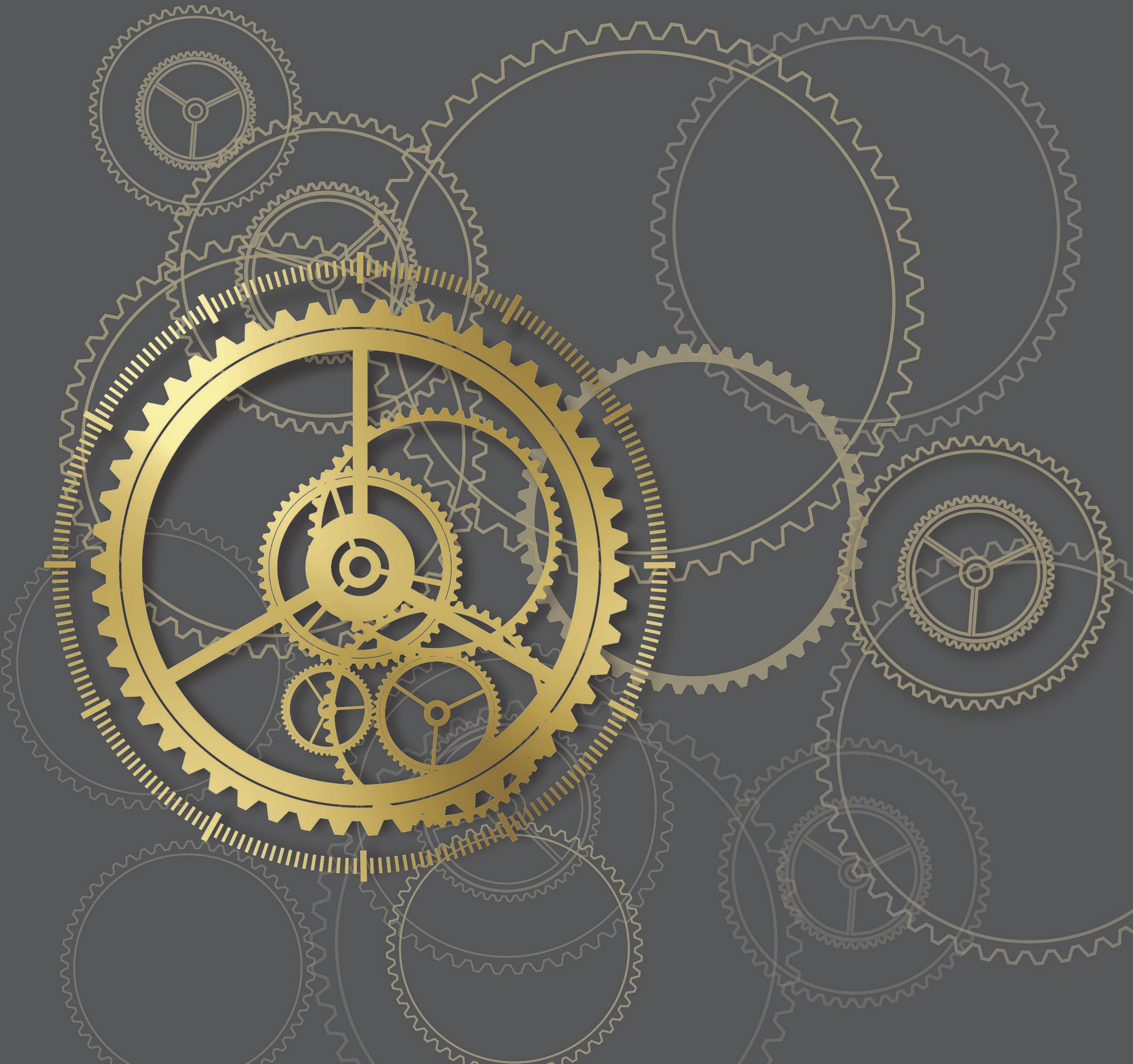


2016
Annual Report 年報

Sincere Watch
(Hong Kong) Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code 股份代號：00444

Contents

CORPORATE INFORMATION

Directors

Executive Directors

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

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

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
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
Bank of China (Hong Kong) Limited

Stock Code

00444

Website

http://www.sincerewatch.com.hk

FINANCIAL HIGHLIGHTS

- Turnover for the financial year ended 31 March 2016 ("FY2016") decreased by 48.6% from HK$589,716,000 to HK$303,400,000 when compared with last financial year ("FY2015").

- Gross margin decreased from 38.3% to 23.4%. Gross profit for this financial year decreased from HK$225,650,000 to HK$71,135,000.

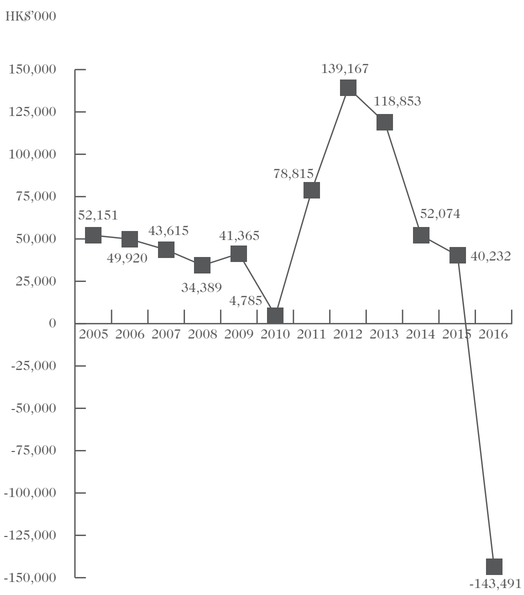
- The realised foreign exchange gain for the year was HK$316,000 and was HK$15,705,000 last year. The unrealised foreign exchange loss of this financial year was HK$435,000 as compared with HK$3,955,000 gain of last financial year.

- Net loss for FY2016 was HK$143,491,000 (FY2015: HK$40,232,000 net profit).

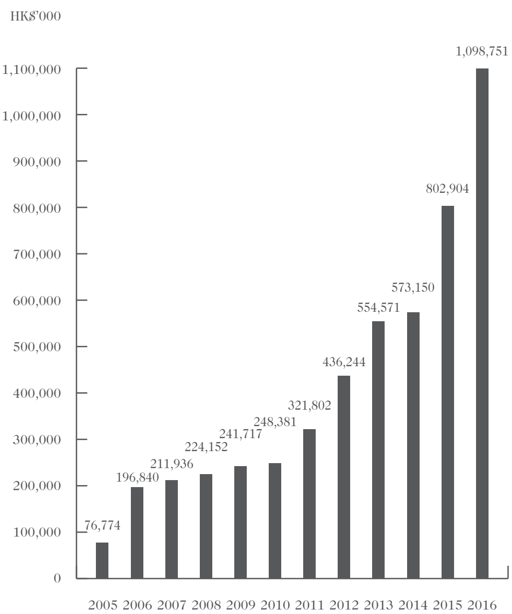
- Loss per share was 3.48 HK cents for this financial year and earnings per share was 1.22 HK cents for last financial year.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (FY2015: Nil).

(LOSS)/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, I would like to review with you the performance and development of the Group for the year ended 31 March 2016.

Owing to the slowdown in the luxury retail markets for fine watches during the year under review, we incurred a net loss for the year ended 31 March 2016 ("FY2016").

Despite the net loss for FY2016, we will remain focused on strengthening our core competencies and reinforce our leadership position to leverage new opportunities that may arise in order to deliver better returns to our shareholders.

Key Financial Highlights

The total turnover was HK$303.4 million, down 48.6% from HK$589.7 million for the year ended 31 March 2015 ("FY2015"). The decline was mainly due to the continued slowdown in the luxury retail markets for fine watches in FY2016.

Gross profit dropped from HK$225.7 million in FY2015 to HK$71.1 million in FY2016 and gross margin decreased from 38.3% to 23.4%.

In FY2016, the Group incurred a realised foreign exchange gain of HK$0.3 million against HK$15.7 million in FY2015.

Selling & distribution expenses decreased by 5.8% to HK$96.6 million mainly due to lower commission expenses and lower advertising and promotion expenses. General and administrative expenses was up by 2.8% to HK$89.0 million mainly due to increase in professional fee.

The Group recorded a loss before tax of HK$125.9 million against a profit before tax of HK$49.2 million in FY2015. The loss was mainly due to a substantial decrease in turnover and gross profit which were mainly attributable to the slowdown in the luxury retail markets for fine watches.

Loss per share (basic) was 3.48 HK cents in FY2016 against earnings 1.22 HK cents in FY2015. Net Asset Value per share rose by 14.2% to 26.5 HK cents as at 31 March 2016, up from 23.2 HK cents as at 31 March 2015.

The Group's cash and bank balances totaling HK$522.4 million, without any bank borrowings, as at 31 March 2016.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016.

Going Forward

There is some slowdown 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 new watch collections in order to increase our revenue. Our persistence in delighting our customers and reinforcing the Group's leadership position in the luxury watch industry by embarking on innovative and signature initiatives will remain our strategic priorities.

On 31 March 2016, the Group entered into the sale and purchase agreement to acquire 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited at an aggregate cash consideration of HK$351,422,000. Hong Kong Jade Bird South Sea Investment Limited is principally engaged in investment holding and, through its wholly-owned subsidiaries, beneficially owns the properties situated at units A and A1 of Level 1 and the whole floor of Level 2 of HP Tower, No.112 Jianguo Road, Chaoyang District, Beijing, PRC. The Property will be held as an investment property for long term capital growth and rental purposes.

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 57, 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, a substantial shareholder 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, 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 Permanent Honorary Chairman of The Chamber of Hong Kong Listed Companies, Vice Chairman of The Institute of Securities Dealers, Vice Chairman of Hong Kong Securities Professionals Association, 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, Permanent Honorary President of 12th Executive Council of Hong Kong Southern District Community Association, Honorary Vice President of The 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, Managing Director and an Executive Director of the Company.

Mr. ZHANG Xiaoliang

Co-Chairman and Executive Director

Mr. ZHANG Xiaoliang, aged 45, is an Executive Director and Co-Chairman of the Company since 22 April 2016 and is also a director of an indirect wholly-owned subsidiary of the Company, the president and producer of Aquamen Entertainment LLC., a US-based company, president of Beijing Chi-Cha Networks Technology Company Limited (北京奇恰網路科技有限公司), chairman of Chongqing branch of China International Engineering Design & Consult Company Limited (中外建工程設計與顧問有限公司), founder, a director and chief scientist of Beijing Quanlian Networks Technology Company Limited (北京全聯網絡科技股份有限公司), chief scientist of Channelsoft (Beijing) Technology Co., Ltd (青牛(北京)技術有限公司), a director of The China Yanan Spirit Research Society (中國延安精神研究會) and vice chairman of The China Yanan Association (中國延安兒女聯誼會). Mr. Zhang is a computer specialist and he is also a technical expert in the field of digital audio/video engineering. He has worked for several enterprises such as Dun & Bradstreet, Bankers Trust, Bank of New York and Merrill Lynch. Mr. Zhang holds a master degree of business administration of Bauer College of Business, University of Houston, the USA.

DIRECTORS AND SENIOR MANAGEMENT

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 and is also a director of a number of the Company's subsidiaries. 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, chairman of Far East and China of Ernst & Young, chairman and director of Bauhinia Foundation Research Centre and an independent non-executive director of Fidelity Funds. 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 Committee. 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 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 member of Association of Chartered Certified Accountants of the United Kingdom 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 31, 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, a substantial shareholder of the Company, since 21 May 2012 and is also a director of a number of the Company's subsidiaries. Mr. Chu is an executive director of Kingston Financial Group Limited, a company listed on the Main Board of the Stock Exchange. 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 and Director of Hong Kong Securities Association. 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. YANG Guangqiang

Executive Director

Mr. YANG Guangqiang, aged 67, is an Executive Director of the Company since 22 April 2016. He is currently the president of Greater China of Hongkong Moneykey Corp. Limited, chairman of the board of Dongguan Dongcheng Yu Hua School of Vocational Training (東莞市東城育華職業培訓學校), chairman of Occupational Safety and Health Association of Dongguan City (東莞市職業安全健康協會), standing director of China Artistic Photography Society (中國藝術攝影學會) and vice chairman of Guangdong Artistic Photography Society (廣東省藝術攝影學會). Mr. Yang was a liaison officer of the External Affairs Department of City College of Dongguan University of Technology (東莞理工城市學院).

DIRECTORS AND SENIOR MANAGEMENT

Mr. LAU Man Tak

Independent Non-executive Director

Mr. LAU Man Tak, aged 46, 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, a company listed on the Main Board of the Stock Exchange, as well as the chairman, non-executive director and substantial shareholder of REF Holdings Limited, and the chairman and executive director of TEM Holdings Limited, both of which are listed on the Growth Enterprise Market 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 KuangChi Science Limited from March 2008 to September 2015, AMCO United Holding Limited from October 2010 to June 2015 and Kong Sun Holdings Limited from September 2008 to April 2014, all of 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 54, 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 58, 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, DeTai New Energy Group Limited (formerly known as Guocang Group Limited), Kaisun Energy Group Limited, GT Group Holdings Limited (formerly known as China Yunnan Tin Minerals Group Company Limited) and Far East Holdings International Limited. Dr. Wong was also an independent non-executive director of Huge China Holdings Limited (formerly known as Harmony Asset Limited) from September 2004 to January 2015, Kong Sun Holdings Limited from April 2007 to November 2014, Huajun Holdings Limited from October 2010 to September 2014 and KuangChi Science Limited from June 2007 to August 2014. All the companies mentioned above are listed on the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. YANG Yang, aged 41, is the Executive Vice President of the Company since 1 June 2016 and is currently a director of certain subsidiaries of the Company. Mr. Yang is responsible for the development of new businesses, namely healthcare and medical services, and the merger and acquisition matters of the Company. He graduated from the Tsinghua University with a Master's degree in Architecture. He was an architect of 中國建築科學研究院 (China Architecture Science Academy) from 1998 to 2003 and was the general manager of Australia TDP (2003–2008), 衡源德路北京投資有限公司 (2008–2011), 中外建瑞典 (2008–2014) and Nordickina Investment Limited (2011–2015). Mr. Yang has extensive experience in architecture and management.

Mr. SAN Kin Pong, Bond, aged 49, 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 26 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 45, 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 19 years of experience in marketing communication with over 16 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. JENG Pei Hwang, Frederick, aged 55, 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 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 2016 ("FY2016") decreased 48.6% from HK$589.7 million to HK$303.4 million when compared with last financial year ("FY2015").

Gross profit dropped by 68.5% from HK$225.7 million in FY2015 to HK$71.1 million in FY2016. The gross profit margin dropped from 38.3% to 23.4%.

The Group reported a realised foreign exchange gain of HK$0.3 million in FY2016 as compared with HK$15.7 million in FY2015. The unrealised foreign exchange loss was HK$0.4 million in FY2016 as compared with HK$4.0 million gain in FY2015. There was HK$1.2 million loss on fair value change of derivative financial instruments in FY2016 when compared with HK$14.8 million in FY2015. There was HK$9.0 million impairment loss on available-for-sale investments and HK$11.1 million provision of impairment loss on property, plant and equipment in FY2016.

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, decrease in fair value of investment properties and loss on fair value change of derivative financial instruments, the Group's loss before tax was HK$123.2 million against HK$44.4 million profit for FY2015.

Selling and distribution costs decreased 5.8% from HK$102.5 million last year to HK$96.6 million mainly due to lower commission expenses and lower advertising and promotion expenses. General and administrative expenses increased 2.8% from HK$86.6 million last year to HK$89.0 million mainly due to increases in professional fee.

Net loss was HK$143.5 million in FY2016 against HK$40.2 million net profit in FY2015.

Loss per share was 3.48 HK cents in FY2016 against earnings per share of 1.22 HK cents in FY2015. Net asset value per share was 26.5 HK cents as at 31 March 2016 against 23.2 HK cents as at 31 March 2015.

Trade receivables as at 31 March 2016 decreased by 73.1% from 101.2 million to 27.3 million when compared with last year.

Key Performance Indicators: Inventory Turnover and Current Ratio

Our Inventories as at 31 March 2016 increased by 2.9% to HK$412.7 million when compared with 31 March 2015. Our Inventory Turnover Period, which is calculated by our Inventories balance divided by our Cost of Sales, increased from 402 days in FY2015 to 649 days in FY2016.

Our Current Ratio, which is calculated by our Current Assets divided by our Current Liabilities, was 2.3 as at 31 March 2016 vs 3.5 as at 31 March 2015. The drop in our Current Ratio is mainly due to increase in trade and other payables.

Analysis of Major Customers and Suppliers

The sales to the top 5 customers amounted to HK$83.0 million, representing a drop of 68.8% from HK$266.3 million in FY2015.

Our top 5 customers in FY2016 represented approximately 27.3% of our total revenue as compared to approximately 45.2% in FY2015. Our largest customer accounted for approximately 12.1% of our total revenue in FY2016 as compared to approximately 19.5% in FY2015. 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 the top 5 customers for 4 to over 6 years.

During FY2016, the purchases from the top 5 major suppliers amounted to HK$227.9 million, representing a decrease of about 31.4% from HK$332.0 million in FY2015.

Our top 5 suppliers in FY2016 represented approximately 99.1% of our total purchases as compared to approximately 99.7% in FY2015. Our largest supplier accounted for approximately 89.3% of our total purchases in FY2016 as compared to approximately 90.4% in FY2015.

Our largest supplier is a 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 2016, the Group had fixed bank deposits and cash and bank balances totalling HK$522.4 million against HK$460.4 million as at 31 March 2015. 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 the 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. Up to the date of this annual report, HK$19.3 million of the net proceeds from this rights issue has been used for the shops renovation and displays and HK$88.6 million has been used for settlement of purchases.

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 price of each placing share was approximately HK$1.31 per share. 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 this annual report, the net proceeds were fully utilised, of which HK$8.7 million were used for advertising and promotion of the Group, HK$33.8 million were used for rental payment and HK$62.4 million were used for settlement of purchases. Details of the placing and the completion of the placing are disclosed in the announcements of the Company dated 6 August 2014 and 20 August 2014 respectively.

The Group's net current asset increased 3.2% from HK$713.2 million as at 31 March 2015 to HK$735.8 million as at 31 March 2016. The Directors believe the Group's financial resources are sufficient to fulfil its commitments and current working capital requirements.

Change of Use of Proceeds from GM Placing

On 27 March 2015, the Group entered into the subscription agreement 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.

On 29 March 2015, the Company entered into the placing agreement under the general mandate (GM), pursuant to which 692,000,000 new shares of the Company would be placed to not fewer than six independent investors at the placing price of HK$0.61 per share. The placing price represented a discount of approximately 19.74% to the closing price of HK$0.76 per share as quoted on the Stock Exchange on 25 March 2015, which was the last trading day immediately prior to the date of the placing agreement. The net price of each placing share was approximately HK$0.60 per share. The completion of the GM Placing took place on 16 April 2015. The net proceeds from the GM Placing was approximately HK$413.5 million which was intended to be used for (i) 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), and (ii) the development of and general working capital for the Boao Xiaoledao Project. The Subscription Agreement lapsed on 27 July 2015. Details of the GM Placing, completion of the GM Placing and lapse of the Subscription Agreement are disclosed in the Company's announcements dated 29 March 2015, 16 April 2015 and 27 July 2015 respectively.

Up to the date of this annual report, in respect of the net proceeds from the GM Placing completed on 16 April 2015, approximately HK$3.7 million was used for the Boao Xiaoledao Project and approximately HK$243.9 million (being the first plus second instalments) was used for acquisition of 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited as the Subscription Agreement relating to 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited) lapsed on 27 July 2015. HK$107.6 million being the third instalment will be expected to be used for such acquisition on or before 31 July 2016. The remainder of the net proceeds will be used for future investment opportunities and general working capital of the Group.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a realised exchange gain of HK$0.3 million in FY2016 against a realised gain of HK$15.7 million in FY2015. In addition, the Group registered an unrealised exchange loss of about HK$0.4 million in FY2016 against HK$4.0 million gain in FY2015. Besides, in FY2016, the Group recorded HK$1.2 million loss on fair value change of derivative financial instruments, while HK$14.8 million loss 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 2016 (31 March 2015: Nil).

Significant Acquisition of Subsidiary

On 31 March 2016, the Group entered into the Sale and Purchase Agreement to acquire 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited at an aggregate cash consideration of HK$351,422,000. Hong Kong Jade Bird South Sea Investment Limited is principally engaged in investment holding and, through its wholly-owned subsidiaries, beneficially owns the properties situated at units A and A1 of Level 1 and the whole floor of Level 2 of HP Tower, No. 112 Jianguo Road, Chaoyang District, Beijing, PRC.

Future Plans for Material Investments and Capital Assets

There was no definite future plan for material investments and acquisition of material capital assets as at 31 March 2016.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2016 (31 March 2015: Nil).

Staff and Employment and Environmental Matters

As at 31 March 2016, the Group's work force stood at 138 including Directors (31 March 2015: 143). 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.

The Group has consistently embarked on niche marketing initiatives to grow brand awareness and desirability of its global watch brands. This included several unique events in our key markets with a view to increasing brand exposure and extending brand networking.

Distribution Network and Market Penetration

The Group has established its extensive distribution network with 59 retail points of sales and 12 boutiques, making a total of 71 points (72 as at the end of March 2015).

Other than the 10 boutiques run by the Group, the 61 watch retail outlets in the region are run by 27 independent watch dealers throughout our markets in North Asia.

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 Carlson Watch Co., Ltd. and Prince Jewellery & Watch Co..

Brand Enhancement Activities

The Group targets to create and sustain brand value among our discerning customers. As such, we have conducted several brand enhancement activities to reinforce our brand leadership with product imagery and focused product placements in relevant media.

In October 2015, together with 8 top-class watch brands, the Group participated in an exclusive joint event with Oriental Watch, at the Shatin race course. To highlight the brand awareness and excitement, the Group sponsored a Conquistador Chronograph as the Best Dress Award. A fashion runway show was carried out by models showcasing the Vanguard Lady in red gold with diamonds, a futuristic aesthetic design housed in a classic Cintrée Curvex case.

Starting from 2 February 2016, an exclusive 2 months of Franck Muller exhibition was displayed at the Advocacy Zone, Four Seasons Macau to introduce the latest 2015/16 Vanguard Collection. Over 1,100 sq. feet of exhibition booth presented more than 30 luxury timepieces was created to provide a journey for clients to unveil the novelties, as well as the story of the brand with its heritage trademark advances in the history of Haute Horlogerie.

MANAGEMENT DISCUSSION AND ANALYSIS

From 3 March 2016 to 30 April 2016, an exclusive 1 month exhibition was displayed at Global Timepieces, Festival Walk. Clients were invited to discover the latest Vanguard Collection. An innovative design of futuristic aesthetics highlighted by the first regional introduction of the appliqué relief index, designed in the classic Curvex case inspired by Franck Muller's traditions.

In March 2016, the Group co-hosted a private dinner with Art Nova during the period of Art Basel fair at the Group's flagship boutique restaurant in Causeway Bay. Guests first gathered for a cocktail reception to admire the latest novelties. Collections being highlighted included the Vanguard Collection, the finest jewellery timepiece collections, namely the Double Mystery, Sunrise, and Infinity Ronde during the dinner, while being delighted by the exquisite dining experience.

Also in March 2016, in supporting the Po Leung Kuk as one of the most committed charitable organizations in Hong Kong, CVSTOS participated as the champion prize sponsor in the annual Po Leung Kuk Charity Golf tournament. The Individual Champion prize was a sporty Challenge-R50 Chrono. Amongst the participating teams, two teams of 4 golfers were sponsored by the Group to participate in the charity tournament. The guests enjoyed the full day event and ended with a spontaneous dinner of prize presentation after the tournament.

Performance by Geographical Markets

Hong Kong, Mainland China and Macau remained the key revenue drivers, contributing together HK$279.5 million which accounted for 92.1% of the Group's total turnover in FY2016.

Hong Kong

Hong Kong continues to be the Group's major market, accounting for 68.2% of the Group's revenue in FY2016. Performance in this market recorded a decrease in revenue by HK$253.6 million, or 55.0% from HK$460.6 million in the previous year to HK$207.0 million in this year.

Hong Kong recorded segmental profit of HK$20.8 million which decreased 87.4% when compared with last year. This market accounted for 30.8% of the Group's segmental profit.

Mainland China and Macau

The percentage contribution of Mainland China and Macau to the Group's total revenue increased from 15.6% in FY2015 to 23.9% in FY2016. Sales in this region showed a decrease of 21.5% to HK$72.5 million from HK$92.3 million in the last year.

The market in Mainland China and Macau recorded a decrease in segmental profit by HK$5.5 million, or 12.4% to HK$38.9 million in FY2016.

Other Asian Locations

The Group's other Asian territories' (i.e. Taiwan and Singapore) segment result remained profitable. This segment recorded revenue of HK$23.9 million, 35.2% lower than HK$36.9 million in FY2015.

This region's contribution to the Group's total revenue increased to 7.9% against 6.3% of the Group's total revenue in the previous year. Segmental profit decreased 18.9% to HK$8.0 million from HK$9.8 million in FY2015.

Event after the Reporting Period

On 31 March 2016, the Group entered into the Sale and Purchase Agreement to acquire 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited at an aggregate cash consideration of HK$351,422,000.

The Group paid HK$64,550,000 and HK$179,300,000, being two partial payments of the Consideration, in April 2016 and June 2016 respectively.

Prospects

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 expects to open a new boutique at Wynn Palace in Macau in the financial year of 2016/17.

With its continued brand strength and established reputation, the Group will strive to leverage every opportunity for business expansion in our major markets.

On 31 March 2016, the Group entered into the sale and purchase agreement to acquire 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited at an aggregate cash consideration of HK$351,422,000. Hong Kong Jade Bird South Sea Investment Limited is principally engaged in investment holding and, through its wholly-owned subsidiaries, beneficially owns the properties situated at units A and A1 of Level 1 and the whole floor of Level 2 of Hewlett Packard Tower, No.112 Jianguo Road, Chaoyang District, Beijing, PRC. Details of this transaction are set out in the Company's announcement dated 31 March 2016.

In addition, the Group will continue to look for investment projects in healthcare and medical tourist industry in the PRC.

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 to the Rules Governing the Listing of 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 2016, 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 2016.

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 2016, 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 2016, 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 qualification 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.

CORPORATE GOVERNANCE REPORT

The Board members have no financial, business, family or other material/relevant relationship with each other except as disclosed in the "Directors and Senior Management" of this annual report and the Company's circular to the Shareholders dated 27 July 2016. 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 5 to 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 six Board meetings. Under 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 decisions 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.

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

	Attended/Eligible to attend	
Name of Board Members	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Mrs. Chu Yuet Wah *(Chairman)*	6/6	1/1
Mr. Wu Ting Yuk, Anthony *(Co-Chairman)*	5/6	1/1
Mr. Chu, Kingston Chun Ho *(Vice Chairman and Managing Director)*	6/6	1/1
Independent Non-executive Directors		
Mr. Lau Man Tak	5/6	1/1
Ms. Lo Miu Sheung, Betty	5/6	1/1
Dr. Wong Yun Kuen	5/6	1/1

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 entered into letters of appointment with the Company for a specified period of one year in each term, subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Articles of Association.

CORPORATE GOVERNANCE REPORT

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 the same as that of the 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 handling business projects of significance for the Group as assigned to him by the Board from time to time.

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 the 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

The 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 2016. 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 five meetings. The members of the Audit Committee and the attendance of each member are as follows:

Name of Audit Committee Members	Attended/ Eligible to attend
Independent Non-executive Directors	
Mr. Lau Man Tak *(Chairman)*	5/5
Ms. Lo Miu Sheung, Betty	5/5
Dr. Wong Yun Kuen	4/5

During the year, the Audit Committee 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 2015 and the unaudited financial statements for the six months ended 30 September 2015 with recommendations to the Board for approval;

(b) reviewed reports on internal control system covering financial, operational and procedural compliance 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;

(e) reviewed and recommended the Board to approve the change of auditor; and

(f) reviewed and recommended the Board to approve the revised 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 the Company 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 or any of his/her associates 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 one meeting. The members of the Remuneration Committee and the attendance of each member are as follows:

Name of Remuneration Committee Members	Attended/ Eligible to attend
Independent Non-executive Directors	
Dr. Wong Yun Kuen *(Chairman)*	1/1
Mr. Lau Man Tak	1/1
Ms. Lo Miu Sheung, Betty	1/1

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

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

(b) 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 2016 are disclosed in note 11 to the 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 one meeting. The members of the Nomination Committee and the attendance of each member are as follows:

Name of Nomination Committee Members	Attended/ Eligible to attend
Independent Non-executive Directors	
Ms. Lo Miu Sheung, Betty *(Chairman)*	1/1
Mr. Lau Man Tak	1/1
Dr. Wong Yun Kuen	1/1

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

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

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

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

(d) 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. Meetings of the Investment Committee shall be held at least once a year.

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

Name of Investment Committee Members	Attended/ Eligible to attend
Executive Directors	
Mrs. Chu Yuet Wah *(Chairman)*	11/11
Mr. Chu, Kingston Chun Ho	11/11
Independent Non-executive Director	
Dr. Wong Yun Kuen	1/11

During the year, the Investment Committee performed the following duties:

(a) reviewed, evaluated and approved the investment projects worth not exceeding HK$50 million; and

(b) reviewed, evaluated and made recommendations to the Board on the investment projects worth over HK$50 million.

Auditor's Remuneration

During the year, the Group was charged HK$915,000 for auditing services and HK$40,000 for non-auditing services by the Company's auditor, BDO Limited.

Services rendered	Fees paid/ payable HK$
Audit services	915,000
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 a 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 2015 and for the year ended 31 March 2016, 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 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 2016, 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.

CORPORATE GOVERNANCE REPORT

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 will 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 websites of the Company and the Stock Exchange.

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, the 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 2016.

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 2016.

Principal Activities

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

Business Review

The business review of the Group for the year ended 31 March 2016 is set out under the section headed "Management Discussion and Analysis" of this annual report on pages 9 to 12.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2016 are set out in note 29 to the consolidated financial statements.

Results and Appropriations

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

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016.

Distributable Reserves of the Company

At 31 March 2016, 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 and 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 2016, the Company's reserves available for distribution to shareholders amounted in total to approximately HK$734,254,000 (2015: HK$333,766,000).

Equity-Linked Agreements

During the year, the Company has not entered into any equity-linked agreements.

Major Customers and Suppliers

The Group's five largest customers contributed approximately 27.3% of the Group's total sales for the year. The largest customer of the Group accounted for approximately 12.1% of the Group's total sales. The Group's five largest suppliers contributed approximately 99.1% of the Group's total purchases for the year. The largest supplier of the Group accounted for approximately 89.3% 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$8,896,000 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.

Investment Properties

Details of the investment properties acquired during the year are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Directors

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

Executive Directors
Chu Yuet Wah *(Chairman)*
Zhang Xiaoliang *(Co-Chairman)* (appointed on 22 April 2016)
Wu Ting Yuk, Anthony *(Co-Chairman)*
Chu, Kingston Chun Ho *(Vice Chairman and Managing Director)*
Yang Guangqiang (appointed on 22 April 2016)

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, Mrs. Chu Yuet Wah and Mr. Lau Man Tak 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. Zhang Xiaoliang and Mr. Yang Guangqiang shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Directors' Service Contracts

Each of Mrs. Chu Yuet Wah and Mr. Chu, Kingston Chun Ho, the Executive Directors, has entered into a 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.

Each of Mr. Zhang Xiaoliang, Mr. Wu Ting Yuk, Anthony and Mr. Yang Guangqiang, the Executive Directors, has entered into a service agreement with the Company for an initial term of one year commencing on 1 June 2016. 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.

Each of the three Independent Non-executive Directors, Mr. Lau Man Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen, 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 will be 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.

REPORT OF THE DIRECTORS

Directors' Interests in Competing Business

At 31 March 2016, 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.

Management Contracts

Save for the Directors' service contracts and contracts of service with persons engaged in the full-time employment of the Company, no contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the year.

Contracts With Controlling Shareholders

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders (if any) during the year ended 31 March 2016.

Directors' Interests in Shares

At 31 March 2016, the interests or short positions of the Directors and chief executives 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 pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity	Number of shares held (long position)	Approximate percentage of the Company's issued shares
Chu Yuet Wah	Beneficial owner	265,000,000	6.38%
	Interest of controlled corporation (Note)	325,920,000	7.85%

Note: These 325,920,000 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 325,920,000 shares of the Company by virtue of the SFO.

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.

REPORT OF THE DIRECTORS

Directors' Interests in Contracts of Significance and Continuing Connected Transactions

1. The Company and Sincere Watch Limited ("SW"), the 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 SW and its subsidiaries ("SW Group"), and (b) HK$18,000,000 for purchase of the products by the Group from SW Group for each of the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016.

   During the year, the Group had the following continuing connected transactions with the SW Group.

   i. The Group sold watches to SW Group for sale and distribution on an as needed basis when SW Group are out of certain models of watches. Such sales amounted to a total of approximately of HK$1,490,000 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 SW Group 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$13,600,000 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 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 29 March 2015, the Company and Kingston Securities Limited, an indirect wholly-owned subsidiary of Kingston, entered into the Placing Agreement under general mandate (GM), pursuant to which Kingston Securities Limited acted as the placing agent ("Placing Agent") for the placing. The Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 692,000,000 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$0.61 per GM Placing Share. The GM 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 GM 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$8,442,000 to the Placing Agent as the commission fee in April 2015.

ii. During the year, Kingston Securities Limited acted as an agent for an indirect wholly-owned subsidiary of the Company in the purchase and sale of securities and charged HK$227,000 brokerage fee in total.

iii. On 31 March 2016, the Company engaged Kingston Corporate Finance Limited, an indirect wholly-owned subsidiary of Kingston, to act as the financial adviser for providing financial advisory and documentation services in respect of the Company's proposed acquisition of 100% of the issued share capital of Hong Kong Jade Bird South Sea Investment Limited. In relation to the financial advisory and documentation services, the Company paid the fee of HK$300,000 to Kingston Corporate Finance Limited.

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 auditor of the Company 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.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Other than disclosed above, no contracts of significance to which the Company, any of its 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.

Permitted Indemnity Provision

Pursuant to the Articles of Association of the Company, the Directors and officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duties in their respective offices or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

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.

REPORT OF THE DIRECTORS

Substantial Shareholders

At 31 March 2016, the following persons (other than the interests disclosed above in respect of the Directors or 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 shares
嘉實基金管理有限公司	Investment manager	1,204,080,000	29%
China Credit Trust Co., Ltd.	Interest of controlled corporation (Note 1)	1,204,080,000	29%
Sincere Watch Limited	Beneficial owner (Note 2)	325,920,000	7.85%
Be Bright Limited	Interest of controlled corporation (Note 3)	325,920,000	7.85%

Notes:

1. These 1,204,080,000 shares were held by 嘉實基金管理有限公司, which was 40% owned by China Credit Trust Co., Ltd.. Accordingly, China Credit Trust Co., Ltd. was deemed to be interested in these 1,204,080,000 shares of the Company by virtue of the SFO.

2. These 325,920,000 shares of the Company were registered in the name of and beneficially owned by Sincere Watch Limited.

3. These 325,920,000 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 325,920,000 shares of the Company by virtue of the SFO.

Save as disclosed above, as at 31 March 2016, 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 as otherwise notified to the Company.

Arrangements to Purchase Shares or Debentures

At no time during the year was the Company, any of its fellow subsidiaries or 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 13 to 20 of this annual report.

Compliance with Laws and Regulations

During the year ended 31 March 2016, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

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.

Environmental Policies and Performance

The environment is the foundation for corporate presence and development. The Company maintains environment protection as one of its top corporate governance priorities. The Group implements necessary mechanisms and measures relating to environmental management and energy conservation in its day-to-day operations purposed to protect the environment and conserving energy. Through these activities, the Group expects to promote and achieve harmonious development in terms of economic, social and ecological benefits.

Currently, the Group has strictly and systematically followed the below practices to participate in the protection of the environment:

(i) reuse of non-confidential waste paper and recycling of waste within the workplace, according to which, non-confidential waste paper after reuse will be collected by designated suppliers for recycling;

(ii) participate in "zero landfill" program organised by supplier, according to which all the Company's used multifunction devices and consumables were returned to the suppliers for recycling; and

(iii) switch off of all devices on a daily basis and savings of energy.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company, or the Companies Law of 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.

REPORT OF THE DIRECTORS

Auditor

On 27 October 2015, BDO Limited was appointed as the auditor of the Group to fill the casual vacancy occasioned by the resignation of Deloitte Touche Tohmatsu. BDO Limited shall hold office until the conclusion of the annual general meeting of the Company for 2016.

A resolution will be submitted to the annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Chu Yuet Wah
Chairman
Hong Kong
28 June 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS 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 81, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220
Hong Kong
28 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Turnover		**303,400**	589,716
Cost of sales		**(232,265)**	(364,066)
Gross profit		**71,135**	225,650
Other income		**8,600**	7,824
Gain on disposal of available-for-sale investments		**2,723**	–
Impairment on available-for-sales investments		**(8,982)**	–
Provision of impairment loss on property, plant and equipment		**(11,093)**	–
Selling and distribution costs		**(96,579)**	(102,497)
General and administrative expenses		**(89,037)**	(86,581)
(Loss)/Profit before taxation, exchange gain/(loss), decrease in fair value of investment properties and loss on fair value change of derivative financial instruments		**(123,233)**	44,396
Realised exchange gain	8	**316**	15,705
Unrealised exchange (loss)/gain		**(435)**	3,955
Fair value change of investment properties		**(1,354)**	–
Loss on fair value change of derivative financial instruments		**(1,157)**	(14,812)
(Loss)/Profit before taxation		**(125,863)**	49,244
Income tax expense	9	**(17,628)**	(9,012)
(Loss)/Profit for the year	10	**(143,491)**	40,232
Other comprehensive expense, net of tax			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(2,747)**	(1,044)
Fair value gain/(loss) on available-for-sale investments		**31,191**	(5,700)
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investment		**(2,723)**	–
Other comprehensive income/(expense) for the year		**25,721**	(6,744)
Total comprehensive (expense)/income for the year		**(117,770)**	33,488
(Loss)/Earnings per share	13		
— basic and diluted		**(3.48 HK cents)**	1.22 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	14	**6,678**	27,853
Investment properties	15	**352,262**	–
Available-for-sale investments	17	**–**	40,800
Deposit paid for acquisition of property, plant and equipment		**4,023**	4,654
Deferred tax assets	25	**–**	16,430
		362,963	89,737
Current assets			
Inventories	18	**412,685**	401,092
Trade and other receivables	19	**61,622**	141,498
Amount due from immediate holding company	20	**–**	30
Amount due from a fellow subsidiary	20	**–**	5
Amount due from a related party	20	**67**	–
Derivative financial instruments	23	**324**	653
Available-for-sale investments	17	**318,087**	–
Bank balances and cash	21	**522,443**	460,403
		1,315,228	1,003,681
Current liabilities			
Trade and other payables	22	**575,629**	270,891
Amount due to a fellow subsidiary	20	**–**	9,624
Amount due to related parties	20	**2,331**	812
Derivative financial instruments	23	**–**	3,581
Taxation payable		**1,480**	5,606
		579,440	290,514
Net current assets		**735,788**	713,167
Total assets less current liabilities		**1,098,751**	802,904
Net assets		**1,098,751**	802,904
Capital and reserves			
Share capital	24	**83,040**	69,200
Reserves		**1,015,711**	733,704
Total equity		**1,098,751**	802,904

Chu Yuet Wah
Executive Director

Chu, Kingston Chun Ho
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital HK$'000 (Note 24)	Share premium HK$'000 (Note 30)	Investments revaluation reserve HK$'000 (Note 17)	Special reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 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 24)	20,400	102,000	–	–	–	–	122,400
Transaction costs on rights issue	–	(3,438)	–	–	–	–	(3,438)
Placing of shares (note 24)	8,000	99,200	–	–	–	–	107,200
Transaction costs on placing of shares	–	(2,216)	–	–	–	–	(2,216)
At 31 March 2015 and 1 April 2015	69,200	255,092	(5,700)	801	923	482,588	802,904
Exchange difference arising from translation of foreign operations	–	–	–	–	(2,747)	–	(2,747)
Fair value gain on available-for-sale investments	–	–	31,191	–	–	–	31,191
Release to profit or loss upon disposal of available-for-sale investments	–	–	(2,723)	–	–	–	(2,723)
Loss for the year	–	–	–	–	–	(143,491)	(143,491)
Total comprehensive income/ (expense) for the year	–	–	28,468	–	(2,747)	(143,491)	(117,770)
Placing of shares (note 24)	13,840	408,280	–	–	–	–	422,120
Transaction costs on placing of shares	–	(8,503)	–	–	–	–	(8,503)
At 31 March 2016	**83,040**	**654,869**	**22,768**	**801**	**(1,824)**	**339,097**	**1,098,751**

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 2016

	2016 **HK$'000**	2015 HK$'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	**(125,863)**	49,244
Adjustments for:		
Allowance for bad debts	**2,000**	–
Write-down of inventories	**40,778**	2,881
Interest income	**(7,889)**	(7,010)
Fair value change of investment properties	**1,354**	–
Gain on disposal of property, plant and equipment	**(517)**	–
Gain on disposal of available-for-sale investment	**(2,723)**	–
Impairment on available-for-sales investments	**8,982**	–
Impairment of property, plant and equipment	**11,093**	–
Written off of inventories	**557**	377
Depreciation of property, plant and equipment	**18,732**	23,287
Unrealised exchange loss/(gain)	**435**	(3,955)
Change in fair value of derivative financial instruments	**1,157**	14,812
Operating cash flows before movements in working capital	**(51,904)**	79,636
(Increase)/Decrease in inventories	**(54,495)**	31,216
Decrease/(Increase) in trade and other receivables	**77,509**	(49,116)
Decrease in trade and other payables	**(49,033)**	(55,630)
Increase in amount due to related parties	**1,519**	812
Increase in amount due from a related party	**(67)**	–
Cash outflow on derivative financial instruments	**(4,409)**	(11,162)
Cash used in operations	**(80,880)**	(4,244)
Hong Kong Profits Tax (paid)/refunded	**(2,689)**	3,295
Macau Profits Tax paid	**(3,183)**	(4,988)
NET CASH USED IN OPERATING ACTIVITIES	**(86,752)**	(5,937)
INVESTING ACTIVITIES		
Purchase of available-for-sale investments	**(301,094)**	(46,500)
Purchase of property, plant and equipment	**(8,896)**	(10,510)
Proceeds from disposal of available-for-sale investments	**46,016**	–
Decrease/(Increase) in deposit paid for property, plant and equipment	**631**	(4,654)
Repayment/(Advance to) from a fellow subsidiary	**5**	(5)
Interest received	**7,889**	7,010
Repayment from immediate holding company	**30**	542
Proceeds from disposal of property, plant and equipment	**603**	–
NET CASH USED IN INVESTING ACTIVITIES	**(254,816)**	(54,117)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
FINANCING ACTIVITIES		
Net proceeds from rights issue	–	118,962
Net proceeds from placing of shares	**413,617**	104,984
(Advance to)/Repayment from a fellow subsidiary	**(9,624)**	8,290
Dividends paid	–	(27,680)
NET CASH FROM FINANCING ACTIVITY	**403,993**	204,556
NET INCREASE IN CASH AND CASH EQUIVALENTS	**62,425**	144,502
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**460,403**	316,115
Effect of foreign exchange rate changes	**(385)**	(214)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**522,443**	460,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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.

As at 31 March 2015, the Company's ultimate holding company was Be Bright Limited, a company incorporated in the British Virgin Islands and wholly owned by Mrs. Chu Yuet Wah ("Mrs. Chu"), the ultimate controlling shareholder. The Company's immediate holding company was Sincere Watch Limited ("SW"), a company incorporated in the Republic of Singapore.

In September 2015, SW has disposed 1,204.08 million Shares, representing 29.00% of the issued share capital of the Company to 嘉實基金管理有限公司 (Harvest Fund Management Co., Ltd.*), a company incorporated in the PRC. Following the completion of the disposal, SW holds approximately 7.85% of the issued share capital of the Company. In addition, Mrs. Chu, the ultimate beneficial owner of SW is directly interested in approximately 6.38% of the issued shares of the Company. Mrs. Chu, directly and indirectly through SW, hold approximately 14.23% of the issued share capital of the Company. Accordingly, SW and Be Bright Limited ceased to be the immediate holding company and the ultimate holding company respectively.

* The English name is a translation of its Chinese name and is included for identification purposes only.

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"), dining business and property investment. 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").

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

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:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
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[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 *Effective for annual periods beginning on or after 1 January 2016*
2 *Effective for annual periods beginning on or after 1 January 2018*
3 *Effective for annual periods beginning, on or after 1 January 2019*
4 *Effective for annual periods beginning on or after a date to be determined*

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

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

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 — Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at FVTPL should provide the disclosures related to investment entities as required by HKFRS 12.

Amendments to HKFRS 11 — Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

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

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 — Leases

HKFRS 16 specifies how an entity to recognise, measure, present and disclose leases. HKFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with HKFRS 16's approach to lessor accounting substantially unchanged from its predecessor HKAS 17.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties 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.

3. Significant Accounting Policies (continued)

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the 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.

3. Significant Accounting Policies (continued)

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.

Rental income

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases

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.

3. Significant Accounting Policies (continued)

Foreign currencies (continued)

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

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.

Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution pension plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

3. Significant Accounting Policies (continued)

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 '(Loss)/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.

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.

3. Significant Accounting Policies (continued)

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.

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%

Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein 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 is calculated using specific identification basis for watches; first-in-first-out basis for other inventories. 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 FVTPL) 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 FVTPL 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 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 FVTPL.

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.

The Hong Kong Companies Ordinance, Cap. 622, came into operation on 3 March 2014. Under the Ordinance shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital unders. 148 and s. 149 of the Ordinance.

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.

3. Significant Accounting Policies (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. Significant Accounting Policies (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

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.

Impairment of non-financial assets other than goodwill

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgement from management with respect to whether such an event has occurred. Upon the occurrence of triggering events, the carrying amounts of non-financial assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Group expects to generate from the future use of the asset, plus residual value of the asset on disposal. Where the recoverable amount of non-financial assets is less than its carrying value, an impairment loss is recognised to write the assets down to its recoverable amount. The impairment assessment is performed based on the discounted cash flow analysis. This analysis relies on factors such as forecast of future performance and long-term growth rates and the selection of discount rates. If these forecast and assumptions prove to be inaccurate or circumstances change, further write-down or reversal of the write-down of the carrying value of the non-financial assets may be required.

Impairment of available-for-sale investments

The determination of whether an available-for-sale investment is impaired requires significant judgment. For listed available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant or prolonged. In making this judgment, the Group evaluates the duration and extent to which the fair value of an investment is less than its cost. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost at initial recognition. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. The Group also takes into account other factors, such as the historical data on market volatility and the price of the specific investment, significant changes in technology, markets, economics or the law, as well as industry and sector performance and the financial information regarding the investee that provides evidence that the cost of the equity securities may not be recovered. Judgment is also required to determine whether historical performance remains representative of current and future economic conditions.

4. Key Sources of Estimation Uncertainty (continued)

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 2016, the carrying amount of inventories is approximately HK$412,685,000 (2015: HK$401,092,000), after net of allowance for inventories of approximately HK$110,186,000 (2015: HK$70,535,000).

Income taxes

The deferred tax asset was 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. At 31 March 2016, there is no deferred tax asset.(2015:HK$16,430,000)

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to 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

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**580,222**	567,927
Fair value through profit or loss		
Derivative financial instruments classified as held for trading	**324**	653
Available-for-sale investments	**318,087**	40,800
Financial liabilities		
Amortised cost	**560,750**	182,496
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 immediate holding company, amount due from/to 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 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 2016 HK$'000	Assets 2015 HK$'000	Liabilities 2016 HK$'000	Liabilities 2015 HK$'000
Euro	EUR	**104**	86	**–**	276
Renminbi	RMB	**460**	34	**–**	–
Singapore dollars	SGD	**–**	–	**349**	8,480
Swiss Franc	CHF	**20,720**	30,280	**146,218**	169,207
Hong Kong dollars	HKD	**6**	7	**–**	–
Taiwan	TWD	**2**	–	**–**	–

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 HKD 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% (2015: 10%) increase and decrease in HKD against CHF. 10% (2015: 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% (2015: 10%) change in foreign currency rate. The analysis illustrates the impact for a 10% (2015: 10%) weakening of HKD against CHF and a positive number below indicates a decrease in post-tax profit for the year. For a 10% (2015: 10%) strengthening of HKD against CHF, there would be an equal and opposite impact on the post-tax profit for the year. The increase/decrease in loss/profit for the year is mainly attributable to the exposure on outstanding trade payables net of bank balances denominated in CHF at the year end date.

	CHF impact 2016 HK$'000	CHF impact 2015 HK$'000
Increase/Decrease in post-tax loss/profit for the year	**10,479**	11,600

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 equity price risk mainly through its investment in a listed equity security in Hong Kong 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$31,809,000 (2015: HK$4,080,000) as 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 2016, 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 loss/profit for the year will be increased/decreased by approximately HK$3,037,000 (2015:HK$11,600,000).

The details of the foreign exchange forward contracts are set out in note 23.

Credit risk

As at 31 March 2016, 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 2016 is mainly from five major customers which accounted for 68% (2015: 66%) of trade receivables. 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 86% (2015: 95%) 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.

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 2016					
Non-derivative financial liabilities					
Trade and other payables	–	**449,069**	**109,350**	**558,419**	**558,419**
Amount due to related parties	–	**2,331**	–	**2,331**	**2,331**
		451,400	**109,350**	**560,750**	**560,750**

	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

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 2016	Fair value as at 31 March 2015	Fair value hierarchy	Valuation techniques and key inputs
Foreign currency forward contracts (note 23)	Financial assets HK$324,000	Financial assets HK$653,000 Financial liabilities HK$3,581,000	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 17)	HK$318,087,000	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 three business operations, which are the distribution of branded luxury watches, timepieces and accessories, dining business and property investment.

Segment results represents the (loss)/profit before taxation earned by each segment and excluding unallocated other income and unallocated expenses. Unallocated expenses mainly included directors' salaries, staff costs, depreciation, rental expenses, freight charges, credit card charges, commissions paid to staff and suppliers, advertising and promotion expenses, entertainment, exclusivity and royalty fees, legal and professional fees, repair and maintenance, insurance, travelling, printing, utility expenses and impairment losses. 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 2016

	Hong Kong HK$'000	Mainland China and Macau HK$'000	Other Asian locations HK$'000 (Note)	Consolidated HK$'000
REVENUE				
External sales	**207,038**	**72,465**	**23,897**	**303,400**
RESULT				
Segment result	**20,835**	**38,922**	**7,991**	**67,748**
Realised exchange gain				**316**
Unrealised exchange loss				**(435)**
Fair value change of investment properties				**(1,354)**
Loss on fair value change of derivative financial instruments				**(1,157)**
Unallocated expenses				**(199,581)**
Unallocated income				**8,600**
Loss before taxation				**(125,863)**

7. Segment Information (continued)

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

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

Note: Other Asian locations include 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:

Revenue from the distribution of branded luxury watches	**2016 HK$'000**	2015 HK$'000
Customer A	**36,621**	115,220
Customer B	**35,377**	87,506

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

7. Segment Information (continued)

Revenue from major operations

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

	2016 HK$'000	2015 HK$'000
Distribution of branded luxury watches, timepieces and accessories	**296,712**	579,788
Dining business	**6,688**	9,928
	303,400	589,716

Other segment information

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

	2016 HK$'000	2015 HK$'000
Hong Kong	**–**	61,506
Mainland China and Macau	**362,963**	11,191
Taiwan	**–**	610
	362,963	73,307

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

8. Realised Exchange Gain

The amount represents realised exchange gain on monetary items of HK$316,000 (2015: HK$15,705,000).

9. Income Tax Expense

	2016 HK$'000	2015 HK$'000
The charge comprises:		
Current tax		
Hong Kong	**(283)**	(8,404)
Other jurisdictions	**(1,105)**	(2,928)
	(1,388)	(11,332)
Overprovision in prior years:		
Hong Kong	**20**	20
Other jurisdictions	**55**	41
	75	61
Deferred tax credit (note 25)		
Current year	**2,502**	2,259
Reversal	**(18,817)**	–
	(17,628)	(9,012)

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year. During the year ended 31 March 2016, the Group reduced the carrying amount of deferred tax assets by HK$18,817,000 as it is uncertain when will sufficient taxable profit be available to allow the benefit of the deferred tax asset to be utilized.

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

9. **Income Tax Expense** (continued)

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

	2016 **HK$'000**	2015 HK$'000
(Loss)/Profit before taxation	**(125,863)**	49,244
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	**20,767**	(8,125)
Tax effect of income not taxable in determining taxable profit	**655**	162
Tax effect of expenses not deductible in determining taxable profit	**(12,892)**	(1,237)
Utilisation of tax losses previously not recognised	**–**	911
Overprovision in prior years	**75**	61
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,305**	795
Tax effect of tax losses not recognised	**(8,721)**	(1,579)
Reversal of deferred tax assets recognised in prior years	**(18,817)**	–
Tax charge for the year	**(17,628)**	(9,012)

10. (Loss)/Profit for the Year

	2016	2015
	HK$'000	HK$'000
(Loss)/Profit for the year has been arrived at after charging:		
Directors' remuneration	**6,775**	8,592
Other staff costs	**34,967**	33,382
Other staff's retirement benefits scheme contributions	**805**	782
Total staff costs	**42,547**	42,756
Auditor's remuneration	**955**	963
Depreciation of property, plant and equipment	**18,732**	23,287
Minimum lease payments in respect of rented premises (note)	**75,206**	68,415
Cost of inventories recognised as an expense (including write-down of inventories HK$40,778,000 (2015: HK$2,881,000))	**232,265**	364,066
and after crediting:		
Interest income	**7,889**	7,010
Gain on disposal of property, plant and equipment	**517**	–

Note: The minimum lease payments in respect of rented premises excluded contingent rent of HK$210,000 for the year ended 31 March 2016 (2015: HK$33,000). 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 2016 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	–	18	3,618
Mr. Chu, Kingston Chun Ho	–	2,419	–	18	2,437
Mr. Wu Ting Yuk, Anthony	–	–	–	–	–
Independent non-executive directors					
Mr. Lau Man Tak	240	–	–	–	240
Ms. Lo Miu Sheung, Betty	240	–	–	–	240
Dr. Wong Yun Kuen	240	–	–	–	240
	720	6,019	–	36	6,775

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 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

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 2016, the five highest paid individuals included two (2015: two) directors, details of whose remuneration are included above. The remuneration of the three highest paid individuals in 2016 (2015: three) were as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and other benefits	**2,829**	3,249
Performance related incentive payments	**816**	766
Contributions to retirement benefits schemes	**54**	53
	3,699	4,068

The emoluments of the employees were within the following bands:

	Number of employees 2016	 2015
HK$1,000,001 to HK$1,500,000	**2**	3
HK$Nil to HK$1,000,000	**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 2016, no final dividend for the year ended 31 March 2015 was declared and paid (2015: final dividend declared and paid in respect of the year ended 31 March 2014: HK$27,680,000).

The Board does not propose the payment of a final dividend for the year ended 31 March 2016. In respect of the year ended 31 March 2015, the Board did not propose the payment of a final dividend.

13. (Loss)/Earnings Per Share

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

	2016 HK$'000	2015 HK$'000
(Loss)/Profit for the purpose of basic and diluted earnings per share	**(143,491)**	40,232

	2016 '000	2015 '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**4,123,562**	3,288,271

Diluted (loss)/earnings per share for the year ended 31 March 2016 and 2015 are the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the period.

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 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
Currency realignment	(745)	(26)	(90)	(37)	–	(898)
Additions	8,202	173	366	155	–	8,896
Disposal/written off	(1,292)	–	–	–	–	(1,292)
Impairment	(70,328)	(16,113)	(5,557)	(1,961)	(771)	(94,730)
At 31 March 2016	17,804	604	340	825	–	19,573
DEPRECIATION						
At 1 April 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
Currency realignment	(600)	(28)	(81)	(29)	–	(738)
Provided for the year	16,565	516	1,021	462	168	18,732
Eliminated on disposal/written off	(1,206)	–	–	–	–	(1,206)
Eliminated on impairment	(61,025)	(15,913)	(4,548)	(1,737)	(414)	(83,637)
At 31 March 2016	11,503	544	168	680	–	12,895
CARRYING VALUES						
At 31 March 2016	6,301	60	172	145	–	6,678
At 31 March 2015	24,198	601	1,845	684	525	27,853

The Hong Kong luxury watch market showed a general decline during the year and yet to recover. The Group performed an impairment assessment on property, plant and equipment of the Group's geographical segments, in accordance with the accounting policy on impairment of non–financial assets. Based on the assessment, an impairment loss of approximately HK$11,093,000 was recognised and charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 (2015: Nil). The recoverable amounts of these property, plant and equipment using value in use calculation were determined by the discounted cash flows generated from each segment based on a management budget plan and a pre-tax discount rate of 10%.

15. Investment Properties

	2016 **HK$'000**	2015 HK$'000
At: 1 April 2014 and 31 March 2015	**–**	–
Additions	**353,616**	–
Fair value change	**(1,354)**	–
At 31 March 2016	**352,262**	–

On 31 March 2016, the Group acquired investment properties situated in the PRC. The directors determined the fair value of the investment properties at 31 March 2016 was the cash consideration allocated to the relative fair value of all assets and liabilities acquired. The investment properties relative fair value as at 31 March 2016 have been arrived at on the basis of valuation carried out by Collier International(Hong Kong) Limited ("Collier") on 15 March 2016. Collier is an independent qualified professional valuer to the Group. It is the member of the Royal Institution of Chartered Surveyors, and have appropriate qualifications and recent experiences in the valuation of properties in the PRC when they value the investment properties of the Group.

The valuation of the investment properties as at 31 March 2016 is determined using Term and Reversion Approach of valuation which use direct capitalisation approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

The fair value of acquired investment properties of the Group is Level 3 recurring fair value measurement as at 31 March 2016.

There were no transfers into or out of level 3 during the year. A reconciliation of the opening and closing level 3 fair value balance is provided below:

	2016 HK$'000
Opening balance (level 3 recurring fair value)	–
Addition in current year	353,616
Decrease in fair value recognised in profit or loss	(1,354)
Closing balance (level 3 recurring fair value)	352,262

15. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Properties	Location	Fair value hierarchy	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial units	Beijing, the PRC	Level 3	Term and Reversion Approach	Current Daily Rent	RMB8.08 per square metre ("psm") to RMB19.57 psm	The higher the current daily rent, the higher the fair value
				Daily Market Rent	RMB12 psm to RMB20 psm	The higher the daily market rent, the higher the fair value
				Term Yield	4.5%	The higher the term yield, the lower the fair value
				Reversionary Yield	5%	The higher the reversionary yield, the lower the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use.

No rental income from investment properties was recognised during the year ended 31 March 2016 (2015:Nil).

As at 31 March 2016, the investment properties are pledged to secure banking facilities granted to third parties.

The total consideration for the acquisition of the investment properties is payable in three installments by the Group to the vendor (the "Vendor") and the last payment is expected to take place on or before 31 July 2016. The Vendor undertakes and warrants that it is and shall be responsible for the discharge of the obligations and liabilities of one of the newly acquired subsidiary under two guarantee arrangements. If the Group suffers any damages, costs or liabilities in connection with the guarantee arrangement, the second installment of HK$179,300,000 and the third installment of HK$107,572,000 will be reduced on a "dollar for dollar" basis accordingly. The directors consider that it is remote to suffer any damages, costs or liabilities in connection with the guarantee arrangement, hence, there is no impact on the cost of investment properties.

16. Intangible Assets

	Goodwill HK$'000 (Note)
COST	
At 1 April 2014, 31 March 2015 and 31 March 2016	8,092
AMORTISATION AND IMPAIRMENT	
At 1 April 2014	8,092
Charge for the year	–
At 1 April 2015 and 31 March 2016	8,092
CARRYING VALUES	
At 31 March 2016 and 2015	–

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

17. Available-For-Sale Investments

	2016 **HK$'000**	2015 HK$'000
Listed equity securities in Hong Kong	**318,087**	40,800
Classified as		
Non-current asset	**–**	40,800
Current asset	**318,087**	–
	318,087	40,800

17. Available-For-Sale Investments (continued)

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

	HK$'000
Acquired during the year as at 31 March 2015	46,500
Net change in fair value recognised in other comprehensive income	(5,700)
As at 31 March 2015	40,800
Acquired during the year	301,094
Disposal during year	(43,293)
Impairment on available-for-sale investments	(8,982)
Net change in fair value recognised in other comprehensive income	31,191
Release of investment revaluation reserve to profit or loss upon disposal of available-for- sale investments	(2,723)
As at 31 March 2016	318,087

All available-for-sale investments were measured at fair value. When impairment of an available-for-sale investment measured at fair value occurs, any impairment loss recognised is recorded in the carrying amount directly. During the year ended 31 March 2016, HK$8,982,000 of impairment on available-for-sale investments was charged to profit or loss directly as the decline in fair value was significant or prolonged(2015: Nil). No reclassification of impairment loss from other comprehensive income to profit or loss is presented as no such impairment was made in previous years.

18. Inventories

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

19. Trade and Other Receivables

	2016 **HK$'000**	2015 HK$'000
Trade receivables	**27,252**	101,232
Other receivables, deposits and prepayments	**34,370**	40,266
	61,622	141,498

The Group generally allows a credit period ranging from 30 to 90 days to its trade customers.

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

	2016 **HK$'000**	2015 HK$'000
Within 30 days	**15,752**	68,721
31 – 90 days	**11,486**	19,136
91 – 120 days	**14**	13,375
	27,252	101,232

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.

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

	2016 **HK$'000**	2015 HK$'000
91 – 120 days	**14**	13,375

The trade receivables were past due but the Group has not provided for impairment loss. These relate to a number of customers and based on historical information, default risk of these trade receivables is insignificant. Accordingly, no impairment provision is necessary in respect of these receivables.

20. Amount Due from Immediate Holding Company and Due from/to a Fellow Subsidiary/Related Parties

As at 31 March 2015, SW was the immediate holding company. The amount due from immediate holding company was unsecured, non-interest bearing and repayable within 1 year.

As at 31 March 2015, amounts due from/to a fellow subsidiary and a related company were unsecured, non-interest bearing and repayable within 1 year. The classification of amount due from immediate holding company and due from/to a fellow subsidiary and related companies as at 31 March 2016 has reflected the change of shareholders of the Company mentioned in note 1.

21. 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 0.45% (2015: 0.001% to 0.35%) per annum.

Fixed time deposits carry fixed interest rate ranging from 0.30% to 2.10% (2015: 0.01% to 2.38%) per annum and mature in 1 month (2015: 1 month). Therefore, the amounts are classified as current.

22. Trade and Other Payables

	2016 **HK$'000**	2015 HK$'000
Trade payables	**146,492**	171,120
Other payables and accrued charges	**429,137**	99,771
	575,629	270,891

The following is an aged analysis of trade payables:

	2016 **HK$'000**	2015 HK$'000
Within 90 days	**36,969**	55,173
91 days – 365 days	**107,599**	111,361
Over 365 days	**1,924**	4,586
	146,492	171,120

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:

	2016 **HK$'000**	2015 HK$'000
Denominated in CHF	**146,128**	170,844
Denominated in EUR	**89**	276
Denominated in RMB	**174**	–
Denominated in NTD	**11**	–

23. Derivative Financial Instruments

	2016 HK$'000	2015 HK$'000
Financial asset		
Foreign currency forward contracts	**324**	653
Financial liability		
Foreign currency forward contracts	**–**	(3,581)
	324	(2,928)

During the year ended 31 March 2016, fair value loss of approximately HK$1,157,000 (2015: HK$14,812,000) 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 2016		
Buy CHF1,500,000	**24 June 2016**	**HKD/CHF at 8.0442**
Buy CHF3,000,000	**22 April 2016**	**HKD/CHF at 7.9953**
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

The disclosures set out in the table below include financial asset and financial liability that are subject to an enforceable master netting arrangement irrespective of whether they are offset in the Group's consolidated statement of financial position.

23. Derivative Financial Instruments (continued)

The amounts recognised for the derivative financial asset and derivative financial liability do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

Financial asset subject to an enforceable master netting agreement:

	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
As at 31 March 2016						
Foreign exchange forward contracts	**324**	**–**	**324**	**–**	**–**	**324**
As at 31 March 2015						
Foreign exchange forward contracts	653	–	653	(653)	–	–

Financial liability subject to an enforceable master netting agreement:

	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
As at 31 March 2016						
Foreign exchange forward contracts	**–**	**–**	**–**	**–**	**–**	**–**
As at 31 March 2015						
Foreign exchange forward contracts	3,581	–	3,581	(653)	–	2,928

24. Share Capital

	Number of shares	Share capital HK$'000
Authorised:		
At 1 April 2014		
— Ordinary shares of HK$0.10 each	2,000,000,000	200,000
At 31 March 2015 and 2016		
— Ordinary shares of HK$0.02 each (Note iii)	20,000,000,000	400,000
Issued and fully paid:		
At 1 April 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
Placing of shares (Note iv)	692,000,000	13,840
At 31 March 2016	4,152,000,000	83,040

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 in all respects with each other in all respects.

(iv) On 29 March 2015, the Company entered into the placing agreement, pursuant to 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 completion of the placing took place on 16 April 2015.

25. 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 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
Currency realignment	(20)	(95)	–	(115)
Charged to profit or loss for the year	880	1,622	–	2,502
Reversal	(6,776)	(12,047)	6	(18,817)
At 31 March 2016	–	–	–	–

The Group has unused tax losses of approximately HK$63,427,000 (2015: HK$9,570,000) available for offset against future profits. Included in the unrecognised tax losses of HK$63,427,000, HK$21,898,000 will expire from 2019 to 2021. 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$29,506,000 (2015: HK$33,995,000) 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.

26. Commitments

Operating leases

The Group as lessee

At 31 March 2016, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**77,257**	81,295
In the second to fifth years inclusive	**121,961**	160,012
	199,218	241,307

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.

The Group as lessor

At the end of the reporting period, the Group had commitments for future minimum rental receivable under non-cancellable operating leases in respect of commercial properties leased out which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year		
Later than one year but within five years	**15,512**	–
Later than five years	**16,592**	–
	32,104	–

Capital commitments

	2016 HK$'000	2015 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**270**	4,471

27. 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 costs 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.

28. Related Party Transactions

(a) Related party and continuing connected party transactions

In addition to the balances with related parties as disclosed in note 20, the Group entered into the following related party transactions which are also connected transactions ("CT")/continuing connected transactions ("CCT") under the Listing Rules:

	Transaction type under listing rules	**2016 HK$'000**	2015 HK$'000
Sales to a fellow subsidiary	CCT	**–**	2,573
Sales to a related company	CCT	**1,490**	–
Purchases from fellow subsidiaries	CCT	**–**	17,158
Purchase from related companies	CCT	**13,600**	–
Administrative service fee paid to a related company	CT	**240**	420
Financial advisory fee paid to a related company	CCT	**300**	812
Placing commission paid to a related company	CCT	**8,442**	2,144
Printing fees paid to a related company	CT	**435**	–
Brokerage fee paid to a related company	CCT	**227**	–

A director of the Company is also a director and 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 key management personnel

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 shareholder of the Company and the Loan Agreement was terminated on 16 June 2015.

29. Subsidiaries

Details of the Company's subsidiaries at 31 March 2016 and 31 March 2015 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*		
			2016	2015	**2016**	2015	
Sincere Brand Holdings Limited	British Virgin Islands ("BVI")	US$200	**100%**	100%	**–**	–	Investment holding
Sincere Brand Management Limited	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%	Investment holding
Sincere Watch Trading Co. Ltd.	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment holding
Sincere Health Care Limited (Incorporated on 30 June 2015, and the name was changed from Boao Health Holdings Limited on 13 October 2015)	Hong Kong	HK$1	**100%**	–	**–**	–	Investment holding
心施(上海)投資咨詢有限公司 (Incorporated on 21 March 2016)	PRC	US$500,000	**–**	–	**100%**	–	Inactive
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	BVI	US$1	**100%**	100%	**–**	–	Investment holding
Giant Bright Holdings Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment holding
Empire Jade Limited (Incorporated on 11 March 2016)	BVI	US$100	**100%**	–	**–**	–	Investment holding
Hong Kong Jade Bird South Sea Investment Limited	Hong Kong	HK$100	**–**	–	**100%**	–	Investment holding
三亞青鳥旅遊產業投資有限公司	PRC	HK$5,000,000	**–**	–	**100%**	–	Investment holding
北京沈發物業管理有限公司	PRC	RMB500,000	**–**	–	**100%**	–	Property investment

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

30. Information about the Financial Position of the Company

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

	2016 HK$'000	2015 HK$'000
Non-current assets		
Unlisted investments in subsidiaries	**76,982**	76,981
Loan to subsidiaries	**91,904**	92,192
	168,886	169,173
Current assets		
Amounts due from subsidiaries	**648,476**	237,068
Other current assets	**1,512**	853
	649,988	237,921
Current liabilities	**(1,580)**	(4,128)
Net current assets	**648,408**	233,793
	817,294	402,966
Capital and reserves		
Share capital (note 24)	**83,040**	69,200
Reserves (Note)	**734,254**	333,766
	817,294	402,966

Chu Yuet Wah
Executive Director

Chu, Kingston Chun Ho
Executive Director

30. Information about the Financial Position of the Company (continued)

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 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 and 1 April 2015	255,092	76,780	1,894	333,766
Loss and total comprehensive income for the year	–	–	711	711
Placing of shares	408,280	–	–	408,280
Transaction costs on placing of shares	(8,503)	–	–	(8,503)
At 31 March 2016	**654,869**	**76,780**	**2,605**	**734,254**

31. Event after the Reporting Period

As disclosed in Note 15 of the consolidated financial statement, the Group acquired investment properties on 31 March 2016 and recognised the unsettled balances as other payable as at 31 March 2016. In April 2016 and June 2016, the Group paid HK$64,550,000 and HK$179,300,000, being two partial payments of the Consideration, respectively.

32. Comparative Figures

Certain comparative figures have been re-presented to conform with current year's presentation.

33. Approval of Financial Statements

The consolidated financial statement were approved and authorised for issue by the Board on 28 June 2016.

FINANCIAL SUMMARY

Results

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**303,400**	589,716	648,013	749,183	1,115,070
(Loss)/Profit before taxation	**(125,863)**	49,244	62,476	140,996	168,800
Income tax expense	**(17,628)**	(9,012)	(10,402)	(22,143)	(29,633)
(Loss)/Profit for the year	**(143,491)**	40,232	52,074	118,853	139,167
(Loss)/Earnings per share					
Basic (HK cents)	**(3.48)**	1.22	2.02	4.61	5.40

Assets and Liabilities

	At 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,678,191**	1,093,418	911,115	939,753	946,679
Total liabilities	**(579,440)**	(290,514)	(337,965)	(385,182)	(510,435)
Total equity	**1,098,751**	802,904	573,150	554,571	436,244