ANNUAL REPORT

2014

MAJOR HOLDINGS LIMITED

美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8209

* For identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Major Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

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

Headquarter, head office and principal place of business in Hong Kong
Suite 822
Ocean Centre
Harbour City
5 Canton Road
Kowloon
Hong Kong

Company's website
www.majorcellar.com

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

Independent non-executive directors
Mr. Wong Siu Ki
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Company secretary
Mr. Lee Kwok Wan (HKICPA)

Compliance officer
Ms. Cheung Wing Shun

Authorised representatives
Mr. Cheung Chun To
Mr. Leung Chi Kin Joseph

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

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

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

Compliance adviser
Ample Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

Principal share registrar and transfer office in the Cayman Islands
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar and transfer office
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal banker
Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Fubon Bank (Hong Kong) Limited
Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

Shanghai Commercial Bank Limited
12 Queen's Road Central
Hong Kong

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

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

GEM stock code
8209

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Major Holdings Limited (the "Group"), it is my pleasure to present the Group's Annual Report for the year ended 31 March 2014.

A YEAR IN REVIEW

The global economy modestly gained some steam in 2013 although Europe has been remaining in recession and the People's Republic of China ("PRC") showed signs of faltering. The PRC Government's efforts in trimming officials' expenses have further constrained PRC consumption of wines. 2013 was a challenging year for the Group, however, thanks to our strong and loyal customer base and our management team's nimble adaptation to market shifts, the Group was able to maintain its sales revenue at a satisfactory level. Furthermore, the Group overcame all of these challenges and has successfully listed, on the Growth Enterprise Market of the Hong Kong Exchanges and Clearing Limited on 10 January 2014. Not only was this a very important milestone for the Group; it also boosted the confidence of our customers in our efficient operation and the premium quality of our wines. We aim to step up to the challenge of building an even larger and more influential presence in the marketplace.

GOING FORWARD

The International Wine and Spirit Research estimated that there will be a 22.84% rise in wine consumption across Asian markets between 2013 to 2017. Despite the fact that wine sales declined slightly in the second quarter of 2013 and that buying habits of the consumer have changed, the PRC is still the fastest growing country among the Asia Pacific and global wine markets. Indeed, PRC market opportunities remain wide open due to connoisseurs' enthusiasm for new experiences. The consumers in the PRC has developed a taste for premium brands and is now broadening an appreciation for what the world has to offer.

To cope with this growth and the change of trends, the Group has launched a new retail outlet at Hysan Road in May 2014, a luxury shopping precinct in Causeway Bay, with easy access for both tourists and local Hong Kong customers. New broadcasting channels and shopping methods will be implemented within the Group to reach out to a wider market, at the same time we will ensure that wine appreciation is even more accessible to our valued customers. We will also establish new collaborations with a variety of different partners to expand our client base.

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

A NOTE OF APPRECIATION

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

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 25 June 2014

Management Discussion and Analysis

BUSINESS REVIEW

During the year, the Chinese government unveiled a series of reforms with an aim to spur domestic demand and boost the economy. These policies and measures helped stabilise the retail sector. In 2013, retail sales in the PRC continued to record a double digit increment comparing to year 2012.

However, efforts were also stepped up to combat corruption and this caused luxury consumption in the PRC to cool off by the relative low economic growth. The consumers tended to be more rational when making purchasing decision and looked for quality items. The market therefore has started to show signs of returning to a normalised development.

Hong Kong remained one of the top ten wine importers from the European Union in 2013. Products originated from Australia and United States of America have also received raising awareness from the Asian wine market. With the Group's enormous effort to position itself in the high-end red wine market, the Group achieved a steady increase in revenue for the financial year ended 31 March 2014.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 5.5% from approximately HK$266.8 million for the year ended 31 March 2013 to approximately HK$281.4 million for the year ended 31 March 2014. The increase was mainly driven by the shift of our focus to higher priced premium red wine and spirits.

Gross profit

Gross profit of the Group increased by approximately 2.8% from approximately HK$60.6 million for the year ended 31 March 2013 to approximately HK$62.4 million for the year ended 31 March 2014. The increase was mainly driven by the stabilisation of the selling price during the year ended 31 March 2014 after experiencing the economic downturn in Europe during the corresponding year ended 31 March 2013 which led to an increase in the average selling price of premium red wine.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group increased by approximately 7.1% from approximately HK$14.5 million for the year ended 31 March 2013 to approximately HK$15.5 million for the year ended 31 March 2014. The change was mainly attributable to the increase in staff commission due to the increase in revenue during the year ended 31 March 2014.

Administrative expenses of the Group increased by approximately 12.1% from approximately HK$13.8 million for the year ended 31 March 2013 to approximately HK$15.5 million for the year ended 31 March 2014. The increase was mainly attributable to the reversal of accrued directors' bonus during the year ended 31 March 2013 and increase in non-IPO related legal and professional fees for the year ended 31 March 2014.

Management Discussion and Analysis

Depreciation of property, plant and equipment

The Group recorded depreciation on property, plant and equipment of approximately HK$2.1 million and HK$2.3 million for the two years ended 31 March 2013 and 31 March 2014 respectively for its property, plant and equipment.

Other expenses

Other expenses of the Group increased by approximately 5.9 times from approximately HK$1.8 million for the year ended 31 March 2013 to approximately HK$12.4 million for the year ended 31 March 2014. The significant increase was mainly attributable to the one-off listing expenses of approximately HK$12.2 million incurred by the Group for its listing exercise during the year ended 31 March 2014.

Finance costs

Finance costs of the Group increased by approximately 15.6% from approximately HK$1.4 million for the year ended 31 March 2013 to approximately HK$1.6 million for the year ended 31 March 2014. The increase was attributable to the increase in average bank borrowings during the year ended 31 March 2014.

Income tax expense

Income tax expense for the Group decreased by approximately 14.0% from approximately HK$5.4 million for the year ended 31 March 2013 to approximately HK$4.6 million for the year ended 31 March 2014. The decrease was mainly due to decrease in assessable profits for the year ended 31 March 2014.

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

Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 45.7% from approximately HK$23.5 million for the year ended 31 March 2013 to approximately HK$12.8 million for the year ended 31 March 2014.

Such change was primarily attributable to the one-off listing expenses incurred by the Company for its listing exercise during the year ended 31 March 2014.

Excluding the one-off exceptional listing expenses of the Group of HK$12.2 million (2013: HK$1.6 million), profit and total comprehensive income for the year attributable to owners of the Company for the year ended 31 March 2014 would reach approximately HK$25.0 million, representing a decrease of approximately 0.5% compared to the corresponding year ended 31 March 2013 of approximately HK$25.1 million which was attributable to the reversal of accrued directors' bonus during the year ended 31 March 2013.

Dividend

The Directors recommend the payment of a final dividend of HK8 cents per share, amounting to HK$9.6 million in aggregate for the year ended 31 March 2014.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Current assets	**157,703**	177,646
Current liabilities	**38,713**	80,217
Current ratio	**4.07**	2.21

The current ratio of the Group at 31 March 2014 was 4.07 times as compared to that of 2.21 times at 31 March 2013. It was mainly resulted from a decrease in bank borrowings and increase in pledged bank deposits and bank balances and cash during the year.

At 31 March 2014, the Group had total bank balances and cash and pledged bank deposits of approximately HK$35.7 million (2013: HK$27.8 million).

At 31 March 2014, the Group's gearing ratio (represented by amount due to a shareholder, obligations under finance leases and bank borrowings divided by equity) amounted to approximately 8.4% (2013: 37.6%). The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$3.1 million as at 31 March 2014 (2013: HK$6.4 million). As at 31 March 2014, the Group did not have any significant capital commitments (2013: Nil).

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM Board of the Stock Exchange on 10 January 2014. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and in the prospectus of the Company dated 6 January 2014 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 March 2014, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies save as disclosed below.

As part of the group reorganisation for the listing, the Group has disposed of its entire shareholding interests in Nation Bond Inc. Limited, a wholly owned subsidiary and Major Aim Limited, a joint venture company.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2014 (2013: Nil).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2014, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 31 March 2014, the Group pledged its bank balance of HK$5.6 million (2013: Nil) as securities for banking facilities granted to the Group.

SHARE OPTION SCHEME

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

(a) Purpose of the Share Option Scheme

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

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

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

(c) Maximum number of Shares available for Subscription

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme unless the Company obtains a fresh approval.

(d) Maximum entitlement of each Eligible Person

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

(e) Time of exercise of Option

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

(f) Subscription Price

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

(i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the offer date;

(ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or

(iii) the nominal value of the Share.

(g) Life of the Share Option Scheme

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

During the year ended 31 March 2014, no option under the Share Option Scheme has been granted by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group employed a total of 37 full-time and 2 part-time employees (2013: 34 full-time and 2 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$12.0 million for the year ended 31 March 2014 (2013: HK$9.0 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 6 January 2014 (date of Prospectus) to 31 March 2014 is set out below:

	Business objectives	Actual progress
(i)	leverage our experience and expand the size of our operations by expanding our existing point of sales, thereby attracting more new customers and increasing public awareness of our Company	The Group is in the progress to enter into tenancy agreement with landlord on a new retail shop The Group has contracted with local wine magazines to increase the publicity
(ii)	diversify our wine and spirits products portfolio by increasing our wine and spirits products available for sale, thereby broadening our existing customer base and our existing market share, and	The Group purchased over 2,200 bottles, 93 new vintages or brands during the period from 6 January 2014 to 31 March 2014
(iii)	strengthen our sales and marketing team	The Group is in the progress to recruit sales executive with extensive wine experience The Group increased staff training to strengthen the knowledge of our sales and marketing staff

USE OF PROCEEDS

The net proceeds from the Company's Placing in January 2014, after deducting underwriting commission and expenses in connection with the Placing, were approximately HK$16.3 million. After the Listing, these proceeds were used for the purposes in accordance with the future plans and prospects as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Placing and the unused amount as at 31 March 2014 is set out below:

		Net proceeds from the Placing HK$'000	Utilised amount as at 31 March 2014 HK$'000	Unutilised amount as at 31 March 2014 HK$'000
1.	increase our wine and spirits stock inventory and to expand our existing collection of wine and spirits products	11,382	(3,132)	8,250
2.	expansion of our point of sales by opening one new retail showroom	3,252	–	3,252
3.	working capital and other general corporate uses	1,626	–	1,626
Total		16,260	(3,132)	13,128

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong in accordance with the intention of the Directors as disclosed in the Prospectus.

LOOKING FORWARD

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

Looking ahead, the winery market will likely to continue to face uncertainties in the coming years. Despite the uncertainties, the Group will continue to dedicate its efforts to the development of its existing businesses and other potential projects with a view to provide steady returns as well as fruitful growth for its shareholders.

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2014.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 2 April 2013.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's share on the GEM Board of the Stock Exchange of Hong Kong Limited, the Company became the holding company of the companies now comprising the Group on 28 August 2013.

Details of the reorganisation are set out in note 2 to the consolidated financial statements.

The shares of the Company were listed on the GEM Board of the Stock Exchange of Hong Kong Limited with effect from 10 January 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of comprehensive income on pages 36.

The Directors recommend the payment of a final dividend of HK8 cents per share, amounting to HK$9.6 million in aggregate.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 88.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the shares of the Company were listed on GEM Board on 10 January 2014, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2014.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2014, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$119.8 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CLIENTS AND SUPPLIERS

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

During the year ended 31 March 2014, our largest supplier accounted for 15.6% of our total purchases (2013: 11.1%). The aggregate purchase from our five largest suppliers contributed to total our total purchases of 30.7% (2013: 37.6%) in the current year.

During the year ended 31 March 2014, our largest customer accounted for 15.6% of turnover (2013: 15.6%). The aggregate sales to our five largest customers contributed to total our total sales of 33.4% (2013: 34.6%) in the current year.

At no time during the year ended 31 March 2014 did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Cheung Chun To *(Chairman)*	(appointed on 2 April 2013 and effective on 10 January 2014)
Mr. Leung Chi Kin Joseph	(appointed on 2 April 2013 and effective on 10 January 2014)
Mr. Cheung Chun Pang	(appointed on 2 April 2013 and effective on 10 January 2014)
Ms. Cheung Wing Shun	(appointed on 30 December 2013 and effective on 10 January 2014)

Independent non-executive Directors

Mr. Wong Siu Ki	(appointed on 30 December 2013 and effective on 10 January 2014)
Mr. Yue Kwai Wa Ken	(appointed on 30 December 2013 and effective on 10 January 2014)
Mr. Ngai Hoi Ying	(appointed on 30 December 2013 and effective on 10 January 2014)

DIRECTORS' SERVICE CONTRACTS

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

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

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding company 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.

MANAGEMENT CONTRACTS

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

REMUNERATION OF THE DIRECTORS

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

EMOLUMENT POLICY

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

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

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

Details of the undertaking has been set out in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus.

During the year ended 31 March 2014 and up to the date of this report, none of the Directors or any of their respective associates, has been engaged or otherwise interested in any business which is or may be in competition with the business of any members of the Group.

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

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

The shares of the Company were listed on GEM Board on 10 January 2014. So far as were known to the Directors or chief executive of the Company, as at 31 March 2014, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

Name	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	45,900,000 shares	38.25%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	44,100,000 shares	36.75%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 45,900,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 44,100,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

The shares of the Company were listed on GEM Board on 10 January 2014. As at 31 March 2014, so far as our Directors are aware, the following persons/entities had an interest or a short position in the Shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of the Group:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	45,900,000 shares	38.25%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	44,100,000 shares	36.75%
Silver Tycoon Limited	Beneficial Owner	45,900,000 shares	38.25%
High State Investments Limited	Beneficial Owner	44,100,000 shares	36.75%
Ms. Lin Shuk Shuen	Family Interest (Note 3)	45,900,000 shares	38.25%
Ms. Ma Pui Ying	Family Interest (Note 4)	44,100,000 shares	36.75%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 45,900,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 44,100,000 shares held by High State Investments Limited.

3. Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To and is therefore deemed to be interested in all the shares held/owned by Mr. Cheung Chun To (by himself and through Silver Tycoon Limited) by virtue of the SFO.

4. Ms. Ma Pui Ying is the spouse of Mr. Leung Chi Kin Joseph and is therefore deemed to be interested in all the shares held/owned by Mr. Leung Chi Kin Joseph (by himself and through High State Investments Limited) by virtue of the SFO.

Save as disclosed above, the Directors were not aware of any who has an interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 March 2014, save for the compliance adviser agreement dated 10 December 2013 entered into between the Company and Ample Capital Limited, neither Ample Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Audit Committee was established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and Paragraph C.3.3 of the Code on Corporate Governance on 30 December 2013. The primary duties of the Audit Committee are mainly to review the financial systems of the Group; to review the accounting policy, financial position and financial reporting procedures of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel; and to assess the internal controls of the Group.

The audit committee of the Company had reviewed together with the management and external auditors the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the year ended 31 March 2014.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2014 are set out in note 32 to the financial statements. None of these related party transactions constitutes a connected transaction upon Listing as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

Deloitte Touche Tohmatsu was appointed by the Directors as the first auditor of the Company. Deloitte Touche Tohmatsu will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 March 2014 have been audited by Deloitte Touche Tohmatsu.

By Order of the Board
Cheung Chun To
Chairman
25 June 2014

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the code provisions of the CG Code for the period from the Listing Date (10 January 2014) to 31 March 2014, except where otherwise stated.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings"). The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the Required Standard of Dealings throughout the period from the Listing Date to the year end date.

BOARD OF DIRECTORS

The Board comprises:

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

Independent non-executive Directors
Mr. Wong Siu Ki
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Since the Listing Date to 31 March 2014, a total of 1 Board meeting was held. The attendance record of each Director at the Board meeting is set out in the table below:

	Number of meetings attended	
Name of Director	**Board meetings**	**AGM**
Mr. Cheung Chun To	1/1	N/A
Mr. Leung Chi Kin Joseph	0/1	N/A
Mr. Cheung Chun Pang	1/1	N/A
Ms. Cheung Wing Shun	0/1	N/A
Mr. Wong Siu Ki	1/1	N/A
Mr. Yue Kwai Wa Ken	1/1	N/A
Mr. Ngai Hoi Ying	1/1	N/A

RESPONSIBILITIES OF THE BOARD

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

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All board members have received a directors training hosted by a law firm which was about, inter alias, the listing rules, Companies Ordinance and Securities and Futures Ordinance.

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

AUDIT COMMITTEE

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

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

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

According to the current terms of reference, meetings of the Audit Committee shall be held at least four times a year. During the period from 10 January 2014 to 31 March 2014, one Audit Committee meeting was held on 14 February 2014 to review the Company's third quarter results for the financial period ended 31 December 2013. The attendance record of each member of the Audit Committee meeting is set out as follows:

Name of members of Audit Committee	Number of meeting attended
Mr. Wong Siu Ki	1/1
Mr. Yue Kwai Wa Ken	1/1
Mr. Ngai Hoi Ying	1/1

At the meeting held, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included:

(a) review and supervision of the financial reporting process and internal control system of the Company and its subsidiaries;

(b) determination of the nature and scope of the audit; and

(c) review of the financial statements for the nine months period ended 31 December 2013 and discuss corporate governance practice.

REMUNERATION COMMITTEE

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

The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and the Remuneration Committee has adopted the approach under B.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

No Remuneration Committee meeting has yet held from 10 January 2014 to 31 March 2014.

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

NOMINATION COMMITTEE

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

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

No Nomination Committee meeting has yet held from 10 January 2014 to 31 March 2014.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control and Risk Management

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

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

Role of Compliance Officer

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

AUDITORS' REMUNERATION

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

During the financial year ended 31 March 2014, the fees paid to the Company's auditors is set out as follows:

	Services rendered Fees paid/payable HK$'000
Audit services	600
Non-audit services – as reporting accountant for the Company's placing and tax services	3,100

COMPANY SECRETARY

Mr. Lee Kwok Wan ("Mr. Lee") was appointed as the company secretary of the Company on 10 December 2013. The biographical details of Mr. Lee are set out under the section headed "Biographical Details of Directors and Senior Management".

SHAREHOLDERS' RIGHTS

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

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

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

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

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

(a) At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

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

RIGHT TO PUT ENQUIRIES TO THE BOARD

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

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

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

Corporate Governance Report

INVESTOR RELATIONS

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

From the Listing Date to the year ended 31 March 2014, there had been no significant change in the Company's constitutional documents.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung Chun To (張俊濤), aged 35, is our chairman and an Executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang and Ms. Cheung Wing Shun. Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001, with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai. From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恒隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc. In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

Mr. Leung Chi Kin Joseph (梁子健), aged 35, is an Executive Director, was appointed to the Board on 2 April 2013. Mr. Leung is primarily responsible for sourcing and pricing wines and spirits products for our Group, expanding product range, establishing and maintaining relationship with wine agents and vineyards and overseeing the overall sales operation. Mr. Leung graduated from York University, Canada in November 2002, with a bachelor's degree in business administration. From December 2002 to 2007, Mr. Leung worked at Gi-Go Toys Factory Limited initially as a management trainee and thereafter as a sales manager responsible for promotional campaigns and sales budget. In December 2007, Mr. Leung began the business of distributing and selling wines by establishing Rouge & Blanc and was appointed a director at around the same time. In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar and Mr. Leung has been appointed a director of Major Cellar since the day of its incorporation.

Mr. Cheung Chun Pang (張俊鵬), aged 38, is an Executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung Chun Pang is the brother of Mr. Cheung and Ms. Cheung Wing Shun. Mr. Cheung Chun Pang is responsible for providing business development advices to our Group. Mr. Cheung Chun Pang completed form 3 at Xin Lian Secondary School, Shan Tou, PRC. From 2001 to May 2012, Mr. Cheung Chun Pang was under full-time employment with Zhuhai Shopping Mall Co. Ltd. as a deputy director and deputy general manager, responsible for the management of its sales and operation department. In May 2012, Mr. Cheung Chun Pang joined our Group as a director of Major Cellar and at the same time employed by Zhuhai Shopping Mall Co. Ltd. on a part-time basis.

Biographical Details of Directors and Senior Management

Ms. Cheung Wing Shun (張詠純), aged 33, is an Executive Director and also the compliance officer; she was appointed to the Board on 30 December 2013. Ms. Cheung Wing Shun is the sister of Mr. Cheung and Mr. Cheung Chun Pang. Ms. Cheung Wing Shun is responsible for the overall internal operation and marketing promotion of our Group. Ms. Cheung Wing Shun graduated from University of Western Ontario, Canada in June 2003, with a bachelor's degree in arts. Ms. Cheung Wing Shun also obtained a diploma in "SME Company Operations & Management" from the Hong Kong Productivity Council in June 2011 and the WSET level 2 intermediate certificate in 2010. From 2004 to 2006, Ms. Cheung Wing Shun worked at the Hong Kong Trade Development Council as a project assistant; her main responsibilities included organising events and exhibitions. From 2007 to 2009, Ms. Cheung Wing Shun worked at Gate Worldwide Limited as an account executive. In July 2009, Ms. Cheung Wing Shun joined Rouge & Blanc as an senior operation officer and in December 2010, she became an assistant to the directors of Major Cellar, responsible for assisting the Directors in the daily management of Major Cellar. In particular, Ms. Cheung Wing Shun had assisted in the change of the POS system for Major Cellar and implemented a series of policies to streamline the Group's operation and management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Siu Ki (黃兆麒), aged 37, is an Independent Non-Executive Director. Mr. Wong was appointed to the Board on 30 December 2013. Mr. Wong graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy with first class honours in November 1998. He was admitted as a fellow member of the Association of Chartered Certified Accountants in September 2006, an associate of the Institute of Chartered Accountants in England and Wales in October 2007 and a fellow member of the Hong Kong Institute of Certified Public Accountants in May 2010. Mr. Wong has more than 15 years of experiences in accounting, capital markets and the financial sector. From 1997 to 2003, Mr. Wong worked in an international accounting firm specialising in initial public offerings. From 2004 to 2007, Mr. Wong was appointed the designated finance director and company secretary of Eagle Brand Holdings Limited, a company listed in the Singapore Stock Exchange (Stock code: E04). From 2007 to 2010, Mr. Wong was appointed the chief financial officer and company secretary of Xingfa Aluminum Holdings Limited, a company listed in the Hong Kong Stock Exchange (Stock code: 98). From 2010 to 2012, Mr. Wong was appointed a non-executive director of Xingfa Aluminum Holdings Limited. Since December 2012, Mr. Wong has been appointed as an alternate director and an alternate authorised representative to an executive director and the chairman of the board of Xingfa Aluminum Holdings Limited.

Mr. Ngai Hoi Ying (魏海鷹), aged 56, is an Independent Non-Executive Director; he was appointed to the Board on 30 December 2013. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009.

Biographical Details of Directors and Senior Management

Mr. Yue Kwai Wa Ken (余季華), aged 48, joined our Group on 30 December 2013. Mr. Yue has experience in accounting, auditing, corporate finance, business development, financial management, corporate advisory and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited (Stock Code: 8072) since 18 March 2011 and company secretary and compliance officer of Roma Group Limited since 26 September 2011. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited (Stock Code: 3838) since 5 September 2007.

SENIOR MANAGEMENT

Ms. Cheng Wing Sze (鄭泳絲), aged 32, is the chief financial officer of our Group. Ms. Cheng joined our Group on 19 March 2013; she is primarily responsible for supervising the account department, managing the overall cash flow and cash forecast and preparing financial reports for the Group. Ms. Cheng graduated from the Hong Kong Polytechnic University in 2003, with a bachelor's degree in accountancy. Ms. Cheng is currently a member of the Association of Chartered Certified Accountants. Prior to joining our Group, Ms. Cheng has approximately 10 years of experience in the accounting and finance field. Between 2003 and 2013, she worked at various C.P.A firms. In particular, from January 2007 to February 2013, Ms. Cheng worked at Deloitte Touche Tohmatsu; her last position was a manager.

Ms. Ho Sau Wan Ada (何秀雲), aged 47, is the shipping supervisor of our Group. Ms. Ho joined our Group on 2 July 2009 and is responsible for supervising shipping matters and carrying out inspection of goods. From May 1985 to April 1988, Ms. Ho worked at Kwun Wah Flower & Plant Manufactory Limited; her last position was a senior shipping clerk. From October 1990 to February 1994, Ms. Ho worked at Maersk Hong Kong Limited as a customer service representative. From February 1994 to September 2006, Ms. Ho worked at Bezalel Advertising Premiums Company as an assistant to director. From September 2006 to June 2009, Ms. Ho worked at Gartner Studio International Limited as a human resources manager.

Mr. Ma Min To (馬棉濤), aged 32, is the warehouse supervisor of our Group. Mr. Ma joined our Group on 4 October 2010 and is responsible for supervising logistic matters and the daily operation of the warehouse. From 2003 to 2010, Mr. Ma worked at Marathon Sports; his last position was a shop supervisor.

Biographical Details of Directors and Senior Management

COMPANY SECRETARY

Mr. Lee Kwok Wan (李國雲), aged 45, is the company secretary of the Company. Mr. Lee joined our Group on 10 December 2013. He graduated from Curtin University of Technology, Australia, in April 1999 with a bachelor's degree in commerce accounting. Mr. Lee also obtained a master's degree in business administration from Deakin University, Australia, in August 2007. He was admitted as an associate member of the Hong Kong Institute of Certified Public Accountant in April 2004, Certified Practicing Accountants of Australia in July 2003, Institute of Chartered Secretaries & Administrators in May and the Hong Kong Institute of Company Secretaries in May 2000. Prior to joining our Group, Mr. Lee had more than four years of experience as company secretary in three Hong Kong listed companies: from March 2007 to May 2008, Chung Tai Printing Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock code: 55); from May 2008 to October 2008, BEP International Holdings Company Limited, a company listed on the Hong Kong Stock Exchange (Stock code: 2326); and from March 2009 to December 2011, Mr. Lee worked at Kader Holdings Company Limited, a company listed on the Hong Kong Stock Exchange (Stock code: 180).

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF MAJOR HOLDINGS LIMITED
美捷滙控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Major Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 87, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	8	**281,434**	266,833
Cost of sales		**(219,080)**	(206,187)
Gross profit		**62,354**	60,646
Other income	10	**432**	3
Other gains and losses, net	11	**(312)**	(227)
Promotion, selling and distribution expenses		**(15,546)**	(14,513)
Administrative expenses		**(15,502)**	(13,826)
Other expenses	10	**(12,448)**	(1,815)
Finance costs	12	**(1,575)**	(1,362)
Profit before taxation		**17,403**	28,906
Income tax expense	13	**(4,610)**	(5,362)
Profit and total comprehensive income for the year attributable to owners of the Company	14	**12,793**	23,544
Earnings per share, basic (HK cents)	16	**13.24**	26.16

Consolidated Statement of Financial Position

As at 31 March 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**4,073**	12,656
Interest in a joint venture	18	**–**	–
		4,073	12,656
Current assets			
Inventories	19	**80,911**	85,614
Trade and other receivables, deposits and prepayments	20	**41,099**	55,374
Amounts due from related parties	21	**–**	5,853
Amount due from a shareholder	22	**–**	3,033
Pledged bank deposits	23	**5,593**	–
Bank balances and cash	23	**30,100**	27,772
		157,703	177,646
Current liabilities			
Trade and other payables, accrued charges and deposits received	24	**27,333**	43,705
Amount due to a related party	21	**–**	410
Amount due to a shareholder	22	**180**	107
Tax liabilities		**2,143**	2,480
Obligations under finance leases – due within one year	25	**473**	1,690
Bank borrowings	26	**8,584**	31,825
		38,713	80,217
Net current assets		**118,990**	97,429
Total assets less current liabilities		**123,063**	110,085

Consolidated Statement of Financial Position

As at 31 March 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Capital and reserves			
Issued capital	28	**1,200**	10
Reserves		**120,741**	103,866
Total equity		**121,941**	103,876
Non-current liabilities			
Obligations under finance leases – due after one year	25	**964**	5,392
Deferred tax liability	27	**158**	817
		1,122	6,209
		123,063	110,085

The financial statements on pages 36 to 87 were approved by the Board of Directors on 25 June 2014 and are signed on its behalf by:

CHEUNG CHUN TO
DIRECTOR

LEUNG CHI KIN JOSEPH
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Issued capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note ii)	Other reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2012	10	–	–	–	49,839	49,849
Profit and total comprehensive income for the year	–	–	–	–	23,544	23,544
Deemed contribution from Rouge & Blanc Wines Limited ("Rouge & Blanc") (Note i)	–	–	–	30,483	–	30,483
At 31 March 2013	10	–	–	30,483	73,383	103,876
Profit and total comprehensive income for the year	–	–	–	–	12,793	12,793
Dividend declared (note 15)	–	–	–	–	(22,550)	(22,550)
Effect of reorganisation	(10)	104,912	(104,902)	–	–	–
Capitalisation issue (note 28)	900	(900)	–	–	–	–
Issue of shares (note 28)	300	32,700	–	–	–	33,000
Transaction costs attributable to issue of shares	–	(5,178)	–	–	–	(5,178)
At 31 March 2014	1,200	131,534	(104,902)	30,483	63,626	121,941

Notes:

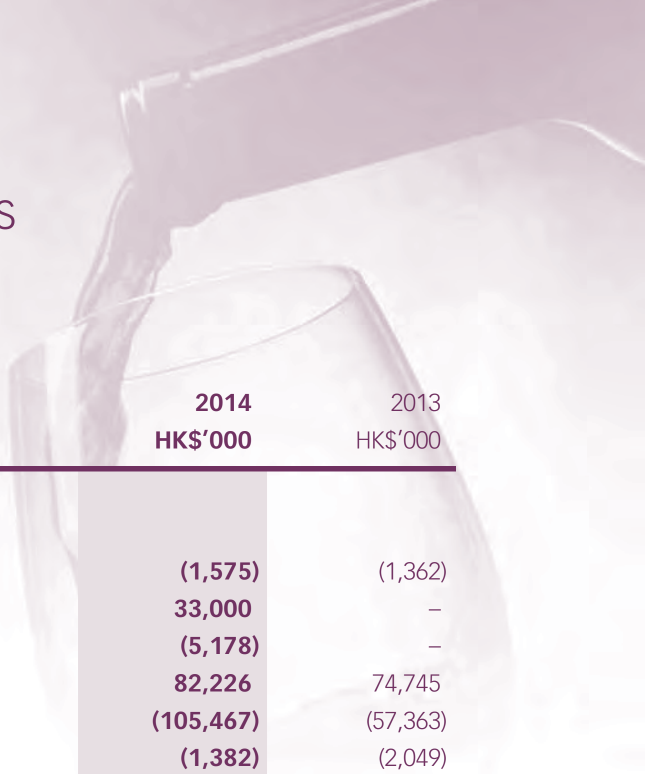
(i) Deemed contribution from Rouge & Blanc represents the waiver of amount due to Rouge & Blanc effective on 1 April 2012 which arosed from the transfer of wine and spirits products and furniture and fixtures from Rouge & Blanc to Major Cellar Company Limited ("Major Cellar"), a subsidiary to the Company on 31 March 2010. Rouge & Blanc is controlled by Mr. Cheung Chun To ("Mr. Cheung") and Mr. Leung Chi Kin Joseph ("Mr. Leung"), the directors and also the shareholders of the Company.

(ii) The capital reserve represents the difference between the nominal value of the share capital of Major Cellar at the date on which it was acquired by Beyond Elite Limited ("Beyond Elite") and the deemed consideration of HK$104,912,000 settled by issuance of 100 shares by the Company pursuant to the Reorganisation (as defined in note 2).

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**17,403**	28,906
Adjustments for:		
Depreciation of property, plant and equipment	**2,256**	2,061
Interest expenses	**1,575**	1,362
Interest income	**(1)**	(3)
Reversal of allowance for inventories, net	**(20)**	(2,399)
Impairment on amount due from a joint venture	**–**	10
Loss on disposal of property, plant and equipment	**166**	–
Loss on disposal of subsidiaries	**19**	–
Operating cash flows before movements in working capital	**21,398**	29,937
Decrease in inventories	**4,723**	12,075
Decrease in trade and other receivables, deposits and prepayments	**14,237**	6,726
Decrease in trade and other payables, accrued charges and deposits received	**(16,353)**	(2,917)
Decrease in amount due to a related party	**–**	(11,081)
Increase in amount due to a shareholder	**180**	–
Cash generated from operations	**24,185**	34,740
Income tax paid	**(5,606)**	(12,264)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**18,579**	22,476
INVESTING ACTIVITIES		
Interest received	**1**	3
Purchases of property, plant and equipment	**(39)**	(233)
Proceeds from disposal of property, plant and equipment	**1,937**	–
Advance to a joint venture	**–**	(10)
Advances to related parties	**(7,000)**	(5,835)
Advances to shareholders	**(7,877)**	(3,033)
Repayment from a shareholder	**954**	–
Repayment from a related party	**152**	–
Placement of pledged bank deposits	**(5,593)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(17,465)**	(9,108)



Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(1,575)**	(1,362)
Proceeds from issue of shares	**33,000**	–
Expenses on issue of shares	**(5,178)**	–
New borrowings raised	**82,226**	74,745
Repayment of borrowings	**(105,467)**	(57,363)
Repayment of obligations under finance leases	**(1,382)**	(2,049)
Repayment to a related party	**(410)**	–
Advance from a shareholder	**–**	143
Repayments to shareholders	**–**	(1,993)
NET CASH FROM FINANCING ACTIVITIES	**1,214**	12,121
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,328**	25,489
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**27,772**	2,283
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**30,100**	27,772

1. GENERAL

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

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

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

2. GROUP REORGANISATION

Before the completion of the corporate reorganisation, Major Cellar was ultimately owned by Mr. Cheung and Mr. Leung (collectively referred to as the "Shareholders") as to 51% and 49% respectively through two investment holding companies. Pursuant to the corporate reorganisation, which was completed by interspersing Beyond Elite and the Company between the Shareholders and Major Cellar, the Company became the holding company of the companies now comprising the Group on 28 August 2013 (the "Reorganisation"). The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 March 2013 and 2014 and the consolidated statement of financial position as at 31 March 2013 are prepared as if the current group structure (including Nation Bond Inc. Limited ("Nation Bond") and 汕尾市國邦興服裝有限公司 (in English, Shan Wei City Guobangxing Company Limited ("Guobangxing")) which were disposed of on 31 May 2013 as set out in note 31) had been in existence throughout the years ended 31 March 2013 and 2014, or since the date of incorporation of the relevant entity, where this is a shorter period.

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

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 March 2014, the Group has adopted all the HKFRSs which are effective for the financial year beginning 1 April 2013.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[6]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[3]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[3]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[3]
HKFRS 9	Financial instruments[4]
HKFRS 14	Regulatory deferral accounts[5]
HK(IFRIC) – Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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".

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies are set out below.

Basis of consolidation

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

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies.

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

Loss of control of a subsidiary

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in a joint venture that has not been classified as held for sale is accounted for using equity method.

Upon disposal or partial disposal of the Group's interest in a joint venture in which the Group lost joint control and discontinued the use of equity method, any retained interest that is within the scope of HKAS 39 is measured at fair value on that date, the difference between the carrying amount of the joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the joint venture.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessee

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

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 on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity, and will be reclassified from equity to profit or loss upon disposal of the foreign operation.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

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

Taxation

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties and a shareholder, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loan and receivable, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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 group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

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

Impairment on tangible assets

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

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Allowances provided for inventories

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

Net reversal of allowance for inventories of HK$20,000 (2013: HK$2,399,000) were made for the year ended 31 March 2014. The carrying amount of inventories is HK$80,911,000 (2013: HK$85,614,000) as at 31 March 2014.

Allowances for bad and doubtful debts

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

No allowance for bad and doubtful debts was made for both years ended 31 March 2014 and 2013. The carrying amount of trade receivable is HK$19,379,000 (2013: HK$12,565,000) as at 31 March 2014.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes amount due to a shareholder and bank borrowings as disclosed in notes 22 and 26, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and accumulated profits.

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

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**56,175**	50,817
Financial liabilities		
Amortised cost	**20,239**	40,491

Financial risk management objectives and policies

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

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Currency risk

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

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

	Bank balances and cash		Pledged bank deposits		Trade payables	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Euro	**254**	2	**–**	–	**907**	276
Great British Pound	**52**	6	**–**	–	**335**	452
Swiss Franc	**3**	3	**–**	–	**173**	982
United States Dollar	**77**	28	**–**	–	**404**	1,492
Renminbi ("RMB")	**27**	–	**5,513**	–	**–**	–

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

Sensitivity analysis

As at 31 March 2014 and 2013, the monetary assets and monetary liabilities denominated in foreign currencies other than RMB are insignificant. No sensitivity analysis is presented.

The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against RMB for the year ended 31 March 2014. 5% is the sensitivity rate used which represents directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency exchange rates. A positive number below indicates an increase in post-tax profit for the year where RMB strengthen 5% against HK$. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the post-tax profit for the year and the balances below would be negative.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)
Currency risk (continued)
Sensitivity analysis (continued)

	Increase in post-tax profit for the year ended 31 March 2014 HK$'000
RMB impact	**230**

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk
The Group is exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases (note 25) and fixed-rate bank borrowings (note 26).

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances as well as floating-rate bank borrowings (note 26).

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

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

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Sensitivity analysis

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

The sensitivity analyses below have been determined based on the exposure to interest rates of the Group's floating-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of each reporting period was outstanding for the whole year. A 100 basis points (2013: 100 basis points) increase or decrease is used which represents directors assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would decrease/increase by HK$72,000 (2013: decrease/increase by HK$136,000).

Credit risk

As at 31 March 2014, the Group's credit risk is primarily attributable to trade receivables, bank balances and pledged bank deposits. As at 31 March 2013, the Group's credit risk was primarily attributable to trade receivables, amount due from a related party, amount due from a shareholder, bank balances and pledged bank deposits.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each reporting period and financial guarantee provided by the Group to a related party set out in note 34.

The Group has concentration of credit risk as 32% (2013: 46%) of the total trade receivables were due from the Group's major customer which is a private entity operating in both Hong Kong and the People's Republic of China (the "PRC") as at 31 March 2014 (2013: an individual wine collector). The directors of the Company considered that the credit risk of trade receivables is insignificant after considering the credit quality and financial ability of these customers.

The Group has concentration of credit risk as 51% (2013: 54%) of the total trade deposits were placed to the Group's largest supplier as at 31 March 2014. The directors of the Company considered that the credit risks of trade deposits placed are low after considering the good trading relationship with this supplier and the long history of business development of this supplier.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk, the directors of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. For the financial guarantee, the guarantee is provided to a related company and the directors of the Company continuously monitors the credit quality and financial condition of the guaranteed party that the Group issued financial guarantee contract in favour of to ensure that the Group will not suffer significant credit losses as a result of the failure of the guaranteed party on the repayment of the relevant loans. In addition, the guaranteed loan is secured by a property. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The guarantee has been released on 23 May 2013.

As at 31 March 2013, the Group had concentration of credit risk on amount due from a related party and amount due from a shareholder amounted to HK$5,835,000 and HK$3,033,000, respectively. The amounts were substantially settled by net settlement agreements executed on 27 August 2013. Details are set out in note 33.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows. As at 31 March 2014, the Group has available unutilised short-term bank loan facilities of approximately HK$12,532,000 (2013: HK$3,732,000).

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

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

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2014						
Non-derivative financial liabilities						
Trade and other payables and accrued charges	N/A	11,475	–	–	11,475	11,475
Amount due to a shareholder	N/A	180	–	–	180	180
Obligations under finance leases	3.44	559	559	427	1,545	1,437
Bank borrowings						
– floating-rate	4.93	8,584	–	–	8,584	8,584
		20,798	559	427	21,784	21,676
As at 31 March 2013						
Non-derivative financial liabilities						
Trade and other payables and accrued charges	N/A	8,149	–	–	8,149	8,149
Amounts due to related parties	N/A	410	–	–	410	410
Amounts due to shareholders	N/A	107	–	–	107	107
Obligations under finance leases	3.27	1,956	1,939	4,072	7,967	7,082
Bank borrowings						
– fixed-rate	4.40	15,557	–	–	15,557	15,557
– floating-rate	5.85	16,268	–	–	16,268	16,268
Financial guarantee contract	N/A	85,000	–	–	85,000	–
		127,447	1,939	4,072	133,458	47,573

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2014, the aggregate carrying amounts of these bank borrowings amounted to HK$8,584,000 (2013: HK$31,825,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to HK$9,007,000 (2013: HK$33,195,000) for bank borrowings as at 31 March 2014.

For the purpose of managing liquidity risk, the directors of the Company review the expected cash flows information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowings agreements and set out in the table below:

	Weighted average effective interest rate %	Less than 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Bank borrowings:						
As at 31 March 2014						
– floating-rate	**4.93**	**9,007**	**–**	**–**	**9,007**	**8,584**
As at 31 March 2013						
– fixed-rate	4.40	14,700	235	1,153	16,088	15,557
– floating-rate	5.85	17,107	–	–	17,107	16,268
		31,807	235	1,153	33,195	31,825

The amounts included above for financial guarantee contract are the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

7. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

Fair value

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

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

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

8. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 4. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

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

	2014 **HK$'000**	2013 HK$'000
Red wine	**265,474**	252,666
White wine	**6,004**	7,606
Sparkling wine	**2,349**	2,549
Spirits	**6,779**	3,198
Wine accessory products	**744**	750
Other products	**84**	64
	281,434	266,833

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and the Group's property, plant and equipment amounting to HK$4,073,000 (2013: HK$12,656,000) as at 31 March 2014 are all located in Hong Kong by physical location of assets.

8. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

There is one customer contributing over 10% of total revenue of the Group and is as follows:

	2014 HK$'000	2013 HK$'000
Customer A	**43,870**	41,529

9. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 7 (2013: 3) directors of the Company were as follows:

		Other emoluments		
	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2014				
Executive directors				
Mr. Cheung (Note i)	**–**	**910**	**15**	**925**
Mr. Leung	**–**	**925**	**15**	**940**
Mr. Cheung Chun Pang (Note ii)	**–**	**60**	**2**	**62**
Ms. Cheung Wing Shun ("Ms. Cheung") (Note iii)	**–**	**120**	**15**	**135**
Independent non-executive directors				
Mr. Wong Siu Ki (Note iii)	**30**	**–**	**–**	**30**
Mr. Ngai Hoi Ying (Note iii)	**30**	**–**	**–**	**30**
Mr. Yue Kwai Wa Ken (Note iii)	**30**	**–**	**–**	**30**
Total	**90**	**2,015**	**47**	**2,152**
2013				
Executive directors				
Mr. Cheung	–	1,422	15	1,437
Mr. Leung	–	1,439	15	1,454
Mr. Cheung Chun Pang (Note ii)	–	–	–	–
Total	–	2,861	30	2,891

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

Directors' emoluments (continued)

Notes:

(i) Mr. Cheung is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(ii) Mr. Cheung Chun Pang was appointed on 23 May 2012.

(iii) The executive director, Ms. Cheung and the independent non-executive directors, Mr. Wong Siu Ki, Mr. Ngai Hoi Ying and Mr. Yue Kwai Wa Ken, were appointed on 30 December 2013.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. No director of the Company has waived any remuneration during the year ended 31 March 2014 and 2013. During the year ended 31 March 2013, Mr. Cheung and Mr. Leung waived the bonus payment of HK$2,000,000 and HK$1,000,000 for the year ended 31 March 2012, respectively.

Employees' emoluments

Of the five individuals with the highest emoluments, two (2013: two) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining three (2013: three) highest paid individuals for the year ended 31 March 2014, which was individually less than HK$1,000,000, were as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other benefits	**1,379**	1,322
Bonuses	**–**	321
Contributions to retirement benefit schemes	**42**	44
	1,421	1,687

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

10. OTHER INCOME/OTHER EXPENSES

	2014 HK$'000	2013 HK$'000
Other income		
Bank interest income	1	3
Others	431	–
	432	3
Other expenses		
Listing expenses	12,216	1,580
Others	232	235
	12,448	1,815

11. OTHER GAINS AND LOSSES, NET

	2014 HK$'000	2013 HK$'000
Loss on disposal of property, plant and equipment	(166)	–
Loss on disposal of subsidiaries (note 31)	(19)	–
Net foreign exchange losses	(127)	(217)
Impairment on amount due from a joint venture	–	(10)
	(312)	(227)

12. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	1,347	1,146
Obligations under finance leases	228	216
	1,575	1,362

13. INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Hong Kong Profits Tax:		
Current year	5,558	4,923
(Over) underprovision in prior years	(289)	104
	5,269	5,027
Deferred tax (note 27)		
Current year	(659)	335
	4,610	5,362

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

No provision for PRC Enterprise Income Tax has been made as the subsidiary was inactive for both years.

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

	2014 HK$'000	2013 HK$'000
Profit before taxation	17,403	28,906
Tax at the profits tax rate of Hong Kong of 16.5%	2,871	4,769
Tax effect of income not taxable for tax purpose	(11)	–
Tax effect of expenses not deductible for tax purpose	2,129	499
(Over) underprovision in respect of prior years	(289)	104
Others	(90)	(10)
Income tax expense for the year	4,610	5,362

In March 2014, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on a subsidiary of the Company for the years of assessment from 2009/10 onwards. The IRD has commenced to obtain information and documents from the Group for the purpose of this tax audit. The scope and outcome of the tax audit cannot be readily ascertained at this stage. The directors of the Company believe that no significant amount of additional profits tax will be payable by the Group in respect of the Company and the relevant subsidiary and no provision for additional Hong Kong profits tax is necessary.

14. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2014 **HK$'000**	2013 HK$'000
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**600**	200
Directors' remuneration (note 9)		
Directors' fee	**90**	–
Salaries and other emoluments	**2,015**	2,861
Retirement benefits scheme contributions	**47**	30
Less: bonuses waived	**–**	(3,000)
	2,152	(109)
Other staff costs:		
Salaries and other benefits	**7,343**	7,539
Sales commission	**1,951**	1,293
Retirement benefits scheme contributions	**531**	299
Total staff costs	**11,977**	9,022
Depreciation of property, plant and equipment	**2,256**	2,061
Cost of inventories recognised as cost of sales	**219,080**	206,187
Including: Reversal of allowance for inventories, net	**(20)**	(2,399)
Operating lease payments in respect of office premises, warehouses and retail shop	**5,726**	5,758

15. DIVIDEND

Prior to the Reorganisation, during the year ended 31 March 2014, Major Cellar declared total dividends of HK$22,550,000 to its then shareholders.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2014 of HK8 cents per share, amounting to HK$9,600,000, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

16. EARNINGS PER SHARE

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

	2014 **HK$'000**	2013 HK$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**12,793**	23,544

	2014	2013
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**96,657,600**	90,000,000

The calculation of the weighted average number of shares outstanding during the years ended 31 March 2014 and 2013 have been adjusted for the effect of the Reorganisation and the Capitalisation Issue (as defined in note 28).

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

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office computers HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 202	2,440	816	1,723	4,329	9,308
Additions	181	24	28	6,935	7,168
At 31 March 2013	2,621	840	1,751	11,264	16,476
Additions	–	39	–	–	39
Disposals	–	–	–	(8,020)	(8,020)
At 31 March 2014	2,621	879	1,751	3,244	8,495
DEPRECIATION					
At 1 April 2012	475	258	654	372	1,759
Provided for the year	511	167	348	1,035	2,061
At 31 March 2013	986	425	1,002	1,407	3,820
Provided for the year	533	183	369	1,171	2,256
Eliminated on disposals	–	–	–	(1,654)	(1,654)
At 31 March 2014	1,519	608	1,371	924	4,422
CARRYING VALUES					
At 31 March 2014	1,102	271	380	2,320	4,073
At 31 March 2013	1,635	415	749	9,857	12,656

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

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

At 31 March 2014, the carrying values of motor vehicles included an amount of approximately HK$1,973,000 (2013: HK$9,441,000) in respect of assets held under finance leases.

18. INTEREST IN A JOINT VENTURE

	2014	2013
	HK$'000	HK$'000
Cost of unlisted investment in a joint venture	**–**	5
Share of post-acquisition losses	**–**	(5)
	–	–

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Form of entity	Place of incorporation	Class of capital	Proportion of nominal value of paid up capital attributable to the Group		Proportion of voting rights attributable to the Group		Principal activities
				2014	2013	**2014**	2013	
Major Aim Limited ("Major Aim")	Limited liability company	Hong Kong	Ordinary shares	**-**	50	**-**	50	Inactive

Major Aim was engaged in sale and distribution of premium wine and spirits products before it became inactive. 50% equity interest was held by Mr. Leung on behalf of Major Cellar through a declaration of trust agreement. The declaration of trust agreement was terminated on 3 July 2013. No gain or loss arose from the loss of joint control of Major Aim.

18. INTEREST IN A JOINT VENTURE (continued)

The summarised financial information in respect of the assets, liabilities, income and expenses related to the Group's interest in Major Aim, which is accounted for using equity method, are set out below:

	2014 **HK$'000**	2013 HK$'000
Current assets	**–**	–
Current liabilities	**–**	685
Revenue recognised in profit or loss	**–**	–
Other income recognised in profit or loss	**–**	–
Expenses recognised in profit or loss	**–**	3

The Group has discontinued recognition of its share of losses of Major Aim. The amounts of unrecognised share of losses of Major Aim, during the year ended 31 March 2014 and 2013 and cumulatively, are as follows:

	2014 **HK$'000**	2013 HK$'000
Unrecognised share of losses of Major Aim for the year	**–**	3
Accumulated unrecognised share of losses of Major Aim	**–**	685

19. INVENTORIES

	2014 HK$'000	2013 HK$'000
Premium wines and spirits products	**80,006**	84,501
Wine accessory products	**887**	1,088
Other products	**18**	25
	80,911	85,614

The net reversal of allowance for inventories of HK$20,000 (2013: HK$2,399,000) included an allowance for inventories of HK$1,455,000 (2013: HK$963,000) and a reversal of allowance for inventories of HK$1,475,000 (2013: HK$3,362,000) respectively. The reversal of allowance for inventories had been recognised for the sales of inventories, in which allowance has been made in prior years, at cost or above during the year ended 31 March 2014.

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 HK$'000	2013 HK$'000
Trade receivables from third parties	**19,379**	12,565
Trade deposits paid	**18,269**	38,439
Other receivables and prepayments	**3,451**	4,370
Total trade and other receivables, deposits and prepayments	**41,099**	55,374

Generally, no credit period is offered to walk-in customers at retail shop. The credit period granted to long term and wholesale customers with good business relationship with the Group ranged up to 90 days. Trade receivables from third parties mainly represent receivables from customers in relation to the sales of premium wine and spirits products.

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

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

	2014 HK$'000	2013 HK$'000
0 to 30 days	**8,778**	11,133
31 to 60 days	**9,739**	266
61 to 90 days	**188**	107
Over 90 days	**674**	1,059
	19,379	12,565

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

Included in the Group's trade receivables are debtors with a carrying amount of HK$2,398,000 (2013: HK$4,870,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there were subsequent settlement or no historical default of payments by the respective customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 73 days (2013: 53 days).

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

	2014 HK$'000	2013 HK$'000
0 to 30 days	**1,076**	3,438
31 to 60 days	**460**	266
61 to 90 days	**188**	107
Over 90 days	**674**	1,059
	2,398	4,870

21. AMOUNTS DUE FROM/TO RELATED PARTIES

	2014 **HK$'000**	2013 HK$'000
Amounts due from related companies:		
Major Talent Limited ("Major Talent") (Note i)	–	18
Major Investment Holding Limited ("Major Investment") (Note ii)	–	5,835
	–	5,853

Notes:

(i) Major Talent was controlled by Mr. Leung and Mr. Cheung, the Shareholders and Mr. Leung was the sole director of Major Talent. The balance is non-trade nature, unsecured, non-interest bearing and repayable on demand. The amount was fully settled during the year ended 31 March 2014.

(ii) Major Investment is controlled by Mr. Cheung, one of the Shareholders. The balance is non-trade nature, unsecured, non-interest bearing and repayable on demand. The balance was substantially settled by net settlement agreements executed on 27 August 2013. Details are set out in note 33.

Maximum amount of the non-trade balances outstanding during the respective year:

	2014 **HK$'000**	2013 HK$'000
Amounts due from related companies:		
Major Talent	**18**	18
Major Investment	**12,835**	5,835
	12,853	5,853

	2014 **HK$'000**	2013 HK$'000
Amount due to a close family member of Mr. Leung (Note)	–	410

Note: The amount was non-trade nature, unsecured, non-interest bearing and repayable on demand. The amount was fully settled during the year ended 31 March 2014.

22. AMOUNTS DUE FROM/TO SHAREHOLDERS

	2014	2013
	HK$'000	HK$'000
Amount due from a shareholder of the Company:		
Mr. Cheung (Note)	**–**	3,033
Amount due to a shareholder of the Company:		
Mr. Leung (Note)	**180**	107

Notes:

(i) As at 31 March 2013, the amounts were non-trade nature, unsecured, non-interest bearing and repayable on demand.

(ii) As at 31 March 2014, the amount represented rental payable and was unsecured, non-interest bearing and repayable on demand.

Maximum amount of the non-trade balances outstanding during the respective year.

	2014	2013
	HK$'000	HK$'000
Amounts due from shareholders		
Mr. Cheung	**3,033**	3,033
Mr. Leung	**6,896**	–
	9,929	3,033

The balances due from/to shareholders as at 31 March 2013 were substantially settled by net settlement agreements executed on 27 August 2013. Details are set out in note 33.

23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 March 2014, bank balances carry interest at average market rates of 0.02% (2013: 0.02%) per annum. The pledged bank deposits carry fixed interest rates ranged from 0.92% to 2.70% per annum.

As at 31 March 2014, pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$5,593,000 have been pledged to secure undrawn facilities and are therefore classified as current assets. The Group did not have any pledged bank deposits as at 31 March 2013.

24. TRADE AND OTHER PAYABLES, ACCRUED CHARGES AND DEPOSITS RECEIVED

	2014 HK$'000	2013 HK$'000
Trade payables	**4,757**	6,438
Trade deposits received	**15,858**	35,556
Other payables and accrued charges	**6,718**	1,711
	27,333	43,705

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

	2014 HK$'000	2013 HK$'000
0 to 30 days	**2,156**	3,328
31 to 60 days	**433**	697
61 to 90 days	**389**	1,365
Over 90 days	**1,779**	1,048
	4,757	6,438

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**559**	1,956	**473**	1,690
In the second to fifth year inclusive	**986**	6,011	**964**	5,392
	1,545	7,967	**1,437**	7,082
Less: Future finance charges	**(108)**	(885)	**–**	–
Present value of lease obligations	**1,437**	7,082	**1,437**	7,082
Less: Amounts due for settlement within one year (shown as current liabilities)			**(473)**	(1,690)
Amounts due for settlement after one year			**964**	5,392

The Group leased certain of its motor vehicles under finance leases. The lease term was ranged from 3 to 5 years (2013: 3 to 5 years). The average borrowing rate was 3.44% (2013: 3.27%) per annum as at 31 March 2014. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangement was entered into for contingent rental payments. During the year ended 31 March 2014, obligations under finance leases with an aggregate balance of approximately HK$4,263,000 have been released upon disposal of motor vehicles to Major Investments as set out in note 33.

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

26. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Secured import loans	–	16,268
Unsecured import loans	3,662	–
Secured bank loans	–	15,557
Unsecured bank loans	4,922	–
	8,584	31,825
Carrying amount repayable*:		
Within one year	8,584	30,564
More than one year, but not exceeding two years	–	197
More than two years, but not more than five years	–	629
More than five years	–	435
	8,584	31,825

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

As at 31 March 2014 and 2013, all the bank borrowings contain a repayment on demand clause and accordingly are shown under current liabilities.

As at 31 March 2014, the unsecured bank borrowings are guaranteed by the Company. As at 31 March 2013, the secured bank borrowings are secured by the properties of Mr. Leung, one of the Shareholders, and personal guarantee from Mr. Cheung and Mr. Leung, the Shareholders and a close family member of Mr. Leung.

Borrowings comprise:

	2014 HK$'000	2013 HK$'000
Fixed-rate borrowings	–	15,557
Floating-rate borrowings	8,584	16,268
	8,584	31,825

26. BANK BORROWINGS (continued)

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

	2014	2013
Effective interest rate (per annum):		
Fixed-rate borrowings	**N/A**	3.25% – 7.75%
Floating-rate borrowings	**4.25% – 6.50%**	5.25% – 6.50%

27. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation HK$'000
At 1 April 2012	482
Charge to profit or loss (note 13)	335
At 31 March 2013	817
Credit to profit or loss (note 13)	(659)
At 31 March 2014	158

28. ISSUED CAPITAL

The Group

For the purpose of this report, the issued capital of the Group as at 1 April 2012 and 31 March 2013 represents the share capital of Major Cellar. The issued capital of the Group as at 31 March 2014 represents the share capital of the Company.

The Company

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 2 April 2013 (date of incorporation) (Note i)	10,000,000	100
Increase on 30 December 2013 (Note iii)	990,000,000	9,900
	1,000,000,000	10,000
Issued:		
At 2 April 2013 (date of incorporation) (Note i)	1	–
Issue of new shares for cash (Note i)	99	–
Issue of new shares on Reorganisation (Note ii)	100	–
Capitalisation Issue (Note iv)	89,999,800	900
Issue of new shares upon listing (Note v)	30,000,000	300
At 31 March 2014	120,000,000	1,200

28. ISSUED CAPITAL (continued)

Notes:

(i) On 2 April 2013, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each. Upon its incorporation, 1 subscriber share was allotted and issued to Mr. Cheung. On the same day, the Company allotted and issued 50 and 49 shares to Mr. Cheung and Mr. Leung respectively for cash at par.

(ii) On 28 August 2013, to effect the Reorganisation (as set out in note 2), 51 and 49 shares were allotted, issued, credited as fully paid to Silver Tycoon Limited ("Silver Tycoon"), a limited company wholly owned by Mr. Cheung, and High State Investments Limited ("High State Investments"), a limited company wholly owned by Mr. Leung, respectively.

(iii) Pursuant to the written resolutions passed by the shareholders on 30 December 2013, the authorised share capital of the Company was increased from HK$100,000 divided into 10,000,000 ordinary shares to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of additional 990,000,000 new ordinary shares which shall, when issued and paid, rank pari passu in all respects with the existing issued ordinary shares.

(iv) Pursuant to the written resolutions passed by the shareholders on 8 January 2014, a sum of HK$899,998 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 45,899,898 new shares and 44,099,902 new shares for allotment and issue to Silver Tycoon and High State Investments, respectively (the "Capitalisation Issue").

(v) On 10 January 2014, the Company placed 30,000,000 shares at HK$1.10 per share for a total gross proceeds of HK$33,000,000. The proceeds will be used to finance the implementation of the business plans as set forth in the section headed "Statement of Business Objectives and Use of Proceeds" of the prospectus of the Company dated 6 January 2014.

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2014.

29. OPERATING LEASE COMMITMENTS

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

	2014	2013
	HK$'000	HK$'000
Within one year	**3,138**	4,887
In the second to fifth year inclusive	**–**	1,476
	3,138	6,363

The Group leases its office premises, warehouses and retail shop under operating lease arrangements. Leases for office premises, warehouses and retail shop are negotiated for fixed terms ranged from 1 to 3 years.

30. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement benefit plan for all qualifying employees in Hong Kong. The Group and the employees shall make contributions based on a percentage of the employee's basic salary with a cap of HK$1,250 per month starting from 1 June 2012 (prior to 1 June 2012: HK$1,000) and charged to profit or loss as they become payable in accordance with the rules of Mandatory Provident Fund Scheme. The assets of the plan are held separately from those of the Group in funds under the control of trustees.

31. DISPOSAL OF SUBSIDIARIES

On 31 May 2013, Major Cellar disposed of its 99% and 1% equity interests in Nation Bond to an independent third party and Major Investment for a consideration of HK$99 and HK$1 respectively. Guobangxing was wholly-owned by Nation Bond at the date of disposal. The net assets of Nation Bond and its subsidiary at the date of disposal were as follows:

Consideration transferred

	HK$'000
Cash consideration	–

Analysis of assets and liabilities over which control was lost

	HK$'000
Other receivables and prepayments	38
Accruals and other payables	(19)
Net assets disposed of	19

Loss on disposal of subsidiaries

	HK$'000
Consideration received	–
Net assets disposed of	(19)
Loss on disposal	(19)

32. RELATED PARTY TRANSACTIONS

Other than the termination of the trust arrangement in relation to Major Aim, the balances with related parties and shareholders, security and guarantee provided by the Shareholders and a close family member of a shareholder for the Group's bank borrowings, disposal of subsidiaries, and guarantee provided to a related party as disclosed in notes 18, 21, 22, 26, 31 and 34, respectively, the Group had the following related party transactions:

	2014 **HK$'000**	2013 HK$'000
Sales to related parties		
– Mr. Cheung	**81**	403
– Mr. Leung	**817**	349
– Ms. Cheung	**6**	–
– Major Watch Company Limited ("Major Watch") (Note i)	**94**	–
	998	752
Rental expense in respect of warehouse paid to Mr. Leung, one of the Shareholders (Note ii)	**300**	300
Sale proceeds on disposal of motor vehicles received from a related party, Major Investment	**6,200**	–
Settlement from customers received by a related party, Major Investment, on behalf of the Group	**–**	30,722
Settlement to suppliers paid by a related party, Major Investment, on behalf of the Group	**–**	43,057

Notes:

(i) Major Watch is a private limited company owned by one of the Shareholders.

(ii) As at 31 March 2014, the Group had commitments for future minimum lease payments in respective of warehouse to Mr. Leung amounting to HK$25,000 (2013: HK$25,000) within one year.

32. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management which were determined by reference to the Group's performance during the years ended 31 March 2014 and 2013 were as follows:

	2014 **HK$'000**	2013 HK$'000
Short-term benefits	**3,437**	4,040
Less: Bonus waived	**–**	(3,000)
Post-employment benefits	**84**	58
	3,521	1,098

During the year ended 31 March 2013, Mr. Cheung and Mr. Leung waived bonus payment of HK$2,000,000 and HK$1,000,000 for the year ended 31 March 2012, respectively.

33. MAJOR NON-CASH TRANSACTIONS

On 27 August 2013, Major Cellar, a subsidiary of the Company has entered into agreements with Mr. Cheung, Mr. Leung and Major Investment to net settle the balances among the Group, Mr. Cheung, Mr. Leung and Major Investment (the "Net Settlement Agreements"). Pursuant to the Net Settlement Agreements, the balances being net settled are summarised as follows:

(a) The Group's dividend payable to Mr. Cheung of HK$11,500,000

(b) The Group's dividend payable to Mr. Leung of HK$11,050,000

(c) The Group's amount due from Major Investment of HK$12,701,000

(d) The Group's amount due from Mr. Cheung of HK$2,953,000

(e) The Group's amount due from Mr. Leung of HK$6,896,000

Upon the completion of the net settlements mentioned above, amount due from a related party decreased by HK$12,701,000 and amounts due to shareholders decreased by HK$12,701,000.

During the year ended 31 March 2014, obligations under finance leases of approximately HK$4,263,000 have been released upon disposal of motor vehicles to Major Investment at a total consideration of HK$6,200,000, in which amount of HK$1,937,000 is settled by cash.

During the year ended 31 March 2013, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of HK$6,935,000.

34. CONTINGENT LIABILITIES

On 2 July 2012, Major Cellar provided corporate guarantee to a bank in respect of secured banking facilities granted to Major Investment for HK$85,000,000 which is also secured by a property owned by Mr. Cheung, one of the Shareholders. The directors of the Company considered that the fair value of the financial guarantee provided by Major Cellar is insignificant on initial recognition and as at 31 March 2013. On 23 May 2013, the corporate guarantee provided by Major Cellar was released by the bank.

35. FINANCIAL INFORMATION OF THE COMPANY

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

	Notes	**2014** **HK$'000**
Non-current assets		
Unlisted investments		**107,325**
Amount due from a subsidiary	i	**18,121**
		125,446
Current assets		
Other receivables and prepayments		**17**
Current liabilities		
Other payables and accrued charges		**4,450**
Net current liabilities		**(4,433)**
Total assets less current liabilities		**121,013**
Capital and reserves		
Share capital		**1,200**
Reserves	ii	**119,813**
		121,013

Particulars of the principal subsidiaries of the Company at 31 March 2014 are set out in note 36.

35. FINANCIAL INFORMATION OF THE COMPANY (continued)

Notes:

(i) Amount due from a subsidiary

The amount is unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amounts will not be repaid in the next three years from 31 March 2014 and the amount is therefore shown as non-current asset. The effective interest rate of the amount is 4.25% per annum.

(ii) Reserves of the Company

	Share premium HK$'000	Accumulated loss HK$'000	Total HK$'000
At 2 April 2013 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(11,721)	(11,721)
Effect of Reorganisation	104,912	–	104,912
Capitalisation Issue	(900)	–	(900)
Issue of shares	32,700	–	32,700
Transaction costs attributable to issue of shares	(5,178)	–	(5,178)
At 31 March 2014	131,534	(11,721)	119,813

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2014 are as follows:

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting right owned by the Group 2014 %	2013 %	Principal activities
Beyond Elite	British Virgin Islands	Hong Kong	Ordinary USD 1	**100**	–	Investment holding
Major Cellar	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	100	Sale and distribution of premium wine and spirits products
Nation Bond	Hong Kong	N/A	Ordinary HK$100	**–**	100	Inactive
Guobangxing	The People's Republic of China	N/A	Registered capital HK$7,900,000	**–**	100	Inactive

Financial Summary

For the year ended 31 March 2014

RESULTS

	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Turnover	333,367	266,833	**281,434**
Profit before taxation	9,025	28,906	**17,403**
Income tax expense	(1,623)	(5,362)	**(4,610)**
Profit for the year	7,402	23,544	**12,793**

ASSETS AND LIABILITIES

	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Total assets	167,240	190,302	**161,776**
Total liabilities	(117,391)	(86,426)	**(39,835)**
Total equity	49,849	103,876	**121,941**