MAJOR
HOLDINGS LIMITED

美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8209

ANNUAL REPORT 2015

* 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.

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.

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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. Chan Yee Tak (HKICPA)

Compliance officer
Ms. Cheung Wing Shun

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

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

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

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

Compliance adviser
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 2015.

A YEAR IN REVIEW

During the year ended 31 March 2015, the occurrence of some incidents such as "occupy central" and "protest against parallel traders" challenged the retail industry of Hong Kong. However, given customers' interest in premium quality and exceptional products' collections, customer loyalty and our management team's nimble adaptation to market shifts, we consider that the Group was able to maintain its sales revenue at a satisfactory level compared with the overall Hong Kong retail industry.

I am pleased to inform you that during the financial year ended 31 March 2015, the Group generated a total revenue of approximately HK$268.4 million, representing a slight drop of approximately 4.6% as compared with the same period last year. Profit and total comprehensive income for the year attributable to owners of the Company increased by approximately 88.3% to approximately HK$24.1 million with earnings per share of approximately HK2.51 cents. The Board of the Company has resolved to recommend the payment of a final dividend of HK1 cent per share of the Company, which is subject to the approval of the shareholders of the Company in the forthcoming annual general meeting of the Company.

We aim to step up to the challenge of building an even larger and more influential presence in the marketplace.

GOING FORWARD

The global economy outlook is improving with the PRC government's effort to enhance economic stability. Asia is expected to continue to power ahead in the global luxury retail industry. 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 have developed a taste for premium brands and are now broadening an appreciation for what the world has to offer.

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

A NOTE OF APPRECIATION

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

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 13 May 2015

Management Discussion and Analysis

BUSINESS REVIEW

Hong Kong's retail markets remain challenging. During the year ended 31 March 2015, the Group's revenue decreased by approximately 4.6% to approximately HK$268.4 million (2014: HK$281.4 million). The decrease was mainly due to the shift of demand from high-end fine wine to less expensive fine wine during the year ended 31 March 2015 which was partially offset by the increase in sales of rare and collectible and premium high-end wine and spirits.

The Group operates two retail shops in Hong Kong, one in Tsimshatsui and one in Causeway Bay. The Group's main priority is creating and sustaining brand value among its discerning customers. In order to reinforce the Group's brand leadership, it has also conducted a number of brand enhancement activities, such as organising and participating in wine tasting activities, as well as participating in wine exhibitions.

The management believes that Chinese consumers in Hong Kong will remain to be the driver of growth in the global luxury retail market as they strive to pursue a better lifestyle by purchasing luxury products.

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

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 4.6% from approximately HK$281.4 million for the year ended 31 March 2014 to approximately HK$268.4 million for the year ended 31 March 2015. The decrease was mainly due to the shift of demand from high-end fine wine to less expensive fine wine during the year ended 31 March 2015 which was partially offset by the increase in sales of rare and collectible and premium high-end wine and spirits.

Gross profit

Gross profit of the Group decreased by approximately 3.0% from approximately HK$62.4 million for the year ended 31 March 2014 to approximately HK$60.5 million for the year ended 31 March 2015. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2015. The gross profit margin slightly improved from approximately 22.2% for the year ended 31 March 2014 to approximately 22.5% for the year ended 31 March 2015, which was a result of the increase in sales of rare and collectible and premium high-end wine and spirits.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 0.7% from approximately HK$15.5 million for the year ended 31 March 2014 to approximately HK$15.4 million for the year ended 31 March 2015. The change was mainly attributable to the increase in operating lease payment in respect of retail shops and warehouse and decrease in the transportation costs.

Administrative expenses of the Group increased by approximately 5.6% from approximately HK$15.5 million for the year ended 31 March 2014 to approximately HK$16.4 million for the year ended 31 March 2015. The increase was mainly attributable to the increase in legal and professional fees for the year ended 31 March 2015.

Depreciation of property, plant and equipment

The Group recorded depreciation on property, plant and equipment of approximately HK$2.3 million and HK$1.5 million for the two years ended 31 March 2014 and 2015 respectively.

Other expenses

Other expenses of the Group decreased from approximately HK$12.4 million for the year ended 31 March 2014 to nil for the year ended 31 March 2015. The significant decrease 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 which was non-recurrent in nature.

Finance costs

Finance costs of the Group decreased by approximately 78.9% from approximately HK$1.6 million for the year ended 31 March 2014 to approximately HK$0.3 million for the year ended 31 March 2015. The decrease was attributable to the decrease in average bank borrowings during the year ended 31 March 2015.

Income tax expense

Income tax expense for the Group increased by approximately 13.2% from approximately HK$4.6 million for the year ended 31 March 2014 to approximately HK$5.2 million for the year ended 31 March 2015. The increase was mainly due to increase in assessable profits for the year ended 31 March 2015.

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 increased by approximately 88.3% from approximately HK$12.8 million for the year ended 31 March 2014 to approximately HK$24.1 million for the year ended 31 March 2015.

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 which was non-recurrent in nature.

Excluding the one-off listing expenses of the Group of HK$12.2 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 3.6% compared to the year ended 31 March 2015 of approximately HK$24.1 million.

Dividend

The Directors recommend the payment of a final dividend of HK1 cent per share, amounting to HK$9.6 million in aggregate for the year ended 31 March 2015 whose names appear on the Register of Member of the Company on Friday, 26 June 2015 (2014: HK1 cent). It is expected that the final dividend payment will be made to shareholders on 3 July 2015, subject to the approval of the Company's shareholders at the Annual General Meeting of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Current assets	**141,763**	157,703
Current liabilities	**31,640**	38,713
Current ratio	**4.48**	4.07

The current ratio of the Group at 31 March 2015 was approximately 4.48 times as compared to that of approximately 4.07 times at 31 March 2014. It was mainly resulted from a decrease in current liabilities which outpaced the decrease in current assets which arose out of the lowered business volume during the year.

At 31 March 2015, the Group had total bank balances and cash and pledged bank deposits of approximately HK$32.9 million (2014: HK$35.7 million).

At 31 March 2015, 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 14.2% (2014: 8.4%). 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$10.6 million as at 31 March 2015 (2014: HK$3.1 million). As at 31 March 2015, the Group did not have any significant capital commitments (2014: Nil).

CAPITAL STRUCTURE

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015 (2014: Nil).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2015, 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 2015, the Group pledged its bank balance of HK$5.0 million (2014: HK$5.6 million) 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 which became effective on 10 January 2014. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

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

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

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

(c) Maximum number of Shares available for Subscription

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

(d) Maximum entitlement of each Eligible Person

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

(e) Time of exercise of Option

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

(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 2015, no option under the Share Option Scheme has been granted by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed a total of 35 full-time and 2 part-time employees (2014: 37 full-time and 2 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$12.5 million for the year ended 31 March 2015 (2014: HK$12.0 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 Company's Prospectus dated 6 January 2014 ("Prospectus") to 31 March 2015 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 opened a new retail shop in Causeway Bay during May 2014 The Group has contracted with local wine magazines to increase its 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 48,717 bottles, 629 new vintages or brands during the period from 6 January 2014 to 31 March 2015
(iii)	strengthen our sales and marketing team	The Group recruited a sales executive with extensive wine experience The Group continued to increase staff training to strengthen the knowledge and skill of its 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 2015 is set out below:

		Net proceeds from the Placing HK$'000	Utilised amount as at 31 March 2015 HK$'000	Unutilised amount as at 31 March 2015 HK$'000
(i)	increase the Group's wine and spirits stock inventory and to expand our existing collection of wine and spirits products	11,382	(11,382)	–
(ii)	expansion of the Group's point of sales by opening one new retail showroom	3,252	(3,252)	–
(iii)	working capital and other general corporate uses	1,626	(1,626)	–
Total		16,260	(16,260)	–

LOOKING FORWARD

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

Looking 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 2015.

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 34 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 2015 are set out in the consolidated statement of comprehensive income on page 34.

The Directors recommend the payment of a final dividend of HK1 cent 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 82.

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 26 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2015.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$133.4 million. The amount represents the Company's share premium, net of accumulated profits, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

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

During the year ended 31 March 2015, our largest supplier accounted for approximately 9.6% of our total purchases (2014: 15.6%). The aggregate purchase from our five largest suppliers contributed approximately 27.8% of our total purchases in the current year (2014: 30.7%).

During the year ended 31 March 2015, our largest customer accounted for approximately 7.3% of turnover (2014: 15.6%). The aggregate sales to our five largest customers contributed approximately 23.1% of our total sales in the current year (2014: 33.4%).

At no time during the year ended 31 March 2015 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)*
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

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, 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 2015 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

So far as were known to the Directors or chief executive of the Company, as at 31 March 2015, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the securities and futures ordinance ("SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name	Capacity/ Nature of Interest	Number of shares	Approximate percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	367,200,000 shares	38.25%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	352,800,000 shares	36.75%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 367,200,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 352,800,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2015, 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

As at 31 March 2015, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) has interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of shares	Approximate percentage of shareholding
Silver Tycoon Limited	Beneficial Owner (Note 1)	367,200,000 shares	38.25%
High State Investments Limited	Beneficial Owner (Note 2)	352,800,000 shares	36.75%
Ms. Lin Shuk Shuen	Family Interest (Note 3)	367,200,000 shares	38.25%
Ms. Ma Pui Ying	Family Interest (Note 4)	352,800,000 shares	36.75%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 367,200,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 352,800,000 shares held by High State Investments Limited.

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, as at 31 March 2015, the Directors or chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who has an interest or short position in the securities in the Company that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited (the "Compliance Adviser"), 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 as at 31 March 2015.

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 2015.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2015 are set out in note 30 to the financial statements. None of these related party transactions constitutes a connected transaction for the year ended 31 March 2015 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 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 2015 have been audited by Deloitte Touche Tohmatsu.

By Order of the Board
Cheung Chun To
Chairman
13 May 2015

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 year ended 31 March 2015, 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 year ended 31 March 2015.

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

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2015, a total of 5 Board meetings were 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**	**General meetings**
Mr. Cheung Chun To	5/5	2/2
Mr. Leung Chi Kin Joseph	5/5	2/2
Mr. Cheung Chun Pang	5/5	2/2
Ms. Cheung Wing Shun	5/5	2/2
Mr. Wong Siu Ki	5/5	2/2
Mr. Yue Kwai Wa Ken	5/5	2/2
Mr. Ngai Hoi Ying	5/5	2/2

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 practicable.

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 pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers these independent non-executive Directors to be independent.

PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors are kept and updated by the Company Secretary of the Company. Mr. Cheung Chun To, Mr. Leung Chi Kin Joseph, Mr. Cheung Chun Pang and Mr. Ngai Hoi Ying received a training of director's duties under new Companies Ordinance (Cap. 622); Ms. Cheung Wing Shun received trainings of director's duties under new Companies Ordinance (Cap. 622), corporate governance and risk control/internal control and duties and responsibilities of directors of listed Company; Mr. Wong Siu Ki received a training of corporate governance; and Mr. Yue Kwai Wa, Ken received a training of forensic accounting.

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

AUDIT COMMITTEE

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

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

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

According to the current terms of reference, meetings of the Audit Committee shall be held at least four times a year. During the year ended 31 March 2015, four Audit Committee meetings were held. In the meetings during the year ended 31 March 2015, the Audit Committee has reviewed the audited annual results of the Group and the unaudited first and third quarterly and interim results of the Group. 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	4/4
Mr. Yue Kwai Wa Ken	4/4
Mr. Ngai Hoi Ying	4/4

REMUNERATION COMMITTEE

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

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

One meeting was held by the Remuneration Committee for the year ended 31 March 2015. In the meeting, the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members and senior management of the Company. The record of attendance of each member of the remuneration Committee is set out as follows:

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

NOMINATION COMMITTEE

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

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

One meeting was held by the Nomination Committee for the year ended 31 March 2015. In the meeting, the Nomination Committee has performed its duties to determine and make recommendation to the reappointment of the Directors and review the independence of the independent non-executive Directors. The records of attendance of each member of the Nomination Committee is set out as follows:

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control and Risk Management

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

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

Role of Compliance Officer

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

AUDITOR'S REMUNERATION

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

During the financial year ended 31 March 2015, the fee paid to the Company's auditor is set out as follows:

	Services rendered Fees paid/payable HK$'000
Audit services	600

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

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

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

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

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

RIGHT TO PUT ENQUIRIES TO THE BOARD

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

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

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

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.

For the year ended 31 March 2015, 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 36, 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 36, 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 40, 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.

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

Mr. Ngai Hoi Ying (魏海鷹), aged 57, is an Independent Non-Executive Director; he was appointed to the Board on 30 December 2013. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資（集團）有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and Macau (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009.

Biographical Details of Directors and Senior Management

Mr. Yue Kwai Wa Ken (余季華), aged 49, 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), a company listed on the GEM of the Stock Exchange, since 18 March 2011 and company secretary and compliance officer of Roma Group Limited since 26 September 2011. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited (Stock Code: 3838), a company listed on the Main Board of the Stock Exchange, since 5 September 2007.

SENIOR MANAGEMENT

Ms. Ho Sau Wan Ada (何秀雲), aged 48, 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 33, is the warehouse supervisor of our Group. Mr. Ma joined our Group on 4 October 2010 and is responsible for supervising logistic matters and the daily operation of the warehouse. From 2003 to 2010, Mr. Ma worked at Marathon Sports; his last position was a shop supervisor.

COMPANY SECRETARY

Mr. Chan Yee Tak (陳怡德), age 44, is the company secretary of the Company, joined the Group as the chief financial officer in September 2014. Mr. Chan has over 15 years of experience in the field of financial management and company secretarial practice and previously worked in certain unlisted and listed groups. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan obtained the Honours Diploma in Accountancy from Lingnan College (now known as Lingnan University).

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 34 to 81, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 May 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	8	**268,425**	281,434
Cost of sales		**(207,929)**	(219,080)
Gross profit		**60,496**	62,354
Other income	10	**573**	432
Other gains and losses, net	11	**428**	(312)
Promotion, selling and distribution expenses		**(15,440)**	(15,546)
Administrative expenses		**(16,373)**	(15,502)
Other expenses	10	**–**	(12,448)
Finance costs	12	**(332)**	(1,575)
Profit before taxation		**29,352**	17,403
Income tax expense	13	**(5,220)**	(4,610)
Profit and total comprehensive income for the year attributable to owners of the Company	14	**24,132**	12,793
			(restated)
Earnings per share, basic (HK cents)	16	**2.51**	1.66

Consolidated Statement of Financial Position

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**3,316**	4,073
Rental deposits	19	**2,067**	–
		5,383	4,073
Current assets			
Inventories	18	**79,929**	80,911
Trade and other receivables, deposits and prepayments	19	**28,885**	41,099
Pledged bank deposits	21	**5,001**	5,593
Bank balances and cash	21	**27,948**	30,100
		141,763	157,703
Current liabilities			
Trade and other payables, accrued charges and deposits received	22	**14,795**	27,333
Amount due to a shareholder	20	**660**	180
Tax liabilities		**945**	2,143
Obligations under finance leases – due within one year	23	**519**	473
Bank borrowings	24	**14,721**	8,584
		31,640	38,713
Net current assets		**110,123**	118,990
Total assets less current liabilities		**115,506**	123,063

Consolidated Statement of Financial Position

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Capital and reserves			
Issued capital	26	**1,200**	1,200
Reserves		**113,673**	120,741
Total equity		**114,873**	121,941
Non-current liabilities			
Obligations under finance leases – due after one year	23	**429**	964
Deferred tax liability	25	**204**	158
		633	1,122
		115,506	123,063

The consolidated financial statements on pages 34 to 81 were approved and authorised for issue by the Board of Directors on 13 May 2015 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 2015

	Issued capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Accumulated profits HK$'000	Total HK$'000
At 1 April 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 26)	900	(900)	–	–	–	–
Issue of shares (note 26)	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
Profit and total comprehensive income for the year	–	–	–	–	24,132	24,132
Dividend declared (note 15)	–	–	–	–	(31,200)	(31,200)
At 31 March 2015	1,200	131,534	(104,902)	30,483	56,558	114,873

Notes:

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

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**29,352**	17,403
Adjustments for:		
Depreciation of property, plant and equipment	**1,532**	2,256
Interest expenses	**332**	1,575
Interest income	**(110)**	(1)
Net reversal of inventories	**(1,042)**	(20)
Loss on disposal of property, plant and equipment	**24**	166
Loss on disposal of subsidiaries	**–**	19
Operating cash flows before movements in working capital	**30,088**	21,398
Decrease in inventories	**2,024**	4,723
Decrease in trade and other receivables, deposits and prepayments	**10,147**	14,237
Decrease in trade and other payables, accrued charges and deposits received	**(12,538)**	(16,353)
Increase in amount due to a shareholder	**480**	180
Cash generated from operations	**30,201**	24,185
Income tax paid	**(6,372)**	(5,606)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**23,829**	18,579
INVESTING ACTIVITIES		
Interest received	**110**	1
Purchases of property, plant and equipment	**(809)**	(39)
Proceeds from disposal of property, plant and equipment	**10**	1,937
Advances to related parties	**–**	(7,000)
Advance to a shareholder	**–**	(7,877)
Repayment from a shareholder	**–**	954
Repayment from a related party	**–**	152
Placement of pledged bank deposits	**(5,001)**	(5,593)
Withdrawal of pledged bank deposits	**5,593**	–
NET CASH USED IN INVESTING ACTIVITIES	**(97)**	(17,465)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(332)**	(1,575)
Dividend paid	**(31,200)**	–
Proceeds from issue of shares	**–**	33,000
Expenses on issue of shares	**–**	(5,178)
New bank borrowings raised	**37,083**	82,226
Repayment of bank borrowings	**(30,946)**	(105,467)
Repayment of obligations under finance leases	**(489)**	(1,382)
Repayment to a related party	**–**	(410)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(25,884)**	1,214
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,152)**	2,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**30,100**	27,772
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**27,948**	30,100

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 on 28 August 2013 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 (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 statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2014 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 29) had been in existence throughout the year ended 31 March 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 2015, the Group has adopted all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for the Group's financial year beginning on 1 April 2014.

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

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

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

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

HKFRS 9 "Financial instruments"

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

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

Based on the analysis of the Group's financial assets and liabilities as at 31 March 2015, the directors of the Company anticipate that the application of HKFRS 9 in the future will not have any material impact on its financial assets and liabilities.

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

HKFRS 15 "Revenue from contracts with customers"

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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)

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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, unless exchange rate fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

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

Retirement benefits costs

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

Taxation

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

Current tax

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

Deferred tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

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

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

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

Inventories

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances 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.

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of loans and receivables (continued)

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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

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

Impairment on tangible assets

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

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Allowances provided for inventories

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

Net reversal of allowance for inventories HK$1,042,000 (2014: HK$20,000) were made for the year ended 31 March 2015. The carrying amount of inventories is HK$79,929,000 (2014: HK$80,911,000) as at 31 March 2015.

Allowances for bad and doubtful debts

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

No allowance for bad and doubtful debts was made for years ended 31 March 2015 and 2014. The carrying amount of trade receivable is HK$14,527,000 (2014: HK$19,379,000) as at 31 March 2015.

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 Group overall strategy remains unchanged for both years.

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

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

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015	2014
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**48,302**	56,175
Financial liabilities		
Amortised cost	**25,051**	20,239

Financial risk management objectives and policies

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

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 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	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Euro ("EUR")	**40**	254	**–**	–	**1,100**	907
Great British Pound ("GBP")	**40**	52	**–**	–	**342**	335
Swiss Franc ("CHF")	**2**	3	**–**	–	**901**	173
United States Dollar ("USD")	**77**	77	**–**	–	**1,761**	404
Renminbi ("RMB")	**32**	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 2015 and 2014, 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% (2014: 5%) increase and decrease in HK$ against RMB for the year ended 31 March 2015. 5% (2014: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% (2014: 5%) change in the foreign currency exchange rates. A positive number below indicates an increase in post-tax profit for the year where RMB strengthen 5% (2014: 5%) against HK$. For a 5% (2014: 5%) weakening of RMB against HK$, 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	
	2015	2014
	HK$'000	HK$'000
RMB impact	**1**	230

In the opinion of the directors of the Group, 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 23).

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

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

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

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

The sensitivity analyses below have been determined based on the exposure to interest rates of the Group's floating-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of each reporting period was outstanding for the whole year. A 100 basis points (2014: 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 (2014: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2015 would be decrease/increase by HK$123,000 (2014: decrease/increase by HK$72,000).

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

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

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

The Group has concentration of credit risk as 40% (2014: 32%) of the total trade receivables were due from the Group's major customer which is an individual wine collector as at 31 March 2015 (2014: a private entity operating in both Hong Kong and the People's Republic of China (the "PRC"). The directors of the Company considered that the credit risks of trade receivables is insignificant after considering the credit quality and financial ability of these customers.

The Group has concentration of credit risk as 31% (2014: 51%) of the total trade deposits were placed to the Group's largest supplier as at 31 March 2015. The directors of the Company considered that the credit risks of trade deposits placed are low after considering the good trading relationship with this supplier and the long history of business development of this supplier.

In order to minimise the credit risk, the directors of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on pledged bank deposits and liquid funds which are deposited with several banks with high credit ratings 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 2015, the Group has available unultised short-term bank loan facilities of approximately HK$19,045,000 (2014: HK$12,532,000).

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.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

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

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 2015, the aggregate carrying amounts of these bank borrowings amounted to HK$14,721,000 (2014: HK$8,584,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, which is less than one year (2014: less than one year). At that time, the aggregate principal and interest cash outflows would amount to HK$15,242,000 (2014: HK$9,007,000) for bank borrowings as at 31 March 2015.

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:

	2015 HK$'000	2014 HK$'000
Red wine	239,283	265,474
White wine	7,831	6,004
Sparkling wine	3,229	2,349
Spirits	17,447	6,779
Wine accessory products	547	744
Other products	88	84
	268,425	281,434

Geographical information

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

Information about major customers

There was one customer contributing over 10% of total revenue of the Group for the year ended 31 March 2014 and is as follows:

	2015 HK$'000	2014 HK$'000
Customer A	N/A	43,870

For the year ended 31 March 2015, no revenue is derived from a single customer of the Group which amounted for over 10% of the Group's total revenue.

9. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 7 (2014: 7) 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
2015				
Executive directors				
Mr. Cheung	**–**	**840**	**18**	**858**
Mr. Leung (Note i)	**–**	**840**	**18**	**858**
Mr. Cheung Chun Pang	**–**	**240**	**12**	**252**
Ms. Cheung Wing Shun ("Ms. Cheung") (Note ii)	**–**	**480**	**18**	**498**
Independent non-executive directors				
Mr. Wong Siu Ki (Note ii)	**120**	**–**	**–**	**120**
Mr. Ngai Hoi Ying (Note ii)	**120**	**–**	**–**	**120**
Mr. Yue Kwai Wa Ken (Note ii)	**120**	**–**	**–**	**120**
Total	**360**	**2,400**	**66**	**2,826**
2014				
Executive directors				
Mr. Cheung	–	910	15	925
Mr. Leung (Note i)	–	925	15	940
Mr. Cheung Chun Pang	–	60	2	62
Ms. Cheung Wing Shun ("Ms. Cheung") (Note ii)	–	120	15	135
Independent non-executive directors				
Mr. Wong Siu Ki (Note ii)	30	–	–	30
Mr. Ngai Hoi Ying (Note ii)	30	–	–	30
Mr. Yue Kwai Wa Ken (Note ii)	30	–	–	30
Total	90	2,015	47	2,152

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

Directors' emoluments (continued)

Notes:

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

(ii) The executive director, Ms. Cheung and the independent non-executive directors, Mr. Wong Siu Ki, Mr. Ngai Hoi Ying and Mr. Yue Kwai Wa Ken, were appointed on 30 December 2014.

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 2015 and 2014.

Employees' emoluments

Of the five individuals with the highest emoluments, three (2014: two) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two (2014: three) highest paid individuals for the year ended 31 March 2015, which was individually less than HK$1,000,000, were as follows:

	2015	2014
	HK$'000	HK$'000
Salaries, bonus and other benefits	**1,001**	1,379
Contributions to retirement benefit schemes	**29**	42
	1,030	1,421

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

	2015 HK$'000	2014 HK$'000
Other income		
Bank interest income	110	1
Others	463	431
	573	432
Other expenses		
Listing expenses	–	12,216
Others	–	232
	–	12,448

11. OTHER GAINS AND LOSSES, NET

	2015 HK$'000	2014 HK$'000
Loss on disposal of property, plant and equipment	(24)	(166)
Loss on disposal of subsidiaries (note 29)	–	(19)
Net foreign exchange gains (losses)	452	(127)
	428	(312)

12. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	262	1,347
Obligations under finance leases	70	228
	332	1,575

13. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax:		
Current year	**5,144**	5,558
Under (over)provision in prior years	**30**	(289)
	5,174	5,269
Deferred tax (note 25)		
Current year	**46**	(659)
	5,220	4,610

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 and disposed off in prior year.

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

	2015 HK$'000	2014 HK$'000
Profit before taxation	**29,352**	17,403
Tax at the profits tax rate of Hong Kong of 16.5%	**4,843**	2,871
Tax effect of income not taxable for tax purpose	**–**	(11)
Tax effect of expenses not deductible for tax purpose	**226**	2,129
Under (over)provision in respect of prior years	**30**	(289)
Others	**121**	(90)
Income tax expense for the year	**5,220**	4,610

During the financial year ended 31 March 2014, the Hong Kong Inland Revenue Department ("IRD") initiated a tax field 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 field audit. The scope and outcome of the tax field 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

	2015 HK$'000	2014 HK$'000
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Auditor's remuneration	600	600
Directors' remuneration (note 9)		
Directors' fee	360	90
Salaries and other emoluments	2,400	2,015
Retirement benefits scheme contributions	66	47
	2,826	2,152
Other staff costs:		
Salaries and other benefits	7,353	7,343
Sales commission	1,974	1,951
Retirement benefits scheme contributions	331	531
Total staff costs	12,484	11,977
Depreciation of property, plant and equipment	1,532	2,256
Cost of inventories recognised as cost of sales	207,929	219,080
Including: Reversal of inventories, net	(1,042)	(20)
Operating lease payments in respect of office premises, warehouses and retail shops	8,477	5,726

15. DIVIDEND

	2015 HK$'000	2014 HK$'000
Dividends recognised as distributions by the Company during the year:		
2014 final dividend, paid HK1 cent per share	9,600	–
2014 special dividend, paid HK1.25 cents per share	12,000	–
2015 quarterly dividend, paid HK1 cent per share	9,600	–
	31,200	–

15. DIVIDEND (continued)

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

Subsequent to the end of reporting period, final dividend in respect of the year ended 31 March 2015 of HK1 cent per share (2014: HK1 cent per share) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting.

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.

16. EARNINGS PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**24,132**	12,793

	2015	2014 (restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**960,000,000**	773,260,800

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the year ended 31 March 2015 has accounted for the share subdivision which was effective from 15 January 2015. The corresponding number of ordinary shares for 2014 has been retrospectively adjusted to reflect the said share subdivision and the effect of Reorganisation and the Capitalisation Issue (as defined in note 26).

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 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
Additions	464	14	13	318	809
Disposals	–	–	–	(79)	(79)
At 31 March 2015	3,085	893	1,764	3,483	9,225
DEPRECIATION					
At 1 April 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
Provided for the year	600	175	322	435	1,532
Eliminated on disposals	–	–	–	(45)	(45)
At 31 March 2015	2,119	783	1,693	1,314	5,909
CARRYING VALUES					
At 31 March 2015	966	110	71	2,169	3,316
At 31 March 2014	1,102	271	380	2,320	4,073

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 2015, the carrying values of motor vehicles included an amount of approximately HK$1,552,000 (2014: HK$1,973,000) in respect of assets held under finance leases.

18. INVENTORIES

	2015 HK$'000	2014 HK$'000
Premium wine and spirits products	**78,999**	80,006
Wine accessory products	**900**	887
Other products	**30**	18
	79,929	80,911

The net reversal of allowance for inventories of HK$1,042,000 (2014: HK$20,000) included an allowance for inventories of HK$424,000 (2014: HK$1,455,000) and a reversal of allowance for inventories of HK$1,466,000 (2014: HK$1,475,000) 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 2015.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Trade receivables from third parties	**14,527**	19,379
Trade deposits paid	**13,211**	18,269
Other receivables and prepayments	**3,214**	3,451
Total trade and other receivables, deposits and prepayments	**30,952**	41,099
Analysed as		
Current	**28,885**	41,099
Non-current	**2,067**	–
	30,952	41,099

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

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

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

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**4,176**	8,778
31 to 60 days	**10,153**	9,739
61 to 90 days	**31**	188
Over 90 days	**167**	674
	14,527	19,379

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$934,000 (2014: HK$2,398,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there were settlements subsequent to the end of the reporting period or there were continuous settlements 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 58 days (2014: 73 days).

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

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**560**	1,076
31 to 60 days	**176**	460
61 to 90 days	**31**	188
Over 90 days	**167**	674
	934	2,398

20. AMOUNT DUE TO A SHAREHOLDER

	2015 HK$'000	2014 HK$'000
Amount due to a shareholder of the Company:		
Mr. Leung (Note)	**660**	180

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

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 March 2015, bank balances carry interest at average market rates of 0.02% (2014: 0.02%) per annum. The pledged deposits carry fixed interest rates 0.01% (2014: 0.92% to 2.7%) per annum.

As at 31 March 2015, pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$5,001,000 (2014: HK$5,593,000) have been pledged to secure undrawn facilities and are therefore classified as current assets.

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

	2015 HK$'000	2014 HK$'000
Trade payables	**8,426**	4,757
Trade deposits received	**5,125**	15,858
Other payables and accrued charges	**1,244**	6,718
	14,795	27,333

22. TRADE AND OTHER PAYABLES, ACCRUED CHARGES AND DEPOSITS RECEIVED (continued)

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

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**3,101**	2,156
31 to 60 days	**929**	433
61 to 90 days	**1,641**	389
Over 90 days	**2,755**	1,779
	8,426	4,757

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of minimum lease payments**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**559**	559	**519**	473
In the second to fifth year inclusive	**440**	986	**429**	964
	999	1,545	**948**	1,437
Less: Future finance charges	**(51)**	(108)	**–**	–
Present value of lease obligations	**948**	1,437	**948**	1,437
Less: Amounts due for settlement within one year (shown as current liabilities)			**(519)**	(473)
Amounts due for settlement after one year			**429**	964

23. OBLIGATIONS UNDER FINANCE LEASES (continued)

The Group leased certain of its motor vehicles under finance leases. The lease term was ranged from 3 to 5 years (2014: 3 to 5 years). The average borrowing rate was 3.43% (2014: 3.44%) per annum as at 31 March 2015. 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 had been released upon disposal of motor vehicles to Major Investment Holding Limited ("Major Investment"), a private limited company, wholly owned by Mr. Cheung, one of the Shareholders.

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

24. BANK BORROWINGS

	2015	2014
	HK$'000	HK$'000
Secured import loans	**1,370**	–
Unsecured import loans	**7,785**	3,662
Unsecured bank loans	**5,566**	4,922
	14,721	8,584
Carrying amount repayable*:		
Within one year	**14,721**	8,584

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

As at 31 March 2015 and 2014, all the bank borrowings contain a repayment on demand clause.

As at 31 March 2015 and 31 March 2014, the secured bank borrowings were secured by pledged bank deposits and the unsecured bank borrowings were guaranteed by the Company.

Borrowings comprise:

	2015	2014
	HK$'000	HK$'000
Floating-rate borrowings	**14,721**	8,584

24. BANK BORROWINGS (continued)

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

	2015	2014
Effective interest rate (per annum):		
Floating-rate borrowings	**3.00%–4.25%**	4.25%–6.50%

25. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation HK$'000
At 1 April 2013	817
Credit to profit or loss (note 13)	(659)
At 31 March 2014	158
Charge to profit or loss (note 13)	46
At 31 March 2015	204

26. ISSUED CAPITAL

THE GROUP

For the purpose of this report, the issued capital of the Group as at 1 April 2013 represents the share capital of Major Cellar. The issued capital of the Group as at 31 March 2014 and 2015 represents the share capital of the Company.

THE COMPANY

	Par value per ordinary share HK$	Number of shares	Share capital HK$'000
Authorised:			
At 2 April 2013 (date of incorporation) (Note i)	0.01	10,000,000	100
Increase on 30 December 2013 (Note iii)		990,000,000	9,900
At 1 April 2014	0.01	1,000,000,000	10,000
Increase upon share subdivision (Note vi)		7,000,000,000	–
At 31 March 2015	0.00125	8,000,000,000	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	0.01	120,000,000	1,200
Increase upon share subdivision (Note vi)		840,000,000	–
At 31 March 2015	0.00125	960,000,000	1,200

26. 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.

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

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2015.

27. OPERATING LEASE COMMITMENTS

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

	2015 HK$'000	2014 HK$'000
Within one year	7,760	3,138
In the second to fifth year inclusive	2,808	–
	10,568	3,138

The Group leases its office premises, warehouses and retail shops under operating lease arrangements. Leases for office premises, warehouses and retail shops are negotiated for fixed terms ranged from 1 to 2 years (2014: 1 to 3 years).

28. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement benefit plan for all qualifying employees in Hong Kong. The Group and the employees shall make contributions based on a percentage of the employee's basic salary with a cap of HK$1,500 per month starting from 1 June 2014 (prior to 1 June 2014: HK$1,250 per month) 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.

29. 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)

30. RELATED PARTY TRANSACTIONS

Other than the balance with a shareholder and disposal of subsidiaries, as disclosed in notes 20 and 29, respectively, the Group had the following related party transactions:

	2015 HK$'000	2014 HK$'000
Sales to related parties		
– Mr. Cheung	**10**	81
– Mr. Leung	**55**	817
– Ms. Cheung	**10**	6
– Major Watch Company Limited ("Major Watch") (Note i)	**110**	94
	185	998
Rental expense in respect of warehouse paid or payable to Mr. Leung, one of the Shareholders (Note ii)	**480**	300
Sale proceeds on disposal of motor vehicles to a related party, Major Investment	**–**	6,200

Notes:

(i) Major Watch is a private limited company non-wholly owned and controlled by Mr. Cheung, one of the Shareholders.

(ii) As at 31 March 2015, the Group did not have commitments for future minimum lease payments in respective of warehouse to Mr. Leung (2014: HK$25,000 within one year).

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 2015 and 2014 were as follows:

	2015 HK$'000	2014 HK$'000
Short-term benefits	**3,887**	3,437
Post-employment benefits	**106**	84
	3,993	3,521

31. 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.

32. 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.

33. FINANCIAL INFORMATION OF THE COMPANY

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

	Notes	**2015 HK$'000**	2014 HK$'000
Non-current assets			
Unlisted investments		**107,325**	107,325
Amount due from a subsidiary	i	**–**	18,121
		107,325	125,446
Current assets			
Amounts due from subsidiaries	i	**27,113**	–
Other receivables and prepayments		**202**	17
		27,315	17
Current liabilities			
Other payables and accrued charges		**50**	4,450
Net current assets (liabilities)		**27,265**	(4,433)
Total assets less current liabilities		**134,590**	121,013
Capital and reserves			
Share capital		**1,200**	1,200
Reserves	ii	**133,390**	119,813
		134,590	121,013

Particulars of the principal subsidiaries of the Company at 31 March 2015 are set out in note 34.

33. FINANCIAL INFORMATION OF THE COMPANY (continued)

Notes:

(i) Amounts due from subsidiaries

The amount is unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount will be repaid on or before 31 March 2016 and the amount is therefore shown as current asset as at 31 March 2015. The effective interest rate of the amount is 4.25% per annum.

(ii) Reserves of the Company

	Share premium HK$'000	Accumulated (loss) profit HK$'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
Profit and total comprehensive income for the year	–	44,777	44,777
Dividend paid	–	(31,200)	(31,200)
At 31 March 2015	131,534	1,856	133,390

34. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2015 are as follows:

Name of subsidiary	Country/ place of incorporation/ establishment	Place of operation	Issued and fully paid share capital	Attributable equity interest of the Group as at 31 March 2015 %	2014 %	Principal activities
Beyond Elite	British Virgin Islands	Hong Kong	Ordinary USD 1	**100**	100	Investment holding
Major Cellar	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	100	Sale and distribution of premium wine and spirits products
Credit Major	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	–	Inactive

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

Financial Summary

For the three years ended 31 March 2013, 2014 and 2015

RESULTS

	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Turnover	266,833	281,434	**268,425**
Profit before taxation	28,906	17,403	**29,352**
Income tax expense	(5,362)	(4,610)	**(5,220)**
Profit for the year	23,544	12,793	**24,132**

ASSETS AND LIABILITIES

	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Total assets	190,302	161,776	**147,146**
Total liabilities	(86,426)	(39,835)	**(32,273)**
Total equity	103,876	121,941	**114,873**