant to each of which 692,000,000 new shares of the Company would be placed to independent investors at the placing price of HK$0.61 per share. The entire net proceeds from the placings are intended to be used for (i) the subscription of the registered capital and contribution to the capital reserve of Hainan Chambow Lecheng Development Limited, and (ii) the development of and general working capital for the Boao Xiaoledao Project. Details of the two placings and the completion of the placing under general mandate are disclosed in announcements of the Company dated 29 March 2015 and 16 April 2015 respectively.

3. On 16 June 2015, Sincere Brand Management Limited ("SBML"), a wholly owned subsidiary of the Company, and Mrs. Chu Yuet Wah ("Mrs. Chu"), the Chairman and controlling shareholder of the Company, have agreed to terminate the Loan Agreement dated 13 August 2013. The purpose of the Loan Agreement was for Mrs. Chu to provide SBML, when required by SBML, a revolving facility to the extent of HK$100,000,000 or equivalents. During the year and from the period from 1 April 2015 to 16 June 2015, there was not any amount provided by Mrs. Chu to SBML under the Loan Agreement.

Prospects

Looking forward, although the economic outlook for the Greater China region is not anticipated to achieve a tremendous growth, Asia is expected to continue to play the leading role in the global luxury retail industry.

The Group will continue to pursue and strengthen marketing and brand enhancement activities in the territory. To increase its distribution network with high visibility and strong retail networking, the Group has been working on opening up more locations within the extensive network of Chow Tai Fook Jewellery Co. Ltd. In Macau, the Group has opened a new boutique at Galaxy Macau in May 2015.

With its continued brand strength and established reputation, the Group will strive to leverage every opportunity for business expansion in our major markets so as to further extend our leadership position and deliver positive returns to our shareholders.

On 27 March 2015, the Group entered into a major transaction relating to 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited). Details of this transaction are set out in the Company's announcement dated 27 March 2015.

Corporate Governance Report

Corporate Governance Practices

The board (the "Board") of directors (the "Directors") of the Company is committed to maintaining high standards of corporate governance. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of the Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the CG Code throughout the year ended 31 March 2015, except for certain deviations disclosed herein.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

Board of Directors

The Board is responsible for the leadership and control of the Group (comprising the Company and its subsidiaries) and oversees the Group's businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management who perform their duties under the leadership of the Managing Director. The Independent Non-executive Directors ensure that the Board accounts for the interests of all shareholders of the Company (the "Shareholders") and that all issues are considered in an objective manner.

The Board is also responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

At 31 March 2015, The Board consisted of six members, including three Executive Directors, namely Mrs. Chu Yuet Wah *(Chairman)*, Mr. Wu Ting Yuk, Anthony *(Co-chairman)* and Mr. Chu, Kingston Chun Ho *(Vice Chairman and Managing Director)* and three Independent Non-executive Directors, namely Mr. Lau Mak Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen.

During the year ended 31 March 2015, the Board at all time met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The number of Independent Non-executive Directors also represented at least one-third of the members of the Board.

The Company has received annual confirmation of independence from each of Mr. Lau Man Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen and considers them to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationship with each other except as disclosed in "Directors and Senior Management" of this annual report. Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The list of Directors and their respective biographies are set out on pages 6 and 7 of this annual report. The Company has put in place appropriate and adequate Directors and Officers Liability Insurance to protect the Directors and officers of the Group against their potential legal liabilities.

During the year, the Board held eight Board meetings. Under the code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decision making in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of all Directors. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future. In addition to the Board meetings, the Chairman of the Board met with Independent Non-executive Directors without the presence of other Executive Directors.

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lau Man Tak, an Independent Non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 1 September 2014 due to his other business engagement.

The members of the Board and the attendance of each member at Board meetings and general meetings held during the year are as follows:

	Attended/Eligible to attend	
Name of Directors	**Board Meetings**	**General Meetings**
Executive Directors		
Mrs. Chu Yuet Wah *(Chairman)*	7/8	2/2
Mr. Wu Ting Yuk, Anthony *(Co-chairman)*	1/1	N/A
Mr. Chu, Kingston Chun Ho *(Vice Chairman and Managing Director)*	8/8	2/2
Independent Non-executive Directors		
Mr. Lau Man Tak	6/8	1/2
Ms. Lo Miu Sheung, Betty	8/8	2/2
Dr. Wong Yun Kuen	8/8	2/2

The Company Secretary assists the Chairman in establishing the meeting agenda, and each Director may request inclusion of items in the agenda. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors. Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and relevant committees at their next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the Directors.

Pursuant to Article 108 of the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election. All the Independent Non-executive Directors have letters of appointment with the Company for a specified period of one year in each term, subject to retirement and rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Article 112 of the Company's Articles of Association provides that (i) any Director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting, and (ii) any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

Chairman and Managing Director

The positions of the Chairman and the Managing Director of the Company are held by separate individuals to ensure a balance of power and authority. The Company regards the role of its Managing Director to be same as that of chief executive under the CG Code.

Mrs. Chu Yuet Wah, who is the Chairman of the Company, is responsible for the overall formulation of business strategies and market development of the Group. She is also responsible for the leadership and effective running of the Board and ensuring that all significant and key issues were discussed and where required, resolved by the Board timely and constructively.

Mr. Wu Ting Yuk, Anthony, who is the Co-chairman of the Company, is responsible for developing the Boao Xiaoledao Project. Details of the Boao Xiaoledao Project are given in "Event after the Reporting Period" on pages 12 and 13 of this annual report.

Mr. Chu, Kingston Chun Ho, who is the Vice Chairman and Managing Director of the Company, is responsible for the overall development of the Group's business, as well as the strategic planning and positioning and management of the Group. He is also delegated with the authority and responsibility to run the Group's business and day-to-day operation, and implement the Group's strategy with respect to the achievement of its business objectives with the assistance of senior management.

Directors' Training and Continuous Professional Development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has devised a training record in order to assist the Directors to record the training they have undertaken and they are asked to provide training record to the Company.

The Company has received from each of the Directors their record of training for the year ended 31 March 2015. According to the records maintained by the Company, the training that the Directors received for the year is summarized as follows:

Name of Directors	Attending expert briefings/seminars/ conferences/readings relevant to the business, corporate governance or directors' duties
Executive Directors	
Mrs. Chu Yuet Wah	✓
Mr. Wu Ting Yuk, Anthony	✓
Mr. Chu, Kingston Chun Ho	✓
Independent Non-executive Directors	
Mr. Lau Man Tak	✓
Ms. Lo Miu Sheung, Betty	✓
Dr. Wong Yun Kuen	✓

Board Committees

The Board has set up four committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee, to oversee different aspects of the Company's affairs. The most up-to-date terms of reference of these committees are available on the websites of the Stock Exchange and the Company.

Audit Committee

The Audit Committee was established on 19 September 2005. The Audit Committee is responsible for reviewing and supervising the financial reporting process and internal control system of the Group and providing advice and comments to the Board. Meetings of the Audit Committee shall be held at least twice a year.

During the year, the Audit Committee held two meetings. The members of the Audit Committee and the attendance of each member are as follows:

Independent Non-executive Directors	Attended/ Eligible to attend
Mr. Lau Man Tak *(Chairman)*	2/2
Ms. Lo Miu Sheung, Betty	2/2
Dr. Wong Yun Kuen	2/2

During the year, the Audit Committee has performed the following duties:

(a) reviewed with the management the accounting principles and practices adopted by the Group as well as financial reporting matters including the review of the audited financial statements for the year ended 31 March 2014 and the unaudited financial statements for the six months ended 30 September 2014 with recommendations to the Board for approval;

(b) reviewed reports on internal control system covering corporate governance, financial, operational, procedural compliance and risk management functions;

(c) met with the auditor to discuss matters relating to the audit issues arising from the yearly audit;

(d) reviewed and made recommendations to the Board on the auditor's re-appointment and remuneration; and

(e) reviewed the terms of reference of the Audit Committee.

All members of the Audit Committee possess in-depth experience in their own profession. The Chairman of the Audit Committee, Mr. Lau Man Tak, possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

Remuneration Committee

The Remuneration Committee was established on 19 September 2005. The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company. No individual Director is involved in decisions relating to his/her own remuneration. The Remuneration Committee has adopted the model under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. Meetings of the Remuneration Committee shall be held at least once a year.

During the year, the Remuneration Committee held three meetings. The members of the Remuneration Committee and the attendance of each member are as follows:

Independent Non-executive Directors	Attended/ Eligible to attend
Dr. Wong Yun Kuen *(Chairman)*	3/3
Mr. Lau Man Tak	3/3
Ms. Lo Miu Sheung, Betty	3/3

During the year, the Remuneration Committee has performed the following duties:

(a) reviewed and recommended the Board to approve the remuneration packages and the bonus and commission payment of Executive Directors and senior management;

(b) reviewed and recommended the Board to approve the remuneration package of the newly appointed Executive Director;

(c) reviewed and made recommendations to the Board on grant of options to certain Directors; and

(d) reviewed the terms of reference of the Remuneration Committee.

Details of the remuneration paid to Directors and members of senior management by band for the year ended 31 March 2015 are disclosed in the note 11 to consolidated financial statements.

Nomination Committee

The Nomination Committee was established on 2 August 2011. The Nomination Committee is responsible for reviewing the structure, size and diversity of the Board, assessing the independence of the Independent Non-executive Directors, making recommendations to the Board on nominations, appointment of Directors and Board succession. The Board adopted a board diversity policy which aims to set out the approach to achieving diversity on the Board. The Company recognises the benefits of diversity of Board members. The Nomination Committee selects candidates for directorship with reference to a range of diversity perspectives, including but not limited to the candidate's gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee considered that the Board has sufficient diverse expertise, particularly in corporate management, financial control, business development and human resources management. Meetings of the Nomination Committee shall be held at least once a year.

During the year, the Nomination Committee held two meetings. The members of the Nomination Committee and the attendance of each member are as follows:

Independent Non-executive Directors	Attended/ Eligible to attend
Ms. Lo Miu Sheung, Betty *(Chairman)*	2/2
Mr. Lau Man Tak	2/2
Dr. Wong Yun Kuen	2/2

During the year, the Nomination Committee has performed the following duties:

(a) reviewed the structure, size and composition of the Board;

(b) nominated the retiring Directors for re-election at the annual general meeting;

(c) assessed the independence of Independent Non-executive Directors with reference to the requirements under the Listing Rules;

(d) nominated a new Executive Director for appointment to the Board; and

(e) reviewed the Board Diversity Policy and the terms of reference of the Nomination Committee.

Investment Committee

The Investment Committee was established on 12 December 2014. The Investment Committee is responsible for reviewing and evaluating any investment projects proposed by the Company and making recommendation to the Board on such investment projects. It also monitors the investments of the Group. Currently, the Investment Committee comprises two Executive Directors, Mrs. Chu Yuet Wah and Mr. Chu, Kingston Chun Ho, and one Independent Non-executive Director, Dr. Wong Yun Kuen. Mrs. Chu Yuet Wah is the chairman of the Investment Committee.

The Investment Committee had not held any meeting since its formation up to 31 March 2015.

Auditor's Remuneration

During the year, the Group was charged HK$963,000 for auditing services and HK$40,000 for non-auditing services by the Company's auditor, Deloitte Touche Tohmatsu.

Services rendered	Fees paid/ payable HK$
Audit services	963,000
Non-audit services:	
Review of continuing connected transactions	20,000
Review of results announcements	20,000

Directors' and Auditor's Responsibilities for Accounts

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. Similar to last year, in preparing the accounts for the six months ended 30 September 2014 and for the year ended 31 March 2015, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

The responsibilities of the Auditor to the Shareholders are set out in the Independent Auditor's Report on pages 29 and 30 of this annual report.

Internal Controls

The Board has overall responsibility for maintaining sound and effective internal controls to safeguard the Group's assets and the Shareholders' interests. The Board has, through the Audit Committee, conducted review of the effectiveness of the internal control system of the Group with the assistance of independent internal control consultancy firm. The review covered the corporate governance, financial, operational, procedural compliance and risk management functions during the year. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

Company Secretary

Mr. Chan Kwong Leung, Eric is engaged and appointed by the Company from an external secretarial services provider as its Company Secretary. The primary contact person with the Company Secretary is Mr. San Kin Pong, Bond, the Financial Controller of the Company. For the year ended 31 March 2015, Mr. Chan Kwong Leung, Eric has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Communication with Shareholders

The Company follows a policy of disclosing relevant information to the Shareholders in a timely manner. The Company also recognises that people other than the Shareholders, such as the potential investors and the investment community generally may have an interest in information about the Company.

Annual and interim reports offer comprehensive operational and financial performance information to the Shareholders and the annual general meeting is a valuable avenue for the Board to enter into a dialogue directly with the Shareholders. The Company regards the annual general meeting as an important event and all Directors, senior management and external auditor make an effort to attend the annual general meeting of the Company to address Shareholders' queries. All the Shareholders are given a minimum of 20 clear business days' notice of the date and venue of the annual general meeting of the Company. The Company supports the CG Code's principle to encourage Shareholders' participation. The Company has also complied with the requirements concerning voting by poll under the Listing Rules. Details of the poll voting procedures and the rights of Shareholders to demand a poll are explained by the chairman of general meeting at the meeting. All resolutions proposed at general meeting are voted separately.

All the annual and interim reports, circulars, announcements and notices of general meetings, as well as the terms of reference of Board committees can be viewed from the Company's website.

The shareholder communication policy is reviewed regularly by the Company's management to reflect current regulatory, community and investor requirements. In particular, the policy will be updated in response to the changes in internal structure, legislative, regulatory and market developments.

Shareholders' Rights

Procedures for convening an extraordinary general meeting and putting forward proposals

Pursuant to Article 64 of the Company's Articles of Association, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company can deposit a written request to convene an extraordinary general meeting ("EGM") to the Board or the Company Secretary at Room 602, 6/F., Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong.

The Company will verify the request with the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with the requirements set out in the Listing Rules and the Company's Articles of Association. In the event that the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, and EGM will not be convened as requested.

Such EGM shall be held within two months after the deposit of the requisition. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene an EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for sending enquiries to the Board

Shareholders may at any time send their enquiries to the Board in writing for the attention of the Board or Company Secretary via the followings:

Address	:	Room 602, 6/F., Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Fax	:	(852) 2506 1866

Constitutional Documents

There was no significant change in the Company's constitutional documents for the year ended 31 March 2015.

Report of the Directors

The directors of the Company (the "Directors") are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2015.

Principal Activities

The Company acts as an investment holding company. The principal activities of the Group are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China (the "PRC") and dining business.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2015 are set out in note 28 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 31.

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

Distributable Reserves of the Company

At 31 March 2015, under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. At 31 March 2015, the Company's reserves available for distribution to shareholders amounted in total to approximately HK$333,766,000 (2014: HK$133,833,000).

Business Review

The business review of the Group for the year ended 31 March 2015 is provided in the Management Discussion and Analysis of this annual report.

Major Customers and Suppliers

The Group's five largest customers contributed approximately 45.2% of the Group's total sales for the year. The largest customer of the Group accounted for approximately 19.5% of the Group's total sales. The Group's five largest suppliers contributed approximately 99.7% of the Group's total purchase for the year. The largest supplier of the Group accounted for approximately 90.4% of the Group's total purchases.

At no time during the year did any of the Directors, their close associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

Property, Plant and Equipment

During the year, the Group spent approximately HK$10,510,000 as addition to property, plant and equipment to renovate its stores and expand its operations.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Directors

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

Executive Directors:

Chu Yuet Wah *(Chairman)*
Wu Ting Yuk, Anthony *(Co-chairman)* (appointed on 27 March 2015)
Chu, Kingston Chun Ho *(Vice Chairman and Managing Director)*

Independent Non-executive Directors:

Lau Man Tak
Lo Miu Sheung, Betty
Wong Yun Kuen

Pursuant to Article 108 of the Company's Articles of Association, Mr. Chu, Kingston Chun Ho and Dr. Wong Yun Kuen shall retire by rotation from office at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election.

Pursuant to Article 112 of the Company's Articles of Association, Mr. Wu Ting Yuk, Anthony shall retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

Directors' Service Contracts

Each of Mrs. Chu Yuet Wah and Mr. Chu, Kingston Chun Ho, the Executive Directors, has entered into service agreement with the Company for an initial term of three years commencing on 1 April 2013. The appointment pursuant to the service agreements will be renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of the appointment, unless terminated by either party giving to the other not less than three months' prior written notice.

Mr. Wu Ting Yuk, Anthony, an Executive Director, has entered into service contract with, among others, the Company for a term of three years commencing on 27 March 2015. The appointment pursuant to the service contract will be terminated automatically upon the expiration of the contract term, unless the parties renew the contract prior to the expiration.

Each of the three Independent Non-executive Directors, Mr. Lau Man Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen, has entered into a letter of appointment with the Company for an initial term of one year commencing on 19 June 2012, 19 June 2012 and 18 September 2012 respectively. The appointment pursuant to these letters of appointment is renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by either party giving to the other not less than three months' prior written notice.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with any members of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Shares and Underlying Shares

At 31 March 2015, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity	Number of shares held (long position)	Number of underlying shares held (long position)	Approximate percentage of the Company's issued share capital
Chu Yuet Wah	Beneficial owner	265,000,000	–	7.66%
	Interest of controlled corporation *(Note 1)*	1,530,000,000	–	44.22%
Wu Ting Yuk, Anthony	Beneficial owner *(Note 2)*	–	138,400,000	4.00%
Chu, Kingston Chun Ho	Beneficial owner *(Note 3)*	–	103,800,000	3.00%

Notes:

(1) These shares were held by Sincere Watch Limited, which was wholly-owned by Be Bright Limited and Be Bright Limited was wholly-owned by Mrs. Chu Yuet Wah. Accordingly, Mrs. Chu Yuet Wah was deemed to be interested in these 1,530,000,000 shares of the Company by virtue of the SFO.

(2) These 138,400,000 underlying shares shall be conditionally issued and allotted to Mr. Wu Ting Yuk, Anthony pursuant to the Option Agreement dated 27 March 2015, details of which are referred to in the Company's announcement dated 27 March 2015.

(3) These 103,800,000 underlying shares shall be conditionally issued and allotted to Mr. Chu, Kingston Chun Ho pursuant to the Option Agreement dated 27 March 2015, details of which are referred to in the Company's announcement dated 27 March 2015.

Save as disclosed above, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Directors' Interests in Contracts of Significance and Continuing Connected Transactions

1. The Company and Sincere Watch Limited ("SWL"), the controlling shareholder of the Company, entered into the Inventory Control Agreement on 13 August 2013 for a term from 1 April 2013 to 31 March 2016 to govern the continuing connected transactions with the annual cap of (a) HK$18,000,000 for sale of the products by the Group to members of SWL and its subsidiaries in Singapore, and (b) HK$18,000,000 for purchase of the products by the Group from SWL and its subsidiaries in Singapore for each of the three financial years ending 31 March 2014, 31 March 2015 and 31 March 2016.

   During the year, the Group had the following continuing connected transactions with SWL and Franck Muller Pte Limited and Suntime Watch Pte Limited, subsidiaries of SWL.

   i. The Group sold watches to SWL and its subsidiary in Singapore for sale and distribution on an as needed basis when SWL and its subsidiary in Singapore are out of certain models of watches. Such sales amounted to a total of approximately of HK$2,573,000 and did not exceed the cap amount of HK$18,000,000 as mentioned in the announcement of the Company dated 13 August 2013.

   ii. The Group purchased watches from SWL and its subsidiaries in Singapore on an as needed basis to meet customers' demand when certain models of watches are out of stock in Hong Kong, Macau, Taiwan or the PRC. Such purchases amounted to a total of approximately HK$17,158,000 and did not exceed the cap amount of HK$18,000,000 as mentioned in the announcement of the Company dated 13 August 2013.

2. On 13 August 2013, the Company and Kingston Financial Group Limited ("Kingston") entered into the Master Agreement which provides the framework within which the Group may engage Kingston and its subsidiaries ("Kingston Group") to provide Services (including placement, underwriting or sub-underwriting of securities, brokerage, financial advisory services, asset management, general consultancy and other ancillary services) to the Group from time to time for a fixed term commencing on the date of the Master Agreement up to 31 March 2016.

   Mrs. Chu Yuet Wah is the common controlling shareholder and executive director of the Company and Kingston. Therefore, the Company and Kingston are regarded as connected person to each other under the Listing Rules. Accordingly, the Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

   During the year, the Group had the following continuing connected transactions with the Kingston Group, which did not exceed the cap amount of HK$20,000,000 as mentioned in the announcement of the Company dated 13 August 2013.

   i. On 1 July 2012, the Company entered into the Administrative Services Agreement ("Agreement") with Kingston, pursuant to which the Company engaged the Kingston Group for provision of general consultancy services. Pursuant to the Agreement, the Company paid HK$300,000 (on the basis of HK$50,000 per month) to the Kingston Group for the general consultancy services for the six months ended 30 September 2014. On 1 October 2014, the Company entered into the Supplemental Agreement to change the monthly fee from HK$50,000 to HK$20,000. The Company paid HK$120,000 to the Kingston Group for the general consultancy services for the six months ended 31 March 2015.

   ii. On 5 August 2014, the Company and Kingston Securities Limited, an indirect wholly-owned subsidiary of Kingston, entered into the Placing Agreement, pursuant to which Kingston Securities Limited acted as the placing agent ("Placing Agent") for the placing. The Company has conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 80,000,000 Placing Shares to not fewer than six Placees (who and whose ultimate beneficial owners are Independent Third Parties and not acting in concert with the connected persons of the Company) at a price of HK$1.34 per Placing Share. The Placing Shares were allotted and issued pursuant to the General Mandate. The Placing Agent will be entitled to receive a commission of 2.0% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. In relation to the placing arrangements under the Placing Agreement, the Company paid the amount of HK$2,144,000 to the Placing Agent as the commission fee in August 2014.

iii. On 27 March 2015, the Company engaged Kingston Corporate Finance Limited, an indirect wholly-owned subsidiary of Kingston, to act as the financial adviser for providing advisory and documentation services in respect of the Company's proposed capital injection into Hainan Chambow Lecheng Development Limited, proposed grant of options and proposed adoption of share option scheme. In relation to the advisory and documentation services, the Company has agreed to pay HK$1,000,000 in total as financial advisory fee to Kingston Corporate Finance Limited. Up to the year end 31 March 2015, HK$812,000 financial advisory fee have been incurred and billed by Kingston Corporate Finance Limited. The financial advisory fee was paid by the Company in April 2015.

3. Sincere Brand Management Limited ("SBML"), the wholly-owned subsidiary of the Company, and Mrs. Chu Yuet Wah ("Mrs. Chu"), the executive director and chairman of the Company, entered into the Loan Agreement on 13 August 2013, pursuant to which Mrs. Chu will provide to SBML (when required by SBML) a revolving facility to the extent of HK$100,000,000 or equivalents. The transactions contemplated under the Loan Agreement will constitute continuing connected transactions for the Company. During the year, there was not any amount provided by Mrs. Chu to SBML under the Loan Agreement.

Pursuant to the Listing Rules, the Independent Non-executive Directors had reviewed the above continuing connected transactions and confirmed that the transactions were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favorable to the Company than terms available from independent third parties; (iii) in accordance with each of the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (iv) have not exceeded the relevant maximum amount capped in accordance with the announcements of the Company as mentioned above.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, no contracts of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and 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.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Substantial Shareholders

At 31 March 2015, the following persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company were as follows:

Name of shareholder	Capacity	Number of shares held (long position)	Approximate percentage of the Company's issued share capital
Sincere Watch Limited	Beneficial owner *(Note 1)*	1,530,000,000	44.22%
Be Bright Limited	Interest of controlled corporation *(Note 2)*	1,530,000,000	44.22%

Notes:

1. *These 1,530,000,000 shares were registered in the name of and beneficially owned by Sincere Watch Limited.*

2. *These shares were held by Sincere Watch Limited, which was wholly-owned by Be Bright Limited. Accordingly, Be Bright Limited was deemed to be interested in these 1,530,000,000 shares of the Company by virtue of the SFO.*

Save as disclosed above, as at 31 March 2015, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

Arrangements to Purchase Shares or Debentures

At no time during the year was the Company, any of its holding companies, fellow subsidiaries or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Purchase, Sale or Redemption of Listed Securities

During the year, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

Compliance with Corporate Governance Code

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year, except for certain deviations as disclosed in the Corporate Governance Report on pages 14 to 21 of this annual report.

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are recommended by the Remuneration Committee and decided by the Board, having regard to the Group's operating results, individual performance and comparable market trends.

Pre-emptive Rights

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

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by public as at the date of this annual report.

Directors' Interests in Competing Business

At 31 March 2015, none of the Directors was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chu Yuet Wah
Chairman
Hong Kong
16 June 2015

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF SINCERE WATCH (HONG KONG) LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sincere Watch (Hong Kong) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 71, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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 2015 and of its financial performances and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Turnover		**589,716**	648,013
Cost of sales		**(364,066)**	(396,758)
Gross profit		**225,650**	251,255
Other income		**7,824**	2,765
Selling and distribution costs		**(102,497)**	(95,822)
General and administrative expenses		**(86,581)**	(74,500)
Impairment loss recognised on goodwill	15	**–**	(8,092)
Profit before taxation, exchange gain (loss) and (loss) gain on fair value change of derivative financial instruments		**44,396**	75,606
Realised exchange gain (loss)	8	**15,705**	(11,192)
Unrealised exchange gain (loss)		**3,955**	(2,660)
(Loss) gain on fair value change of derivative financial instruments		**(14,812)**	722
Profit before taxation		**49,244**	62,476
Income tax expense	9	**(9,012)**	(10,402)
Profit for the year	10	**40,232**	52,074
Other comprehensive expense, net of tax			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,044)**	(855)
Fair value loss on available-for-sale investments		**(5,700)**	–
Other comprehensive expense for the year		**(6,744)**	(855)
Total comprehensive income for the year		**33,488**	51,219
			(restated)
Earnings per share	13		
— basic		**1.22 HK cents**	2.02 HK cents
— diluted		**1.22 HK cents**	2.02 HK cents

Consolidated Statement of Financial Position

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**27,853**	40,637
Available-for-sale investments	16	**40,800**	–
Deposit paid for acquisition of property, plant and equipment		**4,654**	–
Deferred tax assets	24	**16,430**	14,225
		89,737	54,862
Current assets			
Inventories	17	**401,092**	436,339
Trade and other receivables	18	**141,498**	92,376
Amount due from immediate holding company	19	**30**	572
Amount due from a fellow subsidiary	19	**5**	–
Derivative financial instruments	22	**653**	722
Taxation recoverable		**–**	10,129
Bank balances and cash	20	**460,403**	316,115
		1,003,681	856,253
Current liabilities			
Trade and other payables	21	**270,891**	330,474
Amount due to a fellow subsidiary	19	**9,624**	1,334
Amount due to a related party	19	**812**	–
Derivative financial instruments	22	**3,581**	–
Taxation payable		**5,606**	6,157
		290,514	337,965
Net current assets		**713,167**	518,288
Total assets less current liabilities		**802,904**	573,150
Net assets		**802,904**	573,150
Capital and reserves			
Share capital	23	**69,200**	40,800
Reserves		**733,704**	532,350
Total equity		**802,904**	573,150

The consolidated financial statements on pages 31 to 71 were approved and authorised for issue by the Board of Directors on 16 June 2015 and are signed on its behalf by:

Chu Yuet Wah
Executive Director

Chu, Kingston Chun Ho
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital HK$'000	Share premium HK$'000	Investments revaluation reserve HK$'000	Special reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013	40,800	59,546	–	801	2,822	450,602	554,571
Exchange difference arising from translation of foreign operations	–	–	–	–	(855)	–	(855)
Profit for the year	–	–	–	–	–	52,074	52,074
Total comprehensive (expense) income for the year	–	–	–	–	(855)	52,074	51,219
Dividend paid for 2013 *(note 12)*	–	–	–	–	–	(32,640)	(32,640)
At 31 March 2014 and 1 April 2014	40,800	59,546	–	801	1,967	470,036	573,150
Exchange difference arising from translation of foreign operations	–	–	–	–	(1,044)	–	(1,044)
Fair value loss on available-for-sale investments	–	–	(5,700)	–	–	–	(5,700)
Profit for the year	–	–	–	–	–	40,232	40,232
Total comprehensive (expense) income for the year	–	–	(5,700)	–	(1,044)	40,232	33,488
Dividend paid for 2014 *(note 12)*	–	–	–	–	–	(27,680)	(27,680)
Issue of shares upon rights issue *(note 23)*	20,400	102,000	–	–	–	–	122,400
Transaction costs on rights issue *(note 23)*	–	(3,438)	–	–	–	–	(3,438)
Placing of shares *(note 23)*	8,000	99,200	–	–	–	–	107,200
Transaction costs on placing of shares *(note 23)*	–	(2,216)	–	–	–	–	(2,216)
At 31 March 2015	**69,200**	**255,092**	**(5,700)**	**801**	**923**	**482,588**	**802,904**

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the reorganisation during its listing in The Stock Exchange of Hong Kong Limited in 2005.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**49,244**	62,476
Adjustments for:		
Interest income	**(7,010)**	(2,625)
Gain on disposal of property, plant and equipment	**–**	(140)
Loss on write-off of property, plant and equipment	**–**	306
Depreciation of property, plant and equipment	**23,287**	18,863
Impairment loss recognised on goodwill	**–**	8,092
Unrealised exchange (gain) loss	**(3,955)**	2,660
Change in fair value of derivative financial instruments	**14,812**	(722)
Operating cash flows before movements in working capital	**76,378**	88,910
Decrease (increase) in inventories	**34,474**	(12,812)
(Increase) decrease in trade and other receivables	**(49,116)**	31,405
Decrease in trade and other payables	**(55,630)**	(50,416)
Increase in amount due to a related party	**812**	–
Cash outflow on derivative financial instruments	**(11,162)**	(195)
Cash (used in) generated from operations	**(4,244)**	56,892
Hong Kong Profits Tax refunded (paid)	**3,295**	(15,820)
Macau Profits Tax paid	**(4,988)**	(6,039)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(5,937)**	35,033
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**(46,500)**	–
Purchase of property, plant and equipment	**(10,510)**	(28,484)
Deposit paid for property, plant and equipment	**(4,654)**	–
(Advance to) repayment from a fellow subsidiary	**(5)**	5,754
Interest received	**7,010**	2,625
Repayment from (advance to) immediate holding company	**542**	(572)
Proceeds from disposal of property, plant and equipment	**–**	140
NET CASH USED IN INVESTING ACTIVITIES	**(54,117)**	(20,537)
FINANCING ACTIVITIES		
Net proceeds from rights issue	**118,962**	–
Net proceeds from placing of shares	**104,984**	–
Advance from a fellow subsidiary	**8,290**	1,334
Dividends paid	**(27,680)**	(32,640)
Repayment to immediate holding company	**–**	(55)
NET CASH FROM (USED IN) FINANCING ACTIVITY	**204,556**	(31,361)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**144,502**	(16,865)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**316,115**	333,281
Effect of foreign exchange rate changes	**(214)**	(301)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**460,403**	316,115

Notes to the Consolidated Financial Statements
For the year ended 31 March 2015

1. General

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2004 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company's ultimate holding company is Be Bright Limited, a company incorporated in the British Virgin Islands and wholly owned by Mrs. Chu Yuet Wah, the ultimate controlling shareholder. The Company's immediate holding company is Sincere Watch Limited, a company incorporated in the Republic of Singapore.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The principal activities of the Group are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China (the "PRC") and dining business. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and continuation of Hedge Accounting
HK IFRIC-Int 21	Levies

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRS issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted*

[2] *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted*

[3] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted*

[4] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted*

[5] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, with earlier application permitted*

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 9 "Financial Instruments" (continued)

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's existing business model and financial instruments as at 31 March 2015, the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised costs. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the results and financial position of the Group.

3. Significant Accounting Policies

Statement of compliance

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 (Cap. 32).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company 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 Company gains control until the date when the Company ceases to control the subsidiary.

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

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.

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

Interest income

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at 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, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

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

Goodwill and fair value adjustment on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. Significant Accounting Policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense 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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 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 rates (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.

3. Significant Accounting Policies (continued)

Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

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

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 from the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. Significant Accounting Policies (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. When 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 to disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When 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.

Inventories

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

Financial instruments

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets

Financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets ("AFS financial assets"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from immediate holding company/a fellow subsidiary and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets 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 financial asset, the estimated future cash flows of financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a 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 assets, such as trade receivables, assets 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 in the portfolio past the average credit period of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

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 the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and amount due to a fellow subsidiary/a related party) 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 and 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 value on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

4. Key Sources of Estimation Uncertainty

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.

Allowance for inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the consolidated financial statements for slow-moving items. Management is satisfied that adequate allowance for inventories has been made in the consolidated financial statements. As at 31 March 2015, the carrying amount of inventories is approximately HK$401,092,000 (2014: HK$436,339,000), net of allowance for inventories of approximately HK$70,535,000 (2014: HK$68,493,000).

Income taxes

At 31 March 2015, a deferred tax asset of approximately HK$16,430,000 (2014: HK$14,225,000) mainly relating to the allowance for inventories and accelerated accounting depreciation has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be charged to the consolidated statement of profit or loss and other comprehensive income for the period in which such a reversal takes place.

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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

6. Financial Instruments

6a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**567,927**	375,649
Fair value through profit or loss		
Derivative financial instruments classified as held for trading	**653**	722
Available-for-sale investments	**40,800**	–
Financial liabilities		
Amortised cost	**182,496**	234,015
Fair value through profit or loss		
Derivative financial instruments classified as held for trading	**3,581**	–

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from (to) immediate holding company/a fellow subsidiary/a related party, bank balances and cash, trade and other payables and derivative financial instruments. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The interest rate risk exposure is minimal. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Group is also exposed to fair value interest rate risk relates primarily to its fixed rate short-term bank deposits. The directors of the Company consider the Group's exposure of the short term bank deposits to interest rate risk is not significant as interest bearing bank balance are within short maturity.

Currency risk

Several subsidiaries of the Company have foreign currency denominated monetary assets and liabilities, which arose from foreign currency purchases and sales, thus exposing the Group to foreign currency risk. All of the Group's purchases of inventories are denominated in currencies other than the functional currency of the Group entity making the purchases.

6. Financial Instruments (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The carrying amounts of the Group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Currency	Assets 2015 HK$'000	Assets 2014 HK$'000	Liabilities 2015 HK$'000	Liabilities 2014 HK$'000
Euro	EUR	**86**	110	**276**	1,244
Renminbi	RMB	**34**	30	**–**	–
Singapore dollars	SGD	**–**	–	**8,480**	559
Swiss Franc	CHF	**30,280**	8,559	**169,207**	228,334
Hong Kong dollars	HKD	**7**	129	**–**	–

The Group currently does not have a formally written foreign exchange hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise. The Group has entered into foreign currency forward contracts to minimise the effect of exchange rate fluctuations between Hong Kong dollars and CHF.

Sensitivity analysis

The Group is mainly exposed to the fluctuation in exchange rate of CHF.

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in Hong Kong dollars against CHF. 10% (2014: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2014: 10%) change in foreign currency rate. The analysis illustrates the impact for a 10% (2014: 10%) weakening of Hong Kong dollars against Swiss Franc and a positive number below indicates a decrease in post-tax profit for the year. For a 10% (2014: 10%) strengthening of Hong Kong dollars against Swiss Franc, there would be an equal and opposite impact on the post-tax profit for the year. The decrease in profit for the year is mainly attributable to the exposure on outstanding trade payables net of bank balances denominated in Swiss Franc at the year end date.

	Swiss Franc impact 2015 HK$'000	Swiss Franc impact 2014 HK$'000
Decrease in post-tax profit for the year	**11,600**	18,350

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

6. Financial Instruments (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Other price risk

The Group is exposed to, and has concentration in, equity price risk mainly through its investment in equity security in a listed Hong Kong entity operating in the processing and trading of food products, sharing of profit stream from gaming business in Macau and development and operation of integrated resort on the Island of Saipan. The sensitivity analysis has been estimated based on the exposure to equity price risk at the end of the reporting period when the equity price has been 10% higher/lower, other comprehensive income would increase/decrease by HK$4,080,000 as result of the changes in fair value of available-for-sale investments.

The Group is also exposed to currency risk for the outstanding foreign exchange forward contracts. For the foreign exchange forward contracts at 31 March 2015, the sensitivity analysis has been estimated based on the contracts outstanding at the end of reporting period. When the relevant market forward exchange rate of CHF against HKD strengthens/weakens by 10%, the potential effect on post-tax profit for the year will be increased/decreased by approximately HK$11,600,000.

The details of the foreign exchange forward contracts are set out in note 22.

Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in consolidated statement of financial position.

In order to manage the credit risk in relation to trade receivables, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk on trade receivables as at 31 March 2015 is mainly from five major customers which accounted for 66% (2014: 77%) of trade receivables in Hong Kong. They are assessed by the management as high credit rating customers as they are reputable watch retailers with major operations in Hong Kong and with good repayment record during the past years.

The Group's concentration of geographical risk on trade receivables mainly from Hong Kong which accounted for 95% (2014: 84%) of the total trade receivables. The Group has closely monitored the sales performance and would seek for the chance to diversify its customer bases.

6. Financial Instruments (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows at the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	Within 90 days HK$'000	Over 90 days and less than 1 year HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying Amount HK$'000
As at 31 March 2015					
Non-derivative financial liabilities					
Trade and other payables	–	56,113	115,947	172,060	172,060
Amount due to a fellow subsidiary	–	9,624	–	9,624	9,624
Amount due to a related party	–	812	–	812	812
		66,549	115,947	182,496	182,496
Derivatives — gross settlement					
Foreign exchange forward contracts					
— inflow	–	(60,727)	(58,726)	(119,453)	(119,453)
— outflow	–	63,595	58,786	122,381	122,381
		2,868	60	2,928	2,928
As at 31 March 2014					
Non-derivative financial liabilities					
Trade and other payables	–	66,906	165,775	232,681	232,681
Amount due to a fellow subsidiary	–	1,334	–	1,334	1,334
		68,240	165,775	234,015	234,015
Derivatives — gross settlement					
Foreign exchange forward contracts					
— inflow	–	–	(116,862)	(116,862)	(116,862)
— outflow	–	–	116,140	116,140	116,140
		–	(722)	(722)	(722)

6. Financial Instruments (continued)

6c. Fair value

The fair value of financial assets and financial liabilities carried at amortised cost is determined using generally accepted pricing models based on discounted cash flow analysis.

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

6d. Fair value measurements recognised in the statement of financial position

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities	Fair value as at 31 March 2015	Fair value as at 31 March 2014	Fair value hierarchy	Valuation techniques and key inputs
Foreign currency forward contracts (note 22)	Financial assets HK$653,000 Financial liabilities HK$3,581,000	Financial assets HK$722,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.
Listed available-for-sale investments (note 16)	HK$40,800,000	–	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1 and 2 in the current and prior years.

7. Segment Information

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors of the Company, who are the chief operating decision maker, that are used to allocate resources and assess performance, which are analysed based on the geographical locations of the sales. The Group has two business operations, which are the distribution of branded luxury watches, timepieces and accessories and dining business.

Segment results represent the profit before taxation earned by each segment and excluding unallocated other income and unallocated expenses such as central administration costs, selling and distribution costs and directors' salaries. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's turnover and results by geographical location. The following tables set out information about the geographical location of the Group's revenue from external customers determined based on the location of customers.

Year ended 31 March 2015

	Hong Kong HK$'000	Mainland China and Macau HK$'000	Other Asian locations HK$'000 (Note)	Consolidated HK$'000
REVENUE				
External sales	460,595	92,257	36,864	589,716
RESULT				
Segment result	164,890	44,420	9,849	219,159
Realised exchange gain				15,705
Unrealised exchange gain				3,955
Loss on fair value change of derivative financial instruments				(14,812)
Unallocated expenses				(182,587)
Unallocated income				7,824
Profit before taxation				49,244

7. Segment Information (continued)

Year ended 31 March 2014

	Hong Kong HK$'000	Mainland China and Macau HK$'000	Other Asian locations HK$'000 (Note)	Consolidated HK$'000
REVENUE				
External sales	447,658	164,949	35,406	648,013
RESULT				
Segment result	152,745	77,557	10,665	240,967
Impairment loss recognised on goodwill				(8,092)
Realised exchange loss				(11,192)
Unrealised exchange loss				(2,660)
Gain on fair value change of derivative financial instruments				722
Unallocated expenses				(160,034)
Unallocated income				2,765
Profit before taxation				62,476

No information on segmental assets and liabilities is provided to the Executive Directors on a regular basis.

Note: Other Asian locations includes Singapore and Taiwan.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 HK$'000	2014 HK$'000
Customer A	**115,220**	88,499
Customer B	**87,506**	102,099

Note: Both Customer A and Customer B generate revenues to the Group in Hong Kong.

Revenue from major operations

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

	2015 HK$'000	2014 HK$'000
Distribution of branded luxury watches, timepieces and accessories	**579,788**	648,013
Dining business	**9,928**	–
	589,716	648,013

7. Segment Information (continued)

Other segment information

The information of the Group's non-current assets by geographical location is detailed below:

	2015 HK$'000	2014 HK$'000
Hong Kong	61,506	24,138
Mainland China and Macau	11,191	15,059
Taiwan	610	1,440
	73,307	40,637

Note: Non-current assets above exclude deferred tax assets.

8. Realised Exchange Gain (Loss)

The realised exchange gain (loss) represents realised exchange gain on monetary items of HK$15,705,000 (2014: loss of HK$11,192,000).

9. Income Tax Expense

	2015 HK$'000	2014 HK$'000
The charge comprises:		
Current tax		
Hong Kong	(8,404)	(6,622)
Other jurisdictions	(2,928)	(5,382)
	(11,332)	(12,004)
Overprovision in prior years:		
Hong Kong	20	–
Other jurisdictions	41	16
	61	16
Deferred tax credit (note 24)		
Current year	2,259	1,586
	(9,012)	(10,402)

9. Income Tax Expense (continued)

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **HK$'000**	2014 HK$'000
Profit before taxation	**49,244**	62,476
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**(8,125)**	(10,309)
Tax effect of income not taxable in determining taxable profit	**162**	123
Tax effect of expenses not deductible in determining taxable profit	**(1,237)**	(1,961)
Tax effect of tax losses not recognised	**(1,579)**	(1,710)
Utilisation of tax losses previously not recognised	**911**	831
Overprovision in prior years	**61**	16
Effect of different tax rates of subsidiaries operating in other jurisdictions	**795**	2,608
Tax charge for the year	**(9,012)**	(10,402)

10. Profit for the Year

	2015 **HK$'000**	2014 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	**8,592**	7,880
Other staff costs	**33,382**	28,663
Other staff's retirement benefits scheme contributions	**782**	669
Total staff costs	**42,756**	37,212
Auditor's remuneration	**963**	871
Depreciation of property, plant and equipment	**23,287**	18,863
Minimum lease payments in respect of rented premises (note)	**68,481**	55,425
Cost of inventories recognised as an expense (including write-down of inventories HK$2,881,000 (2014: HK$7,906,000))	**364,066**	396,758
Loss on write-off of property, plant and equipment	**–**	306
and after crediting:		
Interest income	**7,010**	2,625
Gain on disposal of property, plant and equipment	**–**	140

Note: The minimum lease payments in respect of rented premises included contingent rent of HK$33,000 (2014: HK$3,885,000) for the year ended 31 March 2015. Contingent rent was charged by the lessors if certain percentage of turnover of the related boutiques reached the minimum levels as agreed under the tenancy agreements.

11. Directors', Chief Executive's and Employees' Remuneration

Directors' remuneration

The remuneration of each director for the year ended 31 March 2015 is set out below:

Name of directors	Fees HK$'000	Salary, allowance and benefits HK$'000	Performance bonus HK$'000 (Note)	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mrs. Chu Yuet Wah	–	3,600	1,500	18	5,118
Mr. Chu, Kingston Chun Ho	–	2,396	700	18	3,114
Mr. Wu Ting Yuk, Anthony	–	–	–	–	–
Independent non-executive directors					
Mr. Lau Man Tak	120	–	–	–	120
Ms. Lo Miu Sheung, Betty	120	–	–	–	120
Dr. Wong Yun Kuen	120	–	–	–	120
	360	5,996	2,200	36	8,592

Mr. Chu, Kingston Chun Ho is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The remuneration of each director for the year ended 31 March 2014 is set out below:

Name of directors	Fees HK$'000	Salary, allowance and benefits HK$'000	Performance bonus HK$'000 (Note)	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mrs. Chu Yuet Wah	–	3,600	900	15	4,515
Mr. Chu, Kingston Chun Ho	–	2,490	500	15	3,005
Independent non-executive directors					
Mr. Lau Man Tak	120	–	–	–	120
Ms. Lo Miu Sheung, Betty	120	–	–	–	120
Dr. Wong Yun Kuen	120	–	–	–	120
	360	6,090	1,400	30	7,880

Note: The performance bonus are determined with reference to the individual performance for both years.

11. Directors', Chief Executive's and Employees' Remuneration (continued)

Employees' emoluments

For the year ended 31 March 2015, the five highest paid individuals included two (2014: two) directors, details of whose remuneration are included above. The remuneration of the three highest paid individuals in 2015 (2014: three) were as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and other benefits	**3,249**	3,601
Performance related incentive payments	**766**	835
Contributions to retirement benefits schemes	**53**	45
	4,068	4,481

The emoluments of the employees were within the following bands:

	Number of employees 2015	2014
HK$1,000,001 to HK$1,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**–**	1

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any remuneration in both years.

12. Dividend

During the year ended 31 March 2015, final dividend of HK$27,680,000 for the year ended 31 March 2014 was declared and paid (2014: final dividend declared and paid in respect of the year ended 31 March 2013: HK$32,640,000).

The Board does not propose the payment of a final dividend for the year ended 31 March 2015. In respect of the year ended 31 March 2014, the Board proposed the payment of a final dividend of HK$0.008 per share.

13. Earnings per Share

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

	2015 HK$'000	2014 HK$'000
Earnings		
Earnings of the Company for the purposes of basic and diluted earnings per share (profit for the year attributable to owners)	**40,232**	52,074

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,288,271**	2,576,842

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share have been retrospectively adjusted to reflect the rights issue on 14 April 2014 and share subdivision on 2 September 2014 as disclosed in note 23.

14. Property, Plant and Equipment

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2013	58,252	16,359	4,189	1,734	408	80,942
Currency realignment	(207)	(10)	(39)	(11)	–	(267)
Additions	25,679	370	1,123	541	771	28,484
Disposal/written off	(9,779)	(702)	(898)	–	(408)	(11,787)
At 31 March 2014	73,945	16,017	4,375	2,264	771	97,372
Currency realignment	(220)	(11)	(49)	(5)	–	(285)
Additions	8,242	564	1,295	409	–	10,510
At 31 March 2015	**81,967**	**16,570**	**5,621**	**2,668**	**771**	**107,597**
DEPRECIATION						
At 1 April 2013	31,871	12,346	3,560	1,218	408	49,403
Currency realignment	(2)	(8)	(34)	(6)	–	(50)
Provided for the year	15,357	2,792	274	335	105	18,863
Eliminated on disposal/written off	(9,598)	(597)	(878)	–	(408)	(11,481)
At 31 March 2014	37,628	14,533	2,922	1,547	105	56,735
Currency realignment	(215)	(11)	(46)	(6)	–	(278)
Provided for the year	20,356	1,447	900	443	141	23,287
At 31 March 2015	**57,769**	**15,969**	**3,776**	**1,984**	**246**	**79,744**
CARRYING VALUES						
At 31 March 2015	**24,198**	**601**	**1,845**	**684**	**525**	**27,853**
At 31 March 2014	36,317	1,484	1,453	717	666	40,637

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

Leasehold improvements	$33^1/_3$% or over the term of the relevant lease of the rented premises, whichever is shorter period
Furniture and fixtures	$33^1/_3$%–50%
Office equipment	$33^1/_3$%
Computers	$33^1/_3$%
Motor vehicles	20%

15. Intangible Asset

	Goodwill HK$'000 (note)
COST	
At 1 April 2013, 31 March 2014 and **31 March 2015**	**8,092**
AMORTISATION AND IMPAIRMENT	
At 1 April 2013	–
Charge for the year	–
Impairment loss recognised during the year	8,092
At 1 April 2014 and **31 March 2015**	**8,092**
CARRYING VALUES	
At 31 March 2015 and 2014	**–**

Note: Goodwill acquired in a business combination is allocated, at acquisition, to the CGU of the Taiwan operation.

During the year ended 31 March 2014, the Group performed impairment review for goodwill based on cash flow forecast derived from the most recent financial budget for the next five years approved by management using a discount rate of 12.6% which reflects current market assessments of the time value of money and the risks specific to the CGU. The average growth rate per annum for the next five years is 1% in light of the historical average growth rate. The CGU's cash flows beyond the five-year period are extrapolated without further growth rate. On this basis, the goodwill of HK$8,092,000 arising from the acquisition of Sincere Watch Co., Ltd. in prior year was fully impaired during the year ended 31 March 2014.

16. Available-For-Sale Investments

	2015 **HK$'000**	2014 HK$'000
Listed equity securities in Hong Kong	**40,800**	–

The movements in available-for-sale investments are summarised as follows:

	HK$'000
Acquired during the year ended 31 March 2015	46,500
Net change in fair value recognised in other comprehensive income	(5,700)
As at 31 March 2015	40,800

17. Inventories

All inventories are finished goods at the end of both reporting periods.

18. Trade and Other Receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	**101,232**	52,462
Other receivables, deposits and prepayments	**40,266**	39,914
	141,498	92,376

Normally, the Group allows a credit period ranging from 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated to the respective revenue recognition dates:

	2015 HK$'000	2014 HK$'000
Within 30 days	**68,721**	29,058
31–90 days	**19,136**	23,404
91–120 days	**13,375**	–
	101,232	52,462

Management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired are of good credit quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$13,375,000 (2014: nil) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired and are subsequently received:

	2015 HK$'000	2014 HK$'000
91–120 days	**13,375**	–

19. Amount Due from/to Immediate Holding Company/a Fellow Subsidiary/a Related Company

Amount due from/to immediate holding company and a fellow subsidiary are unsecured, non-interest bearing and repayable within 1 year.

Amount due to a related company is unsecured, non-interest bearing and repayable within 1 year. A director who is also the ultimate controlling shareholder of the Company is also a director and controlling shareholder of the related company.

20. Bank Balances and Cash

Bank balances and cash comprise cash at bank and fixed time deposits. Cash at bank is held by the Group at prevailing market interest rates ranging from 0.001% to 0.35% (2014: 0.001% to 0.17%) per annum.

Fixed time deposits carry fixed interest rate ranging from 0.01% to 2.38% (2014: 1.35% to 1.8%) per annum and mature in 1 month (2014: 1 month). Therefore, the amounts are classified as current.

The Group's bank balances that are denominated in CHF, EUR, RMB and HKD, currency other than functional currency of the relevant group entities, are set below:

	2015 HK$'000	2014 HK$'000
Denominated in CHF	29,009	8,559
Denominated in EUR	86	110
Denominated in RMB	34	30
Denominated in HKD	7	129

21. Trade and Other Payables

	2015 HK$'000	2014 HK$'000
Trade payables	171,120	229,578
Other payables and accrued charges	99,771	100,896
	270,891	330,474

The following is an aged analysis of trade payables:

	2015 HK$'000	2014 HK$'000
Within 90 days	55,173	63,803
91 days–365 days	115,947	165,775
	171,120	229,578

The Group's trade payables that are denominated in CHF and EUR, currency other than functional currency of the relevant group entities are set out below:

	2015 HK$'000	2014 HK$'000
Denominated in CHF	170,844	228,334
Denominated in EUR	276	1,244

22. Derivative Financial Instruments

	2015 HK$'000	2014 HK$'000
Financial asset		
Foreign currency forward contracts	**653**	722
Financial liability		
Foreign currency forward contracts	**(3,581)**	–
	(2,928)	722

During the year ended 31 March 2015, fair value loss of approximately HK$14,812,000 (2014: gain of approximately HK$722,000) was recognised directly in profit or loss.

The Group has used foreign currency forward contracts to hedge future transactions and cash flows. The foreign currency forward contracts were measured at fair value at the end of the reporting period.

The details of outstanding foreign currency forward contracts to which the Group is committed as follows:

Notional amount	Maturity	Exchange rates
At 31 March 2015		
Buy CHF500,000	**27 April 2015**	**HKD/CHF at 8.0635**
Buy CHF4,000,000	**27 April 2015**	**HKD/CHF at 8.5580**
Buy CHF1,400,000	**22 May 2015**	**HKD/CHF at 8.1895**
Buy CHF500,000	**26 May 2015**	**HKD/CHF at 8.0675**
Buy CHF1,200,000	**24 June 2015**	**HKD/CHF at 8.1935**
Buy CHF500,000	**24 July 2015**	**HKD/CHF at 7.9618**
Buy CHF1,500,000	**21 August 2015**	**HKD/CHF at 8.1140**
Buy CHF2,000,000	**25 September 2015**	**HKD/CHF at 7.7262**
Buy CHF800,000	**22 October 2015**	**HKD/CHF at 8.4789**
Buy CHF800,000	**25 November 2015**	**HKD/CHF at 8.1586**
Buy CHF1,700,000	**25 November 2015**	**HKD/CHF at 8.1596**
At 31 March 2014		
Buy CHF2,332,680	18 July 2014	HKD/CHF at 8.4305
Buy CHF1,200,000	21 November 2014	HKD/CHF at 8.8238

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Other than derivatives transactions mentioned above, the Group has no other financial assets and financial liabilities which are offset in the Group's consolidated statement of financial statements or are subject to similar netting arrangements.

22. Derivative Financial Instruments (continued)

Financial asset subject to an enforceable master netting agreement as at 31 March 2015.

	Gross amount of recognised financial asset HK$'000	Gross amount of recognised financial liability set off in the statement of financial position HK$'000	Net amount of financial asset presented in the statement of financial position HK$'000	Related amount not set off in the statement of financial position: Financial instruments HK$'000	Related amount not set off in the statement of financial position: Cash collateral received HK$'000	Net amount HK$'000
Foreign exchange forward contracts	653	–	653	(653)	–	–

Financial liability subject to an enforceable master netting agreement as at 31 March 2015.

	Gross amount of recognised financial liability HK$'000	Gross amount of recognised financial asset set off in the statement of financial position HK$'000	Net amount of financial liability presented in the statement of financial position HK$'000	Related amount not set off in the statement of financial position: Financial instruments HK$'000	Related amount not set off in the statement of financial position: Cash collateral pledged HK$'000	Net amount HK$'000
Foreign exchange forward contracts	3,581	–	3,581	(653)	–	2,928

Financial asset subject to an enforceable master netting agreement as at 31 March 2014.

	Gross amount of recognised financial asset HK$'000	Gross amount of recognised financial liability set off in the statement of financial position HK$'000	Net amount of financial asset presented in the statement of financial position HK$'000	Related amount not set off in the statement of financial position: Financial instruments HK$'000	Related amount not set off in the statement of financial position: Cash collateral received HK$'000	Net amount HK$'000
Foreign exchange forward contracts	722	–	722	–	–	722

23. Share Capital

	Number of shares	Share capital HK$'000
Authorised:		
At 1 April 2013 and 31 March 2014		
— Ordinary shares of HK$0.10 each	2,000,000,000	200,000
At 31 March 2015		
— Ordinary shares of HK$0.02 each (Note iii)	20,000,000,000	400,000
Issued and fully paid:		
At 1 April 2013 and 31 March 2014		
— Ordinary shares of HK$0.10 each	408,000,000	40,800
Shares issued upon rights issue (Note i)	204,000,000	20,400
Placing of shares (Note ii)	80,000,000	8,000
Share subdivision (Note iii)	2,768,000,000	–
At 31 March 2015		
— Ordinary shares of HK$0.02 each	3,460,000,000	69,200

Notes:

(i) On 4 March 2014, the Company proposed to raise approximately HK$122,400,000 (before expenses) by way of the rights issue of 204,000,000 rights shares at a subscription price of HK$0.60 per rights share on the basis of one rights share for every two shares held on the record date, which is 18 March 2014. The share certificates for the rights shares in respect of the valid acceptances of the rights shares and successful applications for excess rights shares were dispatched to the allottees on 14 April 2014. Details of the rights issue and the results of rights issue are set out in the announcements of the Company dated 4 March 2014 and 11 April 2014 and the prospectus of the Company dated 20 March 2014 respectively.

(ii) On 5 August 2014, the Company entered into the placing agreement, pursuant to which 80,000,000 new shares of the Company would be placed to independent investors at the placing price of HK$1.34 per share. The completion of the placing took place on 20 August 2014.

(iii) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 1 September 2014, each of the existing issued and unissued shares of HK$0.10 each in the share capital of the Company would be subdivided into 5 subdivided shares of HK$0.02 each with effect from 2 September 2014. The subdivided shares rank pari passu in all respects with each other and the share subdivision will not result in any changes in the relative rights of the shareholders.

Furthermore, immediately upon the share subdivision becoming effective, the authorised share capital of the Company has increased from HK$200,000,000 divided into 10,000,000,000 subdivided shares to HK$400,000,000 divided into 20,000,000,000 subdivided shares by the creation of an additional 10,000,000,000 unissued subdivided shares, which rank pari passu with each other in all respects.

All the newly issued shares rank pari passu with the existing shares in all respect.

24. Deferred Taxation

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

	Accelerated accounting depreciation HK$'000	Allowance for inventories HK$'000	Others HK$'000	Total HK$'000
At 1 April 2013	2,594	10,074	(11)	12,657
Currency realignment	(2)	(16)	–	(18)
Credit to profit or loss for the year	1,097	472	17	1,586
At 31 March 2014	3,689	10,530	6	14,225
Currency realignment	(4)	(56)	6	(54)
Credit (charged) to profit or loss for the year	2,231	46	(18)	2,259
At 31 March 2015	5,916	10,520	(6)	16,430

The Group has unused tax losses of approximately HK$9,570,000 (2014: HK$5,522,000) available for offset against future profits. Included in the unrecognised tax losses of HK$9,570,000, HK$5,304,000 will expire in 2020 as at 31 March 2015. Other tax losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Under the laws and regulations in Taiwan, withholding tax of 20% is imposed on dividends declared in respect of profits earned by a subsidiary incorporated and operated in Taiwan. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributable retained profits earned by that Taiwan subsidiary amounting to HK$33,995,000 (2014: HK$34,969,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. Commitments

Operating leases

The Group as lessee

At 31 March 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**81,295**	66,587
In the second to fifth years inclusive	**160,012**	119,843
	241,307	186,430

Operating lease payments represent rentals payable by the Group for certain of its rented premises. Leases are negotiated for an average term of three years and rentals are fixed over the lease period.

Certain rented premises included payment obligations with rentals varied with turnover. The contingent rent was charged by the lessors if certain percentage of turnover of the related shops reached the minimum levels as agreed under the tenancy agreements.

Capital commitments

	2015 HK$'000	2014 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,471**	–

26. Retirement Benefits Schemes

The Group operates a mandatory provident fund scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. Contributions are made based on a percentage of the participating employee relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The Group also participates a defined contribution plan under the Labor Pension Act ("LPA") in Taiwan. Under this scheme, the employers are required to make contribution to the scheme at the rates specified in LPA. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

The employees in the Group's subsidiaries in the PRC and Macau are members of the state-managed retirement benefit schemes operated by the PRC government and the Macau government respectively. Those subsidiaries are required to contribute a specified percentage of their payroll cots to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

27. Related Party Transactions

(a) Related party and continuing connected party transactions

In addition to the balances with related parties as disclosed in note 19, the Group had the following transactions with the related parties, which are also regarded as connected parties pursuant to chapter 14A of the Listing Rules:

	2015 **HK$'000**	2014 HK$'000
Sales to a fellow subsidiary	**2,573**	3,215
Purchases from fellow subsidiaries	**17,158**	3,481
General consulting service fee paid to a related company	**420**	600
Underwriting fee paid to a related company	**–**	3,060
Financial advisory fee paid to a related company	**812**	250
Placing commission paid to a related company	**2,144**	–

A director who is also the ultimate controlling shareholder of the Company is also a director and controlling shareholder of the related company.

(b) Compensation of key management personnel

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 11.

(c) Loan agreement provided by the ultimate controlling shareholder

On 13 August 2013, the Company entered into a revolving facility agreement ("Loan Agreement") to the extent of HK$100,000,000 or equivalents with a director who is also the ultimate controlling shareholder of the Company and the facility remained effective as at 31 March 2015. The loan facility is unsecured, interest-bearing and repayable on demand. This facility was not utilised as at the reporting date.

28. Subsidiaries

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

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share held by the Company				Principal activity
			Directly		*Indirectly*		
			2015	2014	**2015**	2014	
Sincere Brand Holdings Limited	British Virgin Islands ("BVI")	US$200	**100%**	100%	**–**	–	Investment holding
Sincere Brand Management Limited ("SBML")	Hong Kong	HK$1,000,000	**–**	–	**100%**	100%	Trading of watches
Sincere Watch Co. Ltd.	Taiwan	NTD5,000,000	**–**	–	**100%**	100%	Trading of watches
Pendulum (Macau) Limited	Macau	MOP25,000	**–**	–	**100%**	100%	Trading of watches
Pendulum Limited	Hong Kong	HK$2	**–**	–	**100%**	100%	Inactive
Sincere Watch Trading Co. Ltd.	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment holding

28. Subsidiaries (continued)

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share held by the Company				Principal activity
			Indirectly		*Indirectly*		
			2015	2014	**2015**	2014	
Sincere Distribution Limited	BVI	USD100	**100%**	100%	**–**	–	Investment holding
Shanghai Franck Muller Fine Watch Co. Ltd.	PRC	HK$40,000,000	**–**	–	**100%**	100%	Trading of watches
法穆蘭鐘錶(北京)有限責任公司	PRC	RMB4,000,000	**–**	–	**100%**	100%	Trading of watches
Franck Muller Fine Dining Limited	Hong Kong	HK$5,000	**–**	–	**100%**	100%	Food and beverage
True Classic Holdings Ltd (Incorporated on 2 January 2015)	BVI	US$1	**100%**	–	**–**	–	Investment holding
Giant Bright Holdings Limited (Incorporated on 2 March 2015)	Hong Kong	HK$1	**–**	–	**100%**	–	Investment holding

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

29. Information about the Financial Position of the Company

Information about the financial position of the Company at the end of the reporting period includes:

	2015 HK$'000	2014 HK$'000
Non-current assets		
Unlisted investments in subsidiaries	**76,981**	76,981
Loan to subsidiaries	**92,192**	57,692
	169,173	134,673
Current assets		
Amounts due from subsidiaries	**237,068**	39,661
Other current assets	**853**	3,116
	237,921	42,777
Current liabilities	**(4,128)**	(2,817)
Net current assets	**233,793**	39,960
	402,966	174,633
Capital and reserves		
Share capital (note 23)	**69,200**	40,800
Reserves (Note)	**333,766**	133,833
	402,966	174,633

Note:

The movement of the reserves of the Company is as follows:

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013	59,546	76,780	(7,530)	128,796
Profit and total comprehensive income for the year	–	–	37,677	37,677
Dividend paid for 2013	–	–	(32,640)	(32,640)
At 31 March 2014 and 1 April 2014	59,546	76,780	(2,493)	133,833
Profit and total comprehensive income for the year	–	–	32,067	32,067
Issue of shares upon right issue	102,000	–	–	102,000
Transaction costs on rights issue	(3,438)	–	–	(3,438)
Placing of shares	99,200	–	–	99,200
Transaction costs on placing of shares	(2,216)	–	–	(2,216)
Dividend paid for 2014	–	–	(27,680)	(27,680)
At 31 March 2015	**255,092**	**76,780**	**1,894**	**333,766**

30. Event after the Reporting Period

(i) On 27 March 2015, Giant Bright Holdings Limited (the Company's indirectly wholly owned subsidiary), entered into the subscription agreement in relation to the subscription of registered capital and contribution to the capital reserve of 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited). Pursuant to the subscription agreement, Giant Bright Holdings Limited has conditionally agreed to subscribe for the registered capital and contribute to the capital reserve of the Hainan Chambow Lecheng Development Limited in the aggregate principal amount of RMB380,000,000 (equivalent to approximately HK$474,430,000).

Hainan Chambow Lecheng Development Limited and its subsidiaries are principally engaged in the construction and development of an international medical, tourism and commercial project carried out in Xiaoledao (小樂島) located at Boao Xiaoledao International Medical & Tourism Pilot Zone (博鰲小樂島國際醫療旅遊先行區項目), which is located in Boao Township, Qionghai City, Hainan Province, the PRC (中國海南省瓊海市博鰲鎮). Details of the subscription are set out in the Company's announcement dated 27 March 2015.

The subscription has not yet completed at the date of this report.

(ii) On 29 March 2015, the Company entered into two placing agreements under general mandate and specific mandate respectively, pursuant to each of which 692,000,000 new shares of the Company would be placed to independent investors at the placing price of HK$0.61 per share. The entire net proceeds from the placings, are intended to be used for (i) the subscription of the registered capital and contribution to the capital reserve of 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited), and (ii) the development of and general working capital for the Boao Xiaoledao Project. Details of the two placings and the completion of the placing under general mandate are disclosed in announcements of the Company dated 29 March 2015 and 16 April 2015 respectively.

(iii) On 16 June 2015, SBML and the director who is also the ultimate controlling shareholder of the Company have agreed to terminate the Loan Agreement dated 13 August 2013. The purpose of the Loan Agreement was for the director who is also the ultimate controlling shareholder of the Company to provide SBML, when required by SBML, a revolving facility to the extent of HK$100,000,000 or equivalents. During the year ended 31 March 2015 and up to the date of this annual report, no amount was provided by the director who is also the ultimate controlling shareholder of the Company to SBML under the Loan Agreement.

31. Comparative Figures

Certain line items in the statement of profit or loss and other comprehensive income have been re-presented to conform with current year presentation.

Financial Summary

Results

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**589,716**	648,013	749,183	1,115,070	821,540
Profit before taxation	**49,244**	62,476	140,996	168,800	94,117
Income tax expense	**(9,012)**	(10,402)	(22,143)	(29,633)	(15,302)
Profit for the year	**40,232**	52,074	118,853	139,167	78,815
		(restated)	(restated)	(restated)	(restated)
Earnings per share					
Basic (HK cents)	**1.22**	2.02	4.61	5.40	3.06

Assets and Liabilities

	At 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,093,418**	911,115	939,753	946,679	761,370
Total liabilities	**(290,514)**	(337,965)	(385,182)	(510,435)	(439,568)
Total equity	**802,904**	573,150	554,571	436,244	321,802