MADISON WINE®

Madison Wine Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8057

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Madison Wine Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules (the "GEM Listing Rules") Governing the Listing of Securities on GEM for the purposes 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 annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ting Pang Wan Raymond
Mr. Kao Sheng-Chi
Mr. Zhu Qin

Independent Non-executive Directors

Ms. Debra Elaine Meiburg
Ms. Fan Wei
Mr. Chu Kin Wang Peleus

COMPANY SECRETARY

Ms. Tse Ka Yan

COMPLIANCE OFFICER

Mr. Kao Sheng-Chi

AUTHORISED REPRESENTATIVES

Mr. Ting Pang Wan Raymond
Ms. Tse Ka Yan

AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus *(Chairman)*
Ms. Debra Elaine Meiburg
Ms. Fan Wei

REMUNERATION COMMITTEE

Ms. Fan Wei *(Chairlady)*
Mr. Ting Pang Wan Raymond
Ms. Debra Elaine Meiburg
Mr. Chu Kin Wang Peleus

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ting Pang Wan Raymond *(Chairman)*
Ms. Debra Elaine Meiburg
Ms. Fan Wei
Mr. Chu Kin Wang Peleus

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

China Construction Bank (Asia) Corporation Limited
139 Hennessy Road, Wan Chai
Hong Kong

INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

COMPLIANCE ADVISER

Innovax Capital Limited
Room 2002, 20/F.
Chinachem Century Tower
178 Gloucester Road
Wanchai, Hong Kong

REGISTERED OFFICE

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P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A & B, 10/F
North Point Industrial Building
499 King's Road
North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN 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

WEBSITE

www.madison-wine.com

STOCK CODE

08057

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board") of the Company, I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2016.

The successful listing of the shares of the Company the ("Shares") on GEM (the "Listing") on 8 October 2015 (the "Listing Date") was a major landmark for the development of the Group. The encouraging results of the placing indicated the capital market's attention to the Company and the investors' confidence in our business. The Listing has strengthened the financial position of the Group which enables us to seize more business opportunities and to implement the business plans as disclosed in the Company's prospectus dated 29 September 2015 (the "Prospectus").

In order to further expand our presence in the wine industry in Hong Kong, we are actively seeking for opportunities in acquiring one or more wine merchants in Hong Kong. The Group had entered into a non-legally binding memorandum of understanding in respect of the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited on 13 April 2016.

The global economic environment has slowed down since October 2015, and the retail industry is severely affected. Looking forward to the year 2016, it will be a more challenging year for our Group to maintain a sustainable growth in the wine industry. However, we strongly believe that the efforts we are making today will deliver long term increase in shareholders' value.

Finally, I would like to express my greatest gratitude to the Board, management and staff for their strenuous contribution towards the Group. Furthermore, I would also like to take this opportunity to sincerely thank our business partners and shareholders of the Company (the "Shareholders") for their continuous support and trust. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to Shareholders.

Ting Pang Wan Raymond
Chairman and Executive Director

Hong Kong, 20 June 2016

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2016, audited operating results of the Group were as follows:

– the Group recorded a revenue of approximately HK$126.7 million for the year ended 31 March 2016 (2015: HK$145.7 million).

– loss attributable to the owners of the Company for the year ended 31 March 2016 amounted to approximately HK$9.4 million (2015: profit of approximately HK$14.2 million) due to the listing expenses of approximately HK$13.0 million incurred by the Company for its listing exercise and the recognition of the share-based payment expenses for the share options granted of approximately HK$6.6 million during the year ended 31 March 2016; and

– the Board resolved not to recommend the payment of any final dividend for the year ended 31 March 2016 (2015: nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. TING, aged 43, is the founder and the chairman of the Group. He was appointed as a Director on 15 April 2015 and re-designated as an executive Director on 14 May 2015 and is the controlling Shareholder. Mr. Ting is also the chairman of the nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") and a member of the remuneration committee (the "Remuneration Committee") and also held directorships in various subsidiaries of the Group. He is primarily responsible for major decision-making, implementation of business strategies and overseeing the overall operation of the Group.

Mr. Ting was responsible for overseeing the overall operations as an executive director, the chairman and a non-executive director of China Motion Telecom International Limited (Stock code 0989:HK, now known as Ground Properties Company Limited), a company listed on the Main Board of the Stock Exchange from October 2006 to November 2013, from November 2006 to November 2013 and from November 2013 to August 2014, respectively. He had also been the adviser to the board of directors on corporate development and business strategies of short-term financing in Shanghai, an executive director and the chairman of Credit China Holdings Limited (Stock code 8207:HK), a company listed on GEM from November 2010 to September 2012, from September 2012 to July 2014 and from October 2012 to July 2014, respectively.

Mr. Ting studied Economics and International Relations in Beloit College in the United States of America from June 1992 to May 1994.

Mr. KAO Sheng-Chi ("Mr. Kao"), aged 52, is the deputy chairman of the Group and was appointed as an executive Director on 14 May 2015. He also held directorships in various subsidiaries of the Group. Mr. Kao is primarily responsible for general and day-to-day management, administration and operation of the Group. He is also in charge of the procurement and supply, sales, operations and marketing functions of the Group.

Mr. Kao has been the Maître of the Shanghai Chapter of the Commanderie de Bordeaux since November 2005 and was the chief executive officer of Acker, Merrall & Condit (Asia) Limited, which is a fine and rare wine auction house, during the period from January 2014 to December 2014, where he was part of the management team overseeing the overall business. Prior to joining Acker, Merrall & Condit (Asia) Limited, Mr. Kao served various technology corporations in the United States of America.

Mr. Kao graduated from The University of Texas at Austin in the United States of America in May 1987 with a bachelor's degree in natural sciences.

EXECUTIVE DIRECTORS *(Cont'd)*

Mr. ZHU Qin ("Mr. Zhu"), aged 38, is the president of the Group and was appointed as an executive Director on 14 May 2015. He also held directorships in various subsidiaries of the Group. Mr. Zhu is primarily responsible for managing the operation of the Group; planning and executing corporate strategies of the Group; and the handling of external relationship of the Group. He is also in charge of the human resources and accounts functions of the Group. Prior to joining the Group in February 2012, Mr. Zhu had been the marketing director of Shanghai Volkswagen Automotive Co., Ltd., a company engaging in the manufacturing and sales of automobiles, where he was primarily responsible for sales and marketing from July 1999 to February 2011.

Mr. Zhu graduated from Shanghai Jiao Tong University in the PRC with a bachelor's degree in industrial foreign trade in July 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDs")

Ms. Debra Elaine MEIBURG ("Ms. Meiburg"), aged 55, was appointed as an INED on 21 September 2015 and is also a member of each of the audit committee (the "Audit Committee"), the Remuneration Committee and the Nomination and Corporate Governance Committee. She is an award-winning wine journalist and was awarded the Master of Wine title by the Institute of Masters of Wine, which has been promoting professional excellence and knowledge of the art, science and business of wine for 60 years and now spans 24 countries, in November 2008. In March 2012, she was also awarded the Premio Internazionale Vinitaly. Ms. Meiburg is a Certified Wine Educator of the Society of Wine Educators and a Certified Wine Judge of American Wine Society.

Ms. Meiburg completed the Board Directorship Program offered by the faculty of business and economics of The University of Hong Kong in June 2014 and obtained a master's degree of science in service management from Rochester Institute of Technology in November 2005. She graduated from Sonoma State University, California in the United States of America, with a bachelor's degree of arts in Management (Accounting) in June 1990 and a bachelor's degree of arts in Spanish in June 1990.

Ms. FAN Wei ("Ms. Fan"), aged 60, was appointed as an INED on 21 September 2015 and is also the chairlady of the Remuneration Committee and a member of each of the Audit Committee and the Nomination And Corporate Governance Committee. Since September 2013, Ms. Fan has been the general secretary responsible for arranging charity activities of 深圳市博雅文化研究基金會 (in English, for identification purpose only, as Boya Culture Foundation), which is committed to improving quality of academic researches, popularizing traditional Chinese culture, facilitating the cultural exchange with its foreign counterparts, and funding activities which promote traditional Chinese culture. She served at Dong Yuan (Hong Kong) International Limited, which principally engaged in strategic investments, consulting, financial services, logistics and trading business, and held the position of executive vice president responsible for the operation management of the company from March 2011 to June 2012.

Ms. Fan graduated from Murdoch University in Australia with a master's degree in business administration in March 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Cont'd)*

Mr. CHU Kin Wang Peleus ("Mr. Chu"), aged 51, was appointed as an INED on 21 September 2015 and is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination and Corporate Governance Committee. Since December 2008, he has been an executive director of Chinese People Holdings Company Limited (Stock code 0681:HK), a company listed on the Main Board of the Stock Exchange. Since August 2015, he has been a non-executive director of Perfect Group International Holdings Limited (Stock code 3326:HK), a company listed on the Main Board of the Stock Exchange. Mr. Chu has/had been an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange or GEM:

- National Agricultural Holdings Limited (Stock code 1236:HK) from June 2015 to September 2015
- Telecom Service One Holdings Limited (Stock code 8145:HK) since May 2013
- EDS Wellness Holdings Limited (Stock code 8176:HK, now known as SkyNet Group Limited) since March 2012
- China Vehicle Components Technology Holdings Limited (Stock code 1269:HK, now known as China First Capital Group Limited) since October 2011
- Flyke International Holdings Ltd. (Stock code 1998:HK) since February 2010
- Huayu Expressway Group Limited (Stock code 1823:HK) since May 2009
- EYANG Holdings (Group) Co., Limited (Stock code 0117:HK) since April 2007

Mr. Chu graduated from The University of Hong Kong with a master's degree in business administration in December 1998. Mr. Chu is a fellow practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries (formerly known as the Hong Kong Institute of Company Secretaries) and the Institute of Chartered Secretaries and Administrators.

SENIOR MANAGEMENT

Ms. CHAN Suk Yin ("Ms. Chan"), aged 45, was appointed as vice president of the Company on 1 June 2015 and is principally responsible for the overall audit, accounting, budgeting and financial operations of the Group. She has over 18 years of experience in financial reporting and management reporting in listed companies. Between October 2012 and August 2014, Ms. Chan was the senior finance manager responsible for financial reporting of Vigo Hong Kong Investment Limited, a wholly-owned subsidiary of Credit China Holdings Limited (Stock code: 8207:HK), a company listed on GEM, and she was transferred to Starlight Financial Holdings Limited (then known as China Runking Financing Group Holdings Limited), also a subsidiary of Credit China Holdings Limited, with the same position from August 2014 to May 2015. Ms. Chan was the accounting manager responsible for financial reporting of TCL Electronics (HK) Limited, a subsidiary of TCL Multimedia Technology Holdings Limited (Stock code 1070: HK), a company listed on the Main Board of the Stock Exchange from October 2007 to October 2012.

Ms. Chan graduated from The Hong Kong Polytechnic University with a master's degree in professional accounting in November 2004 and obtained her bachelor's degree in business administration (in accounting) from Hong Kong Baptist University in November 1995. She is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. WONG Hok Leung Felix ("Mr. Wong"), aged 31, is the financial controller of the Company. Mr. Wong joined the Group as the financial controller of Madison (China) Limited on 15 October 2012 and is principally responsible for the Group's financial management. He has over seven years of experience in financial reporting and management reporting. Prior to joining the Group, Mr. Wong was senior consultant responsible for financial advisory management services of BMI Merger and Acquisition Market Limited from January 2010 to October 2012. He worked in Citibank (Hong Kong) Limited responsible for the preparation of management reports, revenue projection and budget for the period from September 2008 to September 2009.

Mr. Wong graduated from The University of New South Wales in Australia with a bachelor's degree in economics (in finance and financial economics) in September 2008.

COMPANY SECRETARY

Ms. TSE Ka Yan ("Ms. Tse"), aged 31, was appointed as the company secretary of the Company (the "Company Secretary") on 14 May 2015. She is responsible for handling the company secretarial matters of the Group. Ms. Tse has over nine years of experience in company secretarial sector of listed companies and professional firm. Prior to joining the Group, she was the senior company secretarial officer responsible for handling the company secretarial matters of Vigo Hong Kong Investment Limited, a wholly-owned subsidiary of Credit China Holdings Limited (Stock code: 8207: HK), a company listed on GEM from February 2014 to August 2014 and she was subsequently transferred to Starlight Financial Holdings Limited (then known as China Runking Financing Group Holdings Limited), also a subsidiary of Credit China Holdings Limited, with the same position from August 2014 to April 2015. She joined Hopewell Holdings Limited (Stock code 0054: HK), a company listed on the Main Board of the Stock Exchange as company secretarial officer responsible for company secretarial matters for the period from November 2009 to December 2013.

Ms. Tse graduated from Lingnan University in Hong Kong with a bachelor's degree in business administration in October 2007. Ms. Tse is an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of Institute of Chartered Secretaries and Administrators.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine. During the year ended 31 March 2016, revenue decreased by approximately 13.0% to approximately HK$126.7 million (2015: HK$145.7 million). The decrease in revenue was mainly due to the downturn of the economy environment, especially for the retail industry, during the second half of the financial year.

FINANCIAL REVIEW

Revenue

Revenue of the Company and its subsidiaries (collectively the "Group") decreased by approximately 13.0% from approximately HK$145.7 million to approximately HK$126.7 million for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the downturn of the economy environment, especially for the retail market, during the second half of the financial year.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by approximately 17.7% from approximately HK$40.1 million to approximately HK$33.0 million for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the decrease in revenue during the year. The gross profit margin decreased from approximately 27.5% to approximately 26.0% for the year ended 31 March 2015 and 2016 respectively. The decrease was mainly due to the downturn of retail market during the second half of the financial year, which is also the peak season of the wine industry, and therefore, the selling price of the products was lowered in order to maintain the sales network.

Other Income

Other income of the Group increased significantly from approximately HK$1.4 million to approximately HK$12.7 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to the increase in consignment sales which has been commenced since November 2014.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased slightly from approximately HK$13.0 million to approximately HK$13.5 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to the increase in number of sales person.

MANAGEMENT DISCUSSION AND ANALYSIS *(Cont'd)*

FINANCIAL REVIEW *(Cont'd)*

Administrative Expenses

Administrative expenses of the Group increased by approximately 273.3% from approximately HK$10.5 million to approximately HK$39.2 million for the year ended 31 March 2015 and 2016 respectively. The increase was mainly due to (i) the one-off listing expenses of approximately HK$13.0 million incurred by the Group for its listing exercise during the year ended 31 March 2016; (ii) the recognition of share-based payment expenses of approximately HK$6.6 million upon the grant of share options on 17 December 2015; (iii) the increase in salary of approximately HK$5.4 million for the management and administrative staff; (iv) the increase in professional fee for listing related expenses of approximately HK$1.3 million; and (v) the increase in other administrative expenses of approximately HK$2.4 million incurred by the Group with the increase in number of staff.

Income Tax Expense

Income tax expense for the Group decreased from approximately HK$3.0 million to approximately HK$2.2 million for the year ended 31 March 2015 and 2016 respectively. The decrease was due to the decrease in profit before tax excluding the listing expenses which is non-deductible for the tax assessment.

Loss For the Year and Total Comprehensive Expense Attributable to Owners of the Company

Loss for the year attributable to owners of the Company was approximately HK$9.4 million for the year ended 31 March 2016 (2015: profit of approximately HK$14.2 million). Such change was mainly attributable to the listing expenses incurred by the Group for its listing exercise of approximately HK$13.0 million and recognition of the share-based payment expenses for the share options granted of approximately HK$6.6 million during the year ended 31 March 2016.

Excluding the one-off exceptional expenses for the listing exercise of the Group of approximately HK$13.0 million and the recognition of share-based payment expenses of approximately HK$6.6 million upon the grant of share options on 17 December 2015, profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 would reach approximately HK$10.2 million, representing a decrease of approximately 28.2% as compared to the year ended 31 March 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by internal cash generated from its own business operations. As at 31 March 2016, the Group had cash and cash equivalents of approximately HK$45.0 million (2015: HK$28.0 million) and had net current assets of approximately HK$117.3 million (2015: HK$43.9 million).

LIQUIDITY AND FINANCIAL RESOURCES *(Cont'd)*

The current ratio of the Group was 23.1 times as at 31 March 2016, compared to that of 2.8 times as at 31 March 2015. The increase was mainly attributable to (i) the repayment of amount due to a director; (ii) the increase in inventories of approximately HK$17.3 million; (iii) the increase in trade and other receivables of approximately HK$19.2 million; and (iv) the increase in cash and cash equivalents of approximately HK$17.0 million during the year ended 31 March 2016.

The gearing ratio (representing the debts of non-trade nature including amount due to a director divided by total equity at the end of the year and multiplied by 100%) of the Group was nil as at 31 March 2016 (2015: 17.9%). The Group has sufficient fund to maintain its operation and does not have any borrowing neither from the Directors nor other third party financial institutions.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2016, the Group had certain bank balances and payables denominated in foreign currencies, mainly United States dollar and Euro, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

TREASURY POLICY

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.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 8 October 2015. There has been no change in the capital structure of the Company since then. The equity of the Company only comprises of ordinary shares.

As at the date of this annual report, the issued share capital of the Company was HK$4.0 million and the number of issued ordinary shares was 400,000,000 of HK$0.01 each.

CAPITAL COMMITMENT

As at 31 March 2016, the Group did not have any significant capital commitments (2015: nil).

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any material contingent liabilities (2015: nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group employed a total of 32 (2015: 24) full-time employees and 2 (2015: 1) part-time employees. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2016 was approximately HK$14.7 million (2015: HK$9.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The emoluments of Directors are determined by the Board based on the recommendations of the Remuneration Committee, having regard to the performance, duties and responsibilities of the individual Director and the prevailing market conditions. In addition to a basic salary, year-end bonus may be offered to employees with outstanding performance to attract and retain eligible employees to further develop with the Group. Apart from basic remuneration, share options may be granted under the Share Option Scheme (as defined below) as the Group's long-term incentive scheme to eligible employees by reference to the Group's performance as well as individual's contribution. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them.

Furthermore, the Group is committed to employee development and has implemented various training programs to strengthen their industry, technical and product knowledge. All newly recruited employees are required to attend induction training. The Directors believe the training program will equip the employees with skills and knowledge to enhance its services to the customers.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2016, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganisation in preparation of the Listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" to the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group has entered into a non-legally binding memorandum of understanding in respect of the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited on 13 April 2016, details of which are set out in the Company's announcement dated 13 April 2016.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus to 31 March 2016 is set out below:

	Business objectives	Actual progress
(a)	Expanding and diversifying the product portfolio	The Group purchased over 20,000 bottles of wine, with over 30 new vintages or brands during the period from 29 September 2015 to 31 March 2016. The inventory level has been raised from approximately HK$25.3 million to approximately HK$41.5 million as at 29 September 2015 and 31 March 2016 respectively.
(b)	Acquiring one or more wine merchants in Hong Kong	The Group entered into a non-legally binding memorandum of understanding in respect of the proposed acquisition of up to 45% equity interest in Acker Merrall & Condit Limited on 13 April 2016.
(c)	Solidifying and broadening the customer base	The number of members in the "Madison Premier Membership Scheme" has increased from over 500 members to over 800 members as at 29 September 2015 and 31 March 2016 respectively. The customer base, which includes wholesales and retails clients, has increased by over 370 customers being registered in the database during the period from 29 September 2015 to 31 March 2016.

USE OF PROCEEDS

The Shares were successfully listed on GEM on 8 October 2015 by way of the placing of 100,000,000 new shares at the placing price of HK$0.75 each (the "Placing"). After deducting underwriting commission and expenses in connection with the Placing, the net proceeds were approximately HK$56.3 million. After the Listing, these proceeds were used for the purposes in accordance with the business strategies and implementation plans as set out in the Prospectus.

USE OF PROCEEDS *(Cont'd)*

An analysis of the utilisation of the net proceeds from the Placing of approximately HK$56.3 million after the Placing is set out below:

		Intended usage of the net proceeds (HK$' million) (approximately)	Intended usage of the net proceeds up to 31 March 2016 (HK$' million) (approximately)	Actual usage of the net proceeds up to 31 March 2016 (HK$' million) (approximately)
(a)	Expand and diversify the product portfolio	28.2	8.4	(8.4)
(b)	Acquiring one or more wine merchants in Hong Kong	16.9	–	–
(c)	Enhance public awareness of the Company by increasing marketing and promotion efforts	5.6	1.4	(0.8)
(d)	General working capital	5.6	5.6	(5.6)
	Total	56.3	15.4	(14.8)

OUTLOOK AND PROSPECTS

The Shares were listed on GEM on 8 October 2015. The net proceeds from the Listing have laid a solid foundation for the future development of the Group.

Looking forward, the Group will endeavor to strengthen its position in the retail sales and wholesales of wine products in Hong Kong. The Group will continue to expand its existing product portfolio, to provide its customers with a wider range of choices so as to facilitate the broadening of its existing customer base as well as reinforcing its market presence in Hong Kong wine industry.

Moving forward, the Group will also pursue any suitable acquisition opportunities in Hong Kong so as to further expand its presence in the wine industry in Hong Kong and thereby maximise the Shareholders' return in the long run. It is expected that successful acquisition can contribute to (i) an increase in the customer base; (ii) an addition to wine supply channels; and (iii) the acquisition of staff with relevant skill sets and connections in the wine industry, which as a whole can create synergies to the existing business of the Group.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is engaged in the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on premier collectible red wine and fine red wine as well as the provision of a range of customer-centric value-added services.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2016 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 50 to 103.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: nil).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") is scheduled for Tuesday, 23 August 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 19 August 2016 to Tuesday, 23 August 2016, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 August 2016.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2016 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from page 4 and pages 11 to 16 respectively.

To the best knowledge of the Directors, the Group was in compliance with the relevant laws and regulations that were significant to the Group for the year ended 31 March 2016.

Relationship with Suppliers

The Group has procured wine products across the world including Australia, the United States, the United Kingdom, Singapore and France. Mutual trust has been developed with the suppliers through sustained course of dealings, which enable the Group to enjoy a stable and reliable supply without any contractual commitments or sales restrictions. Capitalising on the supply network, the Group is able to procure coveted wines that are rare, scarce and not widely available in the open market at competitive prices.

REPORT OF THE DIRECTORS *(Cont'd)*

BUSINESS REVIEW *(Cont'd)*

Relationship with Customers

The Group has cultivated a concrete base of loyal customers comprising, among others, wine enthusiasts and wine collectors. Through its dedication to developing a customer-centric product portfolio and delivering excellent customer services, loyal and solid customer base has been established, which comprises, among others, wine enthusiasts, wine collectors, renowned restaurants and wine merchants. With "Madison Premier Membership Scheme" launched since November 2012, the Directors believe that an interactive platform for information exchange has been established among wine enthusiasts, enabling direct feedbacks from the customers to identify the Group's strengths and demands of the target clientele, deepening customer reach and solidifying customer loyalty.

Relationship with Employees

The Group has a diversified team under the leadership of three executive Directors and is dedicated to establishing its cultural tones, corporate values and customer-centric culture. As at 31 March 2016, there is a total of 32 full-time employees, representing an increase of approximately 33.3% as compared to 2015.

In order to foster a work environment that attracts and inspires people to achieve excellent performance, remuneration packages and staff benefits are reviewed on an annual basis. The standard remuneration package includes base salary, discretionary bonuses and medical insurance. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them. Each of the employee's remuneration package is determined in light of his/her qualification, position and seniority. For the years ended 31 March 2016 and 2015, staff costs of approximately HK$14.7 million and HK$9.4 million was incurred, respectively, representing approximately 11.6% and 6.5% of the total revenue for the corresponding financial year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past three years is set out in the financial summary on page 104 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the Group's share capital during the year ended 31 March 2016 are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHT

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

EQUITY-LINKED AGREEMENTS

Other than the share options granted pursuant to the Share Option Scheme (as defined below), no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 March 2016.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year ended 31 March 2016 are set out in note 17 to the consolidated financial statement.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2016 are set out in note 33 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company's reserves available for distribution to the Shareholders are approximately HK$45,627,000 (2015: nil) as calculated in accordance with statutory provisions applicable in the Cayman Islands.

MAJOR CUSTOMERS

Most of the customers are local and overseas wine merchants, avid wine collectors in Hong Kong and China, renowned Hong Kong restaurants and high net worth individuals. For the years ended 31 March 2015 and 2016, the revenue generated from the five largest customers accounted for approximately 18.5% and 21.2% of the total revenue, respectively, and the revenue generated from the single largest customer accounted for approximately 5.4% and 6.3% the total revenue, respectively. Generally, no credit period will be offered to the customers save with the approval of the management where a credit period of up to 30 days may be offered. During the year ended 31 March 2016, no long-term sales agreement was entered into with any of the customers.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the share capital of any of the five largest customers of the Group.

MAJOR PROCUREMENT AND SUPPLY

Products are procured from the open market through (i) purchases from wine merchants and wineries, (ii) purchases through auction houses and (iii) purchases from individual wine collectors. For the years ended 31 March 2015 and 2016, purchases from the five largest suppliers accounted for approximately 60.0% and 32.3% of the total purchases, respectively, and purchases from the single largest supplier accounted for approximately 24.3% and 10.5% of the total purchases, respectively.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the share capital of any of the five largest suppliers of the Group.

DIRECTORS

The Directors during the year ended 31 March 2016 and up to the date of this annual report are named as follows:

Executive Directors

Mr. Ting Pang Wan Raymond *(Chairman)*
Mr. Kao Sheng-Chi
Mr. Zhu Qin

Independent Non-executive Directors

Ms. Debra Elaine Meiburg
Ms. Fan Wei
Mr. Chu Kin Wang Peleus

In accordance with Article 84(2) of the Articles of Association, all the Directors would retire at the AGM and being eligible offer themselves for re-election.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 6 to 10 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and renewable automatically for successive terms for one year unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the executive Director not being re-elected as a Director or being removed by Shareholders at general meeting of the Company in accordance with the Articles of Association.

Each of the INEDs was appointed for a fixed term of three years and shall be subject to retirement, re-election and removal in accordance with the Articles of Association.

Save as disclosed above, no Director proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2016.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to a written resolution of the Shareholders passed on 21 September 2015 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

SHARE OPTION SCHEME *(Cont'd)*

(B) Participants of the Share Option Scheme *(Cont'd)*

(4) any customer of the Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(C) Total number of shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of the issued shares as at 8 October 2015 unless the Company obtains a fresh approval from the Shareholders.

As at the date of this annual report, a total of 21,900,000 shares (representing approximately 5.475% of the issued share capital of the Company) are available for issue under the Share Option Scheme.

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

(E) The period within which the shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(G) The amount payable on acceptance of an option and the period within which payments shall be made

A consideration of HK$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made.

SHARE OPTION SCHEME *(Cont'd)*

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) The remaining life of the scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 20 September 2025.

On 17 December 2015 (the "Date of Grant"), the Company granted an aggregate of 18,100,000 share options to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

Details of movements of the share options granted under the Share Option Scheme during the year ended 31 March 2016 were as follows:

				Number of share options			
Category	Date of Grant	Exercise period	Exercise price per Share *(Note 1)*	As at 1 April 2015	Granted	Exercised/ Cancelled/ Lapsed	As at 31 March 2016
Shareholders							
Devoss Global Holdings Limited ("Devoss Global") *(Note 2)*	17 December 2015	17 June 2016 to 16 December 2025	HK$8.00	–	600,000	–	600,000
Montrachet Holdings Ltd ("Montrachet") *(Note 3)*	17 December 2015	17 June 2016 to 16 December 2025	HK$8.00	–	1,500,000	–	1,500,000
Others *(Note 4)*	17 December 2015	17 June 2016 to 16 December 2025	HK$8.00	–	16,000,000	–	16,000,000
Total					18,100,000	–	18,100,000

REPORT OF THE DIRECTORS *(Cont'd)*

SHARE OPTION SCHEME *(Cont'd)*

(I) The remaining life of the scheme *(Cont'd)*

Notes:

1. The exercise price of the share options is HK$8.00 per Share, representing the highest of (i) the closing price of HK$7.10 per Share as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of HK$8.00 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) HK$0.01, being the nominal value of a Share.

2. Devoss Global is a company wholly-owned by Mr. Ting, being the chairman and an executive Director and the controlling shareholder of Royal Spectrum Holding Company Limited ("Royal Spectrum"), a substantial shareholder of the Company.

3. Montrachet, a company wholly-owned by Mr. Zhu Hui Xin, the father of Mr. Zhu Qin, an executive Director, and Montrachet is holding 2.7% shareholding interest in Royal Spectrum, as at 31 March 2016.

4. The category "Others" represents consultants of the Group. Consultants are corporations which render consultancy services to the Group.

5. The Group recognised total expenses of approximately HK$6.6 million for the year ended 31 March 2016 (2015: nil) in relation to the share options granted by the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION

As at 31 March 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (the "SFO") (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were 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:

(i) Long Position in the Shares, Underlying Shares or Debentures of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares interested	Number of underlying shares pursuant to share options *(Note 3)*	Aggregate interests	Approximate percentage of the Company's issued Shares*
Mr. Ting *(Notes 1 and 2)*	Interest in controlled corporations	246,000,000	600,000	246,600,000	61.65%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION *(Cont'd)*

(i) Long Position in the Shares, Underlying Shares or Debentures of the Company *(Cont'd)*

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 77.3% by Devoss Global, 20% by Mr. Ding Lu, and 2.7% by Montrachet. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum under Part XV of the SFO.

2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the Shares in which Devoss Global is interested in under Part XV of the SFO.

3. These interests represent the underlying Shares comprised in the share options granted by the Company on 17 December 2015.

* The percentage represents the aggregate of (i) the number of Shares interested and (ii) the number of underlying Shares pursuant to share options divided by the number of issued shares as at 31 March 2016 (i.e. 400,000,000 Shares).

(ii) Long Position in the Shares of Associated Corporations

Name of associated corporations	Name of Director	Capacity/ Nature of interest	Number of shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued shares*
Royal Spectrum *(Note 1)*	Mr. Ting	Interest in controlled corporation	246,000,000	0	246,000,000	61.50%
Devoss Global *(Note 2)*	Mr. Ting	Beneficial owner	246,000,000	600,000	246,600,000 *(Note 3)*	61.65%

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 77.3% by Devoss Global, 20% by Mr. Ding Lu, and 2.7% by Montrachet. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum under Part XV of the SFO.

2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the Shares in which Devoss Global is interested in under Part XV of the SFO.

3. These interests represent the underlying Shares comprised in the share options granted by the Company on 17 December 2015.

* The percentage represents the aggregate of (i) the number of Shares interested and (ii) the number of underlying Shares pursuant to share options divided by the number of issued Shares as at 31 March 2016 (i.e. 400,000,000 Shares).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION *(Cont'd)*

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2016, other than the Directors and chief executive of the Company, the following persons or corporations had interests and short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position in the Shares, Underlying Shares or Debentures of the Company

Name	Capacity/Nature of interest	*Note*	Number of Shares interested	Number of underlying shares pursuant to share options *(Note 6)*	Aggregate interests	Approximate percentage of the Company's issued Shares*
Royal Spectrum	Beneficial owner	*1*	246,000,000	0	246,000,000	61.50%
Devoss Global	Interest in controlled corporation	*2*	246,000,000	600,000	246,600,000	61.65%
Mr. Ting	Interest in controlled corporations	*2*	246,000,000	600,000	246,600,000	61.65%
Ms. Luu Huyen Boi ("Ms. Luu")	Interest of spouse	*3*	246,000,000	600,000	246,600,000	61.65%
Keywood Limited ("Keywood")	Beneficial owner	*4*	18,000,000	4,000,000	22,000,000	5.5%
Mr. Han Hanting ("Mr. Han")	Interest in controlled corporation	*4*	18,000,000	4,000,000	22,000,000	5.5%
Timebase Holdings Limited ("Timebase")	Beneficial owner	*5*	24,000,000	4,000,000	28,000,000	7.0%
Ms. Lu Mengjia ("Ms. Lu")	Interest in controlled corporation	*5*	24,000,000	4,000,000	28,000,000	7.0%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Cont'd)*

Long Position in the Shares, Underlying Shares or Debentures of the Company *(Cont'd)*

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 77.3% by Devoss Global, 20% by Mr. Ding Lu, and 2.7% by Montrachet. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum under Part XV of the SFO.

2. The entire issued share capital in Devoss Global is legally and beneficially owned by Mr. Ting. Mr. Ting is deemed to be interested in the Shares in which Devoss Global is interested in under Part XV of the SFO.

3. Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the Shares in which Mr. Ting is interested in under Part XV of the SFO.

4. The entire issued share capital in Keywood is legally and beneficially owned by Mr. Han. Mr. Han is deemed to be interested in the Shares in which Keywood is interested in under Part XV of the SFO.

5. The entire issued share capital in Timebase is legally and beneficially owned by Ms. Lu. Ms. Lu is deemed to be interested in the Shares in which Timebase is interested in under Part XV of the SFO.

6. These interests represent the underlying shares comprised in the share options granted by the Company on 17 December 2015.

* The percentage represents the aggregate of (i) the number of Shares interested and (ii) the number of underlying Shares pursuant to share options divided by the number of issued Shares as at 31 March 2016 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 March 2016, the Directors are not aware of any substantial shareholders or other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the Shares or underlying shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 March 2016 did the Directors and the chief executive of the Company (including their respective spouses and children under 18 years of age) have any interest in or exercise, or had been granted, any rights to subscribe for Shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the year ended 31 March 2016 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year ended 31 March 2016.

REPORT OF THE DIRECTORS *(Cont'd)*

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2016, the Company has no non-exempt continuing connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

CONNECTED PARTY TRANSACTIONS

During the year ended 31 March 2016, the Company has no connected party transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 31 March 2016, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. These related party transactions, which are disclosed in note 31 to the consolidated financial statements, did not fall under the definition of connected transactions under the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. Such provisions were in force during the course of the year ended 31 March 2016 and remained in force as of the date of this annual report.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year ended 31 March 2016.

CHARITABLE DONATIONS

During the year ended 31 March 2016, the Group did not make any charitable and other donations (2015: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices.

As the Shares were not listed on GEM until 8 October 2015, the code provisions were not applicable to the Company before the Listing Date. Throughout the period since the Listing Date and up to the date of this report, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below:

Pursuant to 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. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Ting is the chairman (the "Chairman") of the Board and is responsible for major decision-making, implementation of business strategies and overseeing the overall operation of the Group. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the chief executive officer (the "CEO") and therefore the daily operation and management of the Group is monitored by the executive Directors as well as the senior management.

The Board is of the view that, notwithstanding without the presence of the CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Group.

RISK AND UNCERTAINTIES

The Group's results of operations may fluctuate significantly from time to time due to seasonality and other factors. The Group is exposed to (i) the risks of slow-moving inventory, which may adversely affect the financial condition and results of operations; and (ii) the risks of product liability claims which will adversely affect the business, financial condition and results of operations. The Group has limited insurance coverage and does not maintain any insurance to cover any claims arising from product liability.

Future acquisition of wine merchants in Hong Kong may not contribute to the Group's business as planned. The Group is exposed to fluctuations in foreign currency exchange rates, and the profit margin is sensitive to fluctuations in the cost of the wine products. The Group operates in a highly competitive industry. Any significant economic downturn in Hong Kong will adversely affect the Group's business in Hong Kong.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save for the compliance adviser agreement dated 24 September 2015 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2016 and the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

ENVIRONMENTAL POLICIES AND PERFORMANCES

As a supporter of environmental protection, the Company strives for efficient and effective use of energy and resources in operation and management level of the Company. Energy conservation is a priority under environmental protection and energy-saving devices are used to reduce power consumption for lights. To enhance environmental awareness and encourage daily participation among the staff, there are policies in relation to energy conservation so as to minimize negative environmental impacts. Energy efficiency practices are enforced as to reduce wastage and avoid utilization of unnecessary resources including:

1. The use of electricity in the office of the Group must comply the principles of power saving, safety first, high efficiency and low consumption.

2. Lights and electronic appliances in living area or workplace must be turned off when not in use.

3. Every member of staff and management must turn off the power for each department's computers, photocopy machines, printers and facsimile machines when they are off duty or on leave.

4. Other than formal documents that require the use of papers, each department is advised to handle documents electronically. When the use of paper is required, each piece of paper must be printed double-sided except for formal and confidential documents.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The Audit Committee was established on 21 September 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are mainly to review the financial system 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 and risk management of the Group.

The Audit Committee comprises three members, namely Mr. Chu Kin Wang Peleus (chairman), Ms. Debra Elaine Meiburg and Ms. Fan Wei, all of whom are independent non-executive Directors.

The Group's audited consolidated financial statements for the year ended 31 March 2016 and this report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company for the year ended 31 March 2016. The Company has not changed its auditor since the Listing Date and up to the date of this annual report. SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is expected to be proposed at the AGM.

By order of the Board
MADISON WINE HOLDINGS LIMITED
Ting Pang Wan Raymond
Chairman

Hong Kong, 20 June 2016

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2016.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Appendix 15, "Corporate Governance Code and Corporate Governance Report" of the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

A. The Board

A.1 Responsibilities and Delegation

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Company's financial performance on behalf of the Shareholders. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its Shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the senior management, with a view to ensuring the Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

The Board has delegated day-to-day operation responsibility to the management of the Company under the supervision of the executive Directors and various Board committees.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entering into by the foregoing officers and senior management.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.2 Board Composition

The Board comprised the following Directors during the year ended 31 March 2016 and up to the date of this annual report:

Executive Directors

Mr. Ting Pang Wan Raymond *(Chairman)*	*Appointed as a Director on 15 April 2015 and re-designated as an executive Director on 14 May 2015*
Mr. Kao Sheng-Chi *(Deputy chairman)*	*Appointed as an executive Director on 14 May 2015*
Mr. Zhu Qin *(President)*	*Appointed as an executive Director on 14 May 2015*

Independent Non-executive Directors

Ms. Debra Elaine Meiburg	*Appointed as an INED on 21 September 2015*
Ms. Fan Wei	*Appointed as an INED on 21 September 2015*
Mr. Chu Kin Wang Peleus	*Appointed as an INED on 21 September 2015*

The list of all Directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The INEDs are expressly identified in all corporate communications of the Company. There is no relationship (including financial, business, family or other material or relevant relationships) between the Board members, and in particular, between the Chairman, the deputy chairman and the president. The biographical details of the Directors of the Company are set out under the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Throughout the period since the Listing Date and up to 31 March 2016, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.2 Board Composition (Cont'd)

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each executive Director supervises areas of the Group's business in accordance with his expertise. The INEDs bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the INEDs have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received a written annual confirmation from each INEDs of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

A.3 Chairman and Chief Executive

The Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1 as explained below:

Pursuant to 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. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Ting is the Chairman and is responsible for major decision-making, implementation of business strategies and overseeing the overall operation of the Group. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the chief executive officer (the "CEO") and therefore the daily operation and management of the Group is monitored by the executive Directors as well as the senior management.

The Board is of the view that, notwithstanding without the presence of CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Group.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.4 Appointment and Re-Election of Directors

Each of the executive Directors of the Company entered into a service agreement with the Company for a term of three years. Each of the INEDs was appointed by the Company pursuant to a letter of appointment for a term of three years.

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Pursuant to the aforesaid provisions of the Articles of Association, all Directors of the Company shall retire at the AGM and, being eligible, will offer themselves for re-election at the meeting. The Company's circular, sent together with this annual report, contains detailed information of all retiring Directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Company has established a Nomination and Corporate Governance Committee and its primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on corporate governance of the Group. Details of the Nomination and Corporate Governance Committee and its work performed are set out in the "Board Committees" section below.

A.5 Induction and Continuous Professional Development for Directors

All Directors received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.5 Induction and Continuous Professional Development for Directors (Cont'd)

According to the records maintained by the Company, the Directors received the following training regarding roles, function and duties of a director of a listed company or professional skills in compliance with the new requirement of the CG Code on continuous professional development during the year ended 31 March 2016:

	Reading materials	Attending seminars/ induction training
Executive Director		
Mr. Ting Pang Wan Raymond *(Chairman)*	✓	✓
Mr. Kao Sheng-Chi *(Deputy chairman)*	✓	✓
Mr. Zhu Qin *(President)*	✓	✓
Independent Non-executive Director		
Ms. Debra Elaine Meiburg	✓	✓
Ms. Fan Wei	✓	✓
Mr. Chu Kin Wang Peleus	✓	✓

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.6 Board Meetings (Cont'd)

A.6.1 Board Practices and Conduct of Meetings *(Cont'd)*

The Chairman, the other Directors and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Up to the date of this annual report, the Board held three full Board meetings on 13 November 2015, 3 February 2016 and 20 June 2016. The attendance of each Director is as follows:

	Number of Board meeting attended/ eligible to attend
Executive Directors	
Mr. Ting Pang Wan Raymond	2/3
Mr. Kao Sheng-Chi	3/3
Mr. Zhu Qin	3/3
Independent Non-executive Directors	
Ms. Debra Elaine Meiburg	3/3
Ms. Fan Wei	3/3
Mr. Chu Kin Wang Peleus	3/3

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

A. The Board *(Cont'd)*

A.6 Board Meetings (Cont'd)

A.6.2 Directors' Attendance Records *(Cont'd)*

There were seven additional full Board meetings held and attended by certain executive Directors and INEDs for normal course of business up to the date of this annual report. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company and are available to all Directors.

A.7 Required Standard of Dealings

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). As the Shares were not listed on GEM until 8 October 2015, the Code on Securities Dealings was not applicable to the Company before the Listing Date. The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings since the Listing Date and up to 31 March 2016.

No incident of Code on Securities Dealings by the Directors was noted by the Company.

In case when the Company is aware of dealings in the Company's securities during the restricted period, the Company will notify its Directors in advance.

B. Board Committees

The Board delegates certain responsibilities to various committees. In accordance with the Articles of Association and the GEM Listing Rules, three board committees have been formed, namely the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee. The Remuneration Committee, the Audit Committee, and the Nomination and Corporate Governance Committee have been established with defined written terms of reference, which are published on the Company's website and the Stock Exchange's website, or available to Shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

CORPORATE GOVERNANCE REPORT *(Cont'd)*

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.1 Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of Directors passed on 21 September 2015 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendation to the Board on the remuneration packages of the Directors and senior management of the Group, (ii) review performance based remuneration and (iii) ensure none of the Directors determine their own remuneration.

The Remuneration Committee comprises a total of four members, namely, Ms. Fan Wei (chairlady), Mr. Ting Pang Wan Raymond, Ms. Debra Elaine Meiburg and Mr. Chu Kin Wang Peleus, except Mr. Ting, all of whom are INEDs.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 March 2016 is set out below:

In the band of	Number of Individuals
Nil to HK$1,000,000	6
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	–
HK$3,000,001 to HK$4,000,000	–
Over HK$4,000,000	–

Details of the remuneration of each Director and the five individuals with the highest emoluments in the Group for the year ended 31 March 2016 are set out in note 13 and 14 to the financial statements, respectively, contained in this annual report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.1 Remuneration Committee (Cont'd)

Up to the date of this annual report, the Remuneration Committee met once and performed the following major tasks:

– Review and make recommendation on the proposal on year-end bonus and special bonus to the Directors and senior management of the Group; and

– Review and make recommendation on the remuneration packages of Directors and senior management of the Group.

During the year ended 31 March 2016, the attendance of each member of the Remuneration Committee is as follows:

	Number of Board meeting attended/ eligible to attend
Ms. Fan Wei *(Chairlady)*	1/1
Mr. Ting Pang Wan Raymond	1/1
Ms. Debra Elaine Meiburg	1/1
Mr. Chu Kin Wang Peleus	1/1

There were additional two full Remuneration Committee meetings held and attended by the Remuneration Committee members for normal course of business up to the date of this annual report.

B.2 Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules pursuant to a resolution of the Directors passed on 21 September 2015. The primary duties of the Audit Committee are mainly to (i) make recommendations to the Board on the appointment and removal of the external auditor, (ii) review the financial statements and material advice in respect of financial reporting and (iii) oversee the risk management and internal control procedures of the Company.

The Audit Committee comprises a total of three members, namely, Mr. Chu Kin Wang Peleus (chairman), Ms. Debra Elaine Meiburg and Ms. Fan Wei, all being INEDs. The chairman of the Audit Committee also possesses the appropriate accounting and financial management expertise as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.2 Audit Committee (Cont'd)

Up to the date of this annual report, the Audit Committee met three times, of which one of the meetings was also with the presence of the external auditor and the senior management of the Company and performed the following major tasks:

– Review and discussion of the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the risk management and internal control system of the Group;

– Discussion and recommendation of the re-appointment of external auditor; and

– Review of the Company's continuing connected transactions for the year ended 31 March 2016 pursuant to the GEM Listing Rules.

Up to the date of this annual report, the attendance of each member of the Audit Committee is as follows:

	Number of Board meeting attended/ eligible to attend
Ms. Debra Elaine Meiburg	3/3
Ms. Fan Wei	3/3
Mr. Chu Kin Wang Peleus *(Chairman)*	3/3

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The revised terms of reference of the Audit Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

There was one additional full Audit Committee meeting held and attended by the Audit Committee members for normal course of business up to the date of this annual report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.3 Nomination and Corporate Governance Committee

The Company established the Nomination and Corporate Governance Committee pursuant to a resolution of the Directors passed on 21 September 2015 with written terms of reference in compliance with the CG Code. The primary functions of the Nomination and Corporate Governance Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on corporate governance of the Group.

Pursuant to the CG Code, the Company has established the Nomination and Corporate Governance Committee which comprises a total of four members, namely, Mr. Ting Pang Wan Raymond (chairman), Ms. Debra Elaine Meiburg, Ms. Fan Wei and Mr. Chu Kin Wang Peleus, except Mr. Ting, all of whom are INEDs.

The principal duties of the Nomination and Corporate Governance Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of INEDs.

Up to the date of this annual report, the Nomination and Corporate Governance Committee met once and performed the following major tasks:

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing INEDs;

– Recommendation on the re-appointment of retiring Directors at the AGM pursuant to the Articles of Association;

– Review and development of the Company's policies and practices on corporate governance and make recommendations to the board;

– Review and monitoring of the training and continuous professional development of directors and senior management;

– Review and monitoring of the Company's policies and practices on compliance with legal and regulatory requirements;

– Review and monitoring of the code of conduct applicable to employees and directors; and

– Review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

B. Board Committees *(Cont'd)*

B.3 Nomination and Corporate Governance Committee (Cont'd)

Up to the date of this annual report, the attendance of each member of the Nomination and Corporate Governance Committee is as follows:

	Number of board meeting attended/ eligible to attend
Mr. Ting Pang Wan Raymond *(Chairman)*	1/1
Ms. Debra Elaine Meiburg	1/1
Ms. Fan Wei	1/1
Mr. Chu Kin Wang Peleus	1/1

The terms of reference of the Nomination and Corporate Governance Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

C. Board Diversity Policy

The Board has adopted a Board Diversity Policy on 21 September 2015 which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

D. Directors' Responsibilities for Financial Reporting in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements for the year ended 31 March 2016 as disclosed in this annual report. The Directors consider that the financial statements have been prepared in conformity 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 reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 March 2016, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 48 to 49 of this annual report.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

E. Risk Management and Internal Controls

The Company has an internal audit function.

The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard the interests of the Shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such systems on an annual basis.

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2016. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

F. External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 March 2016 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to SHINEWING (HK) CPA Limited, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 March 2016 are analysed below:

Type of services provided by the external auditor	Fees paid/ payable
Audit services	550,000
Non-audit services	1,695,000
TOTAL:	2,245,000

G. Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2016 and up to the date of this annual report, the Board has reviewed and performed the above corporate governance functions.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

H. Shareholders' Rights

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual directors, for Shareholders' consideration and voting. Besides, various rights of Shareholders, including the right to propose resolutions, are contained in the Articles of Association.

The summary of certain rights of the Shareholders are disclosed below:

Procedures for convening extraordinary general meetings and putting forward proposals at general meetings

Each general meeting other than an annual general meeting shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. According to Article 58 of the Articles of Association, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting 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. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles of Association.

Procedures for propose a person for election as a Director

The procedures for proposing a person for election as a Director are posted under the Investor Relations section of the Company's website at www.madison-wine.com.

CORPORATE GOVERNANCE PRACTICES *(Cont'd)*

I. Communications with Shareholders

The Board believes that a transparent and timely disclosure of the Group's information will enable Shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.madison-wine.com" as a communication platform with Shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited and for other enquiries, Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Flat A & B, 10/F, North Point Industrial Building, 499 King's Road, North Point, Hong Kong or via email to "ir@madison-wine.com" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for Shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by Shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

J. Company Secretary

The Company Secretary, Ms. Tse Ka Yan was appointed as the Company Secretary with effect from 14 May 2015. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

K. Inside Information

With respect to the procedures and internal controls for the handling and dissemination of price sensitive information, the Company is aware of its obligations under Part XIVA of the SFO and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission.

L. Constitutional Documents

During the year ended 31 March 2016, there is no change in the Company's constitutional document.

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF MADISON WINE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Madison Wine Holdings Limited (the "Company") and its subsidiaries set out on pages 50 to 103, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 judgement, 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.

OPINION

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
20 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	*8*	**126,684**	145,687
Cost of sales		**(93,711)**	(105,587)
Gross profit		**32,973**	40,100
Other income	*9*	**12,687**	1,446
Selling and distribution expenses		**(13,526)**	(13,034)
Administrative expenses		**(39,217)**	(10,477)
Finance cost	*10*	**–**	(745)
(Loss) profit before tax		**(7,083)**	17,290
Income tax expense	*11*	**(2,221)**	(2,976)
(Loss) profit for the year and total comprehensive (expense) income for the year	*12*	**(9,304)**	14,314
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(9,447)**	14,159
Non-controlling interests		**143**	155
		(9,304)	14,314
(Loss) earnings per share (HK cents)	*16*		
Basic		**(2.71)**	4.72
Diluted		**(2.71)**	4.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Plant and equipment	*17*	**5,616**	4,238
Deposits paid for acquisition of plant and equipment		**–**	2,188
Deposits	*20*	**643**	1,075
Deferred tax asset	*18*	**287**	458
		6,546	7,959
Current assets			
Inventories	*19*	**41,465**	24,221
Trade and other receivables	*20*	**34,909**	15,666
Amount due from ultimate holding company	*21*	**11**	9
Amount due from immediate holding company	*21*	**24**	13
Tax recoverable		**1,202**	–
Bank balances and cash	*22*	**44,985**	28,022
		122,596	67,931
Current liabilities			
Trade and other payables	*23*	**5,059**	11,562
Amount due to a director	*25*	**–**	9,258
Tax payable		**245**	3,243
		5,304	24,063
Net current assets		**117,292**	43,868
Total assets less current liabilities		**123,838**	51,827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	*26*	**4,000**	78
Reserves		**119,537**	51,594
Equity attributable to owners of the Company		**123,537**	51,672
Non-controlling interests		**298**	155
Total equity		**123,835**	51,827
Non-current liability			
Deferred tax liability	*18*	**3**	–
		123,838	51,827

The consolidated financial statements on pages 50 to 103 were approved and authorised for issue by the board of directors on 20 June 2016 and are signed on its behalf by:

Ting Pang Wan Raymond
Director

Zhu Qin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 *(Note)*	**Share options reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 2014	78	–	23,669	–	13,766	37,513	–	37,513
Profit for the year and total comprehensive income for the year	–	–	–	–	14,159	14,159	155	14,314
At 31 March 2015	78	–	23,669	–	27,925	51,672	155	51,827
Loss for the year and total comprehensive expense for the year	–	–	–	–	(9,447)	(9,447)	143	(9,304)
Issue of shares upon reorganisation (the "Reorganisation") *(Note 26(iv))*	7	–	5,293	–	–	5,300	–	5,300
Arising from Reorganisation	(85)	–	85	–	–	–	–	–
Capitalisation issue *(Note 26(d))*	3,000	(3,000)	–	–	–	–	–	–
Issue of shares upon placing *(Note 26(e))*	1,000	74,000	–	–	–	75,000	–	75,000
Transaction costs in connection with the issue of shares upon placing	–	(5,624)	–	–	–	(5,624)	–	(5,624)
Recognition of equity-settled share-based payment expenses *(Note 30)*	–	–	–	6,636	–	6,636	–	6,636
At 31 March 2016	4,000	65,376	29,047	6,636	18,478	123,537	298	123,835

Note:

The other reserve was arisen from the transfer of the entire issued share capital and shareholder loan in Madison Wine (HK) Company Limited to Madison International Wine Company Limited upon the Reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	**2016** **HK$'000**	2015 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(7,083)**	17,290
Adjustments for:			
Bank interest income		**(1)**	–
Depreciation of plant and equipment		**2,977**	2,478
Finance cost		**–**	745
Gain on disposal of a subsidiary		**–**	(168)
Loss on written off of plant and equipment		**507**	–
Share-based payment expenses		**6,636**	–
Operating cash flows before movements in working capital		**3,036**	20,345
(Increase) decrease in inventories		**(17,244)**	7,110
Increase in trade and other receivables, deposits		**(18,811)**	(8,692)
(Decrease) increase in trade and other payables		**(6,503)**	7,426
Decrease in amount due to a related company		**–**	(6,898)
Increase in amount due to a director		**–**	107
Cash (used in) generated from operations		**(39,522)**	19,398
Income tax paid		**(6,247)**	(1,642)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(45,769)**	17,756
INVESTING ACTIVITIES			
Purchases of plant and equipment		**(2,674)**	(2,201)
Advance to immediate holding company		**(11)**	(5)
Advance to ultimate holding company		**(2)**	–
Interest received		**1**	–
Deposits paid for acquisition of plant and equipment		**–**	(2,188)
Net cash outflow from disposal of a subsidiary	*27*	**–**	(1,857)
NET CASH USED IN INVESTING ACTIVITIES		**(2,686)**	(6,251)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)*

For the year ended 31 March 2016

	2016 **HK$'000**	2015 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of shares	**80,300**	–
(Repayment to) advance from a director	**(9,258)**	3,997
Transaction costs in connection with the issue of shares upon placing	**(5,624)**	–
Loan from a director	**–**	13,500
Advance from a related company	**–**	29
Interest paid	**–**	(745)
Repayment of loan from a director	**–**	(13,500)
NET CASH FROM FINANCING ACTIVITIES	**65,418**	3,281
NET INCREASE IN CASH AND CASH EQUIVALENTS	**16,963**	14,786
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**28,022**	13,236
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**44,985**	28,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. GENERAL

Madison Wine Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015 and its shares are listed on on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2015. The immediate holding company of the Company is Royal Spectrum Holding Company Limited, a company incorporated in the Republic of Seychelles. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages and provision of wine storage services.

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

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Before the completion of the reorganisation (the "Reorganisation"), Madison International Wine Company Limited ("Madison International") was ultimately owned by Mr. Ting Pang Wan Raymond, Mr. Lin Samuel Jr. and Mr. Zhu Hui Xin as to 77.3%, 20.0% and 2.7% respectively through three investment holding companies. Pursuant to the Reorganisation, which was completed by interspersing the Company between Madison International and its shareholders, the Company became the holding company of the companies now comprising the Group on 21 September 2015. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements has been prepared as if the Company had always been the holding company of the companies comprising the Group throughout the years presented, using the principles of merger accounting as set out in note 4 below.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the years presented or since their respective dates of incorporation up to 31 March 2016, whichever is the shorter period. The consolidated statement of financial position of the Group as at 31 March 2015 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at that date.

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

In the current year, the Group has applied the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

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

Annual Improvements to HKFRSs 2010 – 2012 Cycle *(Cont'd)*

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010 – 2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

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

Annual Improvements to HKFRSs 2011 – 2013 Cycle *(Cont'd)*

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011 – 2013 Cycle has had no material impact in the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also state that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The directors of the Company consider that the application of the amendments to HKAS 19 Defined Benefit Plans – Employee Contributions has had no material impact in the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective date not yet been determined.
4 Effective for annual periods beginning on or after 1 January 2019.

The directors of the Company anticipate that, except as described below, the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) 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 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.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 9 (2014) Financial Instruments (Cont'd)

Key requirements of HKFRS 9 (2014) are described as follows:

- 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 attributable to a financial liability's 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 is 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 9 (2014) Financial Instruments (Cont'd)

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. 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 the effect of HKFRS 15 until the Group performs a detailed review.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012 – 2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012 – 2014 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of the amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective *(Cont'd)*

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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 Company 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Basis of consolidation *(Cont'd)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when 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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Basis of consolidation *(Cont'd)*

Changes in the Group's ownership interests in existing subsidiaries

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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Plant and equipment

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 subsequent accumulated impairment losses, if any.

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

An item of 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 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.

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 the 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Inventories

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, and short-term deposits as defined above.

Financial instruments

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

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

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets (Cont'd)

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, amount due from ultimate holding company, amount due from immediate holding company 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 of 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 financial assets

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

For all financial assets, 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; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, 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 *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets (Cont'd)

Impairment of financial assets *(Cont'd)*

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment 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

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Derecognition

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised when the goods are delivered and title has 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.

Consignment income is recognised when the consignment inventories are sold.

Storage service income is recognised when services are rendered.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Leasing

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

The Group as lessee

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

Foreign currencies

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

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

Borrowing costs

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

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

Employee benefits

Retirement benefit cost

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Share-based payment transactions

Equity-settled share-based payment transactions of the Company

Share options granted to shareholders

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless the fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an on-going 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

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.

Estimated useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation based on historical experience. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period. As at 31 March 2016, the carrying values of plant and equipment were approximately HK$5,616,000 (2015: HK$4,238,000).

Estimated impairment of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying values exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as future revenue and discount rates. As at 31 March 2016, the carrying values of plant and equipment were approximately HK$5,616,000 (2015: HK$4,238,000). No accumulated impairment loss was recognised for plant and equipment as at 31 March 2016 and 2015.

Allowance for inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventories and judgements on the conditions of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise. As at 31 March 2016, the carrying amounts of inventories were approximately HK$41,465,000 (2015: HK$24,221,000). No allowance was recognised for inventories as at 31 March 2016 and 2015.

Estimated impairment of trade and other receivables

The policy for making impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial condition of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. As at 31 March 2016, the carrying amounts of trade and other receivables were approximately HK$34,909,000 (2015: HK$15,666,000). No accumulated impairment loss was recognised for trade and other receivables as at 31 March 2016 and 2015.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

Share–based payment expenses

The fair value of share options granted to the shareholders and consultants determined at the date of grant is expensed on a straight–line basis over the vesting period, with a corresponding adjustment to the Group's share options reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options etc. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options. Details are set out in note 30.

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

The capital structure of the Group consists of net debt, which includes amount due to a director net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

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

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 **HK$'000**	2015 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**57,684**	36,172
Financial liabilities		
At amortised cost	**2,059**	18,913

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits, trade and other receivables, amount due from ultimate holding company, amount due from immediate holding company, bank balances and cash, trade and other payables and amount due to a director. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the Group's major operating subsidiaries is HK$. The Group's major operating subsidiaries have foreign currency purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure to foreign currency risk relates principally to its bank balances and payables denominated in foreign currencies other than the functional currency of relevant group entities.

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than the functional currency of relevant group entities at the end of the reporting period are as follows:

	2016		2015	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
United States dollar ("US$")	**4**	**–**	4	–
Singapore dollar ("SGD")	**–**	**–**	40	–
Euro ("EUR")	**–**	**71**	–	423
Great British Pound ("GBP")	**–**	**–**	–	93
Australian dollar ("AUD")	**–**	**–**	–	76
Renminbi ("RMB")	**–**	**–**	54	–

No sensitivity analysis is presented as in the opinions of the directors of the Company, the expected change in foreign exchange rates will not have significant impact on the (loss) profit during the years ended 31 March 2016 and 2015.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Market risk (Cont'd)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. To mitigate the impact of interest rate fluctuations, the Group assesses and monitors the exposure to interest rate risk.

The Group's exposures to interest rates 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 the prevailing market rates on bank balances.

In the opinions of the directors of the Company, the expected change in interest rate on bank balances will not be significant in the near future, hence no sensitivity analysis is presented.

Credit risk

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

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

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

The Group's concentration of credit risk by geographical location is in Hong Kong, which accounted for 77% (2015: 57%) of the total trade receivables as at 31 March 2016.

The Group has limited concentration of credit risk as it has a large number of customers.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(b) Financial risk management objectives and policies *(Cont'd)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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

Liquidity tables

	On demand or within one year HK$'000	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
At 31 March 2016			
Non-derivative financial liabilities			
Trade and other payables	**2,059**	**2,059**	**2,059**

	On demand or within one year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2015			
Non-derivative financial liabilities			
Trade and other payables	9,655	9,655	9,655
Amount due to a director	9,258	9,258	9,258
	18,913	18,913	18,913

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

(c) Fair value measurements of financial instruments

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 due to their immediate or short-term maturities.

8. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of the consideration received or receivable for goods sold by the Group to outside customers less discounts.

The Group's operation is mainly derived from sales of alcoholic beverages. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the directors of the Company) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

The Group's operations are located in Hong Kong (country of domicile) during the years ended 31 March 2016 and 2015.

During the years ended 31 March 2016 and 2015, the Group's revenue is derived solely in Hong Kong from customers. As at 31 March 2016 and 2015, the Group's non-current assets by location of assets are all located in Hong Kong.

Information about major customers

During the years ended 31 March 2016 and 2015, there is no customer contributing over 10% of the total revenue of the Group.

9. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Bank interest income	1	–
Consignment income	12,003	1,146
Gain on disposal of a subsidiary	–	168
Promotion income	593	–
Others	90	132
	12,687	1,446

10. FINANCE COST

	2016 HK$'000	2015 HK$'000
Interest on amount due to a director	–	745

11. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
Current tax:		
Hong Kong Profits Tax	2,047	3,243
Deferred taxation *(Note 18)*	174	(267)
	2,221	2,976

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

During the year of assessments 2015/2016 and 2014/2015, Hong Kong Profits Tax concession was amounted to 75% of the profits tax of the respective entity, subject to a maximum of HK$20,000 for each entity.

11. INCOME TAX EXPENSE *(Cont'd)*

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

	2016 HK$'000	2015 HK$'000
(Loss) profit before tax	**(7,083)**	17,290
Tax at Hong Kong Profits Tax rate of 16.5% (2015: 16.5%)	**(1,169)**	2,853
Tax effect of expenses not deductible for tax purpose	**3,442**	190
Tax effect of income not taxable for tax purpose	**(9)**	(28)
Tax effect of tax losses not recognised	**–**	1
Utilisation of tax losses previously not recognised	**(1)**	–
Effect of tax exemptions granted	**(42)**	(40)
Income tax expense for the year	**2,221**	2,976

12. (LOSS) PROFIT FOR THE YEAR

	2016 HK$'000	2015 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' emoluments *(Note 13)*	**4,399**	1,167
Salaries, allowances and other benefits	**9,445**	7,519
Sales commission	**492**	407
Contributions to retirement benefits scheme	**327**	281
Total staff costs	**14,663**	9,374
Auditor's remuneration	**550**	350
Cost of inventories recognised as expense	**93,711**	105,587
Depreciation of plant and equipment	**2,977**	2,478
Equity-settled share-based payment expenses	**6,636**	–
Loss on written off of plant and equipment	**507**	–
Professional expenses incurred in connection with the listing	**13,037**	–
Net exchange loss	**9**	97
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	**5,223**	5,726

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of directors were as follows:

Year ended 31 March 2016

	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Ting Pang Wan Raymond *(Note i)*	–	1,800	17	1,817
Mr. Zhu Qin *(Note i)*	–	975	18	993
Mr. Kao Sheng-Chi *(Note i)*	–	1,300	19	1,319
Independent non-executive directors				
Mr. Chu Kin Wang Peleus *(Note ii)*	90	–	–	90
Ms. Debra Elaine Meiburg *(Note ii)*	90	–	–	90
Ms. Fan Wei *(Note ii)*	90	–	–	90
	270	4,075	54	4,399

Year ended 31 March 2015

	Emoluments paid or receivable in respect of a person's services as a director of the Company or its subsidiary undertaking			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors				
Mr. Ting Pang Wan Raymond	–	–	–	–
Mr. Lin Samuel Jr.	–	–	–	–
Mr. Zhu Qin	–	845	17	862
Mr. Kao Sheng-Chi	–	300	5	305
	–	1,145	22	1,167

13. DIRECTORS' EMOLUMENTS *(Cont'd)*

Notes:

(i) Appointed on 14 May 2015.

(ii) Appointed on 21 September 2015.

During the year ended 31 March 2015, the emoluments shown above represented emoluments received from the Group by these directors in their capacity as directors of the companies now comprising the Group.

The Group did not appoint a chief executive during the years ended 31 March 2016 and 2015.

During the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during the years ended 31 March 2016 and 2015.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2015: one) were directors of the Company for the year ended 31 March 2016, whose emoluments are disclosed in note 13 above. The emoluments of the remaining two (2015: four) individuals were as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and other benefits	**2,260**	3,042
Contributions to retirement benefits scheme	**36**	69
	2,296	3,111

Their emoluments were within the following bands:

	Number of individuals	
	2016	2015
Nil to HK$1,000,000	**–**	4
HK$1,000,001 to HK$1,500,000	**2**	–
	2	4

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2016 and 2015.

15. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period.

No dividend was paid or declared by companies now comprising the Group during the year ended 31 March 2015.

16. (LOSS) EARNINGS PER SHARE

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

	2016 HK$'000	2015 HK$'000
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to the owners of the Company	**(9,447)**	14,159

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**348,087,432**	300,000,000
Effect of dilutive potential ordinary shares:		
Share options	**844,252**	N/A
	348,931,684	300,000,000

The weighted average number of ordinary shares in issue during the year ended 31 March 2016 used in the calculation of basic loss per share is determined on the assumption that the 1,000 ordinary shares and the 299,999,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the prospectus had been in issue since 1 April 2014, and the weighted average of 100,000,000 ordinary shares issued upon placing.

The weighted average number of ordinary shares in issue during the year ended 31 March 2015 used in the calculation of basic earnings per share is determined on the assumption that the 1,000 ordinary shares and the 299,999,000 ordinary shares issued upon the capitalisation issue and Reorganisation as described in the prospectus had been in issue since 1 April 2014.

16. (LOSS) EARNINGS PER SHARE *(Cont'd)*

Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2016, as the effect of the Company's outstanding share options would result in a decrease in loss per share for the year ended 31 March 2016.

Diluted earnings per share is equal to the basic earnings per share for the year ended 31 March 2015 as there were no dilutive potential ordinary shares outstanding during the year ended 31 March 2015.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Shop equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2014	4,348	593	369	–	5,310
Additions	3,024	–	335	335	3,694
At 31 March 2015	7,372	593	704	335	9,004
Additions	4,421	26	103	312	4,862
Written off	(4,348)	(39)	(9)	–	(4,396)
At 31 March 2016	7,445	580	798	647	9,470
ACCUMULATED DEPRECIATION					
At 1 April 2014	2,053	165	70	–	2,288
Charge for the year	2,134	118	126	100	2,478
At 31 March 2015	4,187	283	196	100	4,766
Charge for the year	2,529	116	153	179	2,977
Eliminated on written off	(3,865)	(19)	(5)	–	(3,889)
At 31 March 2016	2,851	380	344	279	3,854
CARRYING VALUES					
At 31 March 2016	4,594	200	454	368	5,616
At 31 March 2015	3,185	310	508	235	4,238

17. PLANT AND EQUIPMENT *(Cont'd)*

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

Leasehold improvements	Over the term of the lease
Shop equipment	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	30%

18. DEFERRED TAX ASSET (LIABILITY)

	2016 **HK$'000**	2015 HK$'000
Deferred tax asset	**287**	458
Deferred tax liability	**(3)**	–
	284	458

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

	Accelerated tax depreciation HK$'000
At 1 April 2014	191
Credited to profit or loss *(Note 11)*	267
At 31 March 2015	458
Charged to profit or loss *(Note 11)*	(174)
At 31 March 2016	284

At 31 March 2016, the Group had unused tax loss of nil (2015: HK$7,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax loss due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

19. INVENTORIES

	2016 HK$'000	2015 HK$'000
Goods held for resale	**41,465**	24,221

20. TRADE AND OTHER RECEIVABLES, DEPOSITS

	2016 HK$'000	2015 HK$'000
Trade receivables	**11,573**	5,840
Payments in advance	**22,220**	7,095
Prepayments	**668**	1,518
Deposits and other receivables	**1,091**	2,288
Trade and other receivables	**35,552**	16,741
Analysed as:		
Current	**34,909**	15,666
Non-current (rental deposits)	**643**	1,075
	35,552	16,741

Generally, the Group allows credit period of a range from 0 to 30 days to its customers.

The Group does not hold any collateral over its trade and other receivables.

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

	2016 HK$'000	2015 HK$'000
Within 30 days	**4,229**	2,189
31 to 60 days	**668**	3,084
61 to 90 days	**440**	17
91 to 180 days	**5,370**	223
181 to 365 days	**669**	232
Over 365 days	**197**	95
Total	**11,573**	5,840

20. TRADE AND OTHER RECEIVABLES, DEPOSITS *(Cont'd)*

Trade receivables that were neither past due nor impaired as at 31 March 2016 related to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$11,452,000 (2015: HK$5,357,000) as at 31 March 2016 which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired is as follows:

	2016	2015
	HK$'000	HK$'000
Within 30 days	**4,108**	1,706
31 to 60 days	**668**	3,084
61 to 90 days	**440**	17
91 to 180 days	**5,370**	223
181 to 365 days	**669**	232
Over 365 days	**197**	95
Total	**11,452**	5,357

No allowance for doubtful debts was recognised as at 31 March 2016 and 2015. Trade receivables are individually impaired and recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions.

21. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand.

22. BANK BALANCES AND CASH

Bank balances carried at prevailing market rates of 0.01% per annum as at 31 March 2016 and 2015.

23. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**1,168**	9,064
Receipts in advance	**3,000**	1,907
Other payables and accruals	**891**	591
Trade and other payables	**5,059**	11,562

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

	2016 HK$'000	2015 HK$'000
Within 30 days	**311**	194
31 to 60 days	**701**	8,447
61 to 90 days	**16**	–
91 to 180 days	**97**	–
181 to 365 days	**43**	–
Over 365 days	**–**	423
Trade payables	**1,168**	9,064

The average credit period on purchases of goods is ranging from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

24. AMOUNT DUE TO A RELATED COMPANY

During the year ended 31 March 2015, the amount due to a related company, Lucky Target Arts Limited ("Lucky Target"), in which Mr. Ting Pang Wan Raymond has beneficial interest, was fully settled.

25. AMOUNT DUE TO A DIRECTOR

During the year ended 31 March 2015, the Group obtained advance of HK$13,500,000 from Mr. Ting Pang Wan Raymond, the director of the Company, which carried interest rate at 12% per annum. The amount was fully repaid during the year ended 31 March 2015.

As at 31 March 2015, the amount due to a director was unsecured, non-interest bearing and repayable on demand and had been fully settled during the year ended 31 March 2016.

26. SHARE CAPITAL

The Group

(i) As the Company was not incorporated prior to 31 March 2015 and the Reorganisation was not completed as at 31 March 2015, the share capital of the Group in the consolidated statement of financial position as at 1 April 2014 and 31 March 2015 represented the share capital of Madison International.

(ii) On 21 November 2013, 100 shares of US$1.00 each (equivalent to approximately HK$1,000 in aggregate) had been allotted and issued by Madison International, all credited as fully paid, to Quick Express International Limited ("Quick Express"), a company wholly-owned by Mr. Ting Pang Wan Raymond.

(iii) On 25 November 2013, Madison International further allotted and issued 9,900 shares of US$1.00 each (equivalent to approximately HK$77,000 in aggregate), all credited as fully paid, to Quick Express for the transfer of the entire issued share capital and shareholder's loan of approximately HK$23,735,000 in Madison Wine (HK) Company Limited ("Madison Wine (HK)") to Madison International.

(iv) On 20 April 2015, Madison International further allotted and issue 870 shares of US$1.00 each (equivalent to approximately HK$7,000 in aggregate) to Timebase Holdings Limited ("Timebase"), an independent third party, at a consideration of HK$5,300,000.

The Company

	Notes	**Number of shares**	**Share capital** HK$
Ordinary shares of HK$0.01 each			
Authorised:			
At 15 April 2015 (date of incorporation)	*(a)*	38,000,000	380,000
Increase during the period	*(b)*	962,000,000	9,620,000
At 31 March 2016		1,000,000,000	10,000,000
Issued and fully paid:			
At 15 April 2015 (date of incorporation)	*(a)*	1	–
Issue of shares upon Reorganisation	*(c)*	999	10
Capitalisation issue	*(d)*	299,999,000	2,999,990
Issue of shares upon placing	*(e)*	100,000,000	1,000,000
At 31 March 2016		400,000,000	4,000,000

26. SHARE CAPITAL *(Cont'd)*

The Company *(Cont'd)*

Notes:

(a) The Company was incorporated on 15 April 2015 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, one share was allotted and issued in nil-paid form to the initial subscriber of the Company and was transferred to Royal Spectrum Holding Company Limited ("Royal Spectrum") at nil consideration on the same date. Prior to the Reorganisation, Royal Spectrum had been the sole shareholder of the Company.

(b) Pursuant to the resolutions in writing passed by the shareholders of the Company on 21 September 2015, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional of 962,000,000 shares of HK$0.01 each, each of which ranks *pari passu* with the shares then in issue in all respects.

(c) On 21 September 2015, the Company acquired the entire issued share capital in Madison International from Royal Spectrum, Keywood Limited ("Keywood") and Timebase, in consideration of the Company allotting and issuing 819 shares, 100 shares and 80 shares of HK$0.01 each (equivalent to HK$10 in aggregate), all being credited as fully paid to Royal Spectrum, Keywood and Timebase, respectively.

(d) Pursuant to shareholders' written resolution passed on 21 September 2015, the directors of the Company were authorised to capitalise a sum of HK$2,999,990 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 299,999,000 shares for allotment and issue to the then shareholders of the Company as at 21 September 2015 in proportion of their then respective shareholdings in the Company.

(e) In connection with the Company's placing and the listing, the Company issued 100,000,000 ordinary shares of HK$0.01 each at a price of HK$0.75 for a total consideration (before expenses) of HK$75,000,000. Dealings of the Company's shares on GEM commenced on 8 October 2015.

27. DISPOSAL OF A SUBSIDIARY

On 29 January 2015, the Group disposed of its entire equity interest in Wine Financier Limited ("Wine Financier") which is principally engaged in the provision of financial services, to a related company, China Runking Financing Group Limited ("China Runking"), which is 70% beneficially owned by Mr. Ting Pang Wan Raymond, a director of the Company, at a cash consideration of HK$10,000.

27. DISPOSAL OF A SUBSIDIARY *(Cont'd)*

Upon the completion, the Company ceased to hold any interest in Wine Financier. The net liabilities of Wine Financier at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost

	29 January 2015 HK$'000
Other receivables	12
Amount due from a related company	10
Bank balances	1,867
Other payables	(18)
Amount due to a related company	(29)
Amount due to a director	(2,000)
Net liabilities disposed of	(158)

Gain on disposal of a subsidiary

	HK$'000
Cash consideration	10
Net liabilities disposed of	158
Gain on disposal	168

Net cash outflow arising on disposal

	HK$'000
Cash consideration	10
Less: Bank balances disposed of	(1,867)
	(1,857)

During the period from 11 September 2014 (date of incorporation) to 29 January 2015, Wine Financier contributed to the Group's revenue of nil and loss of approximately HK$168,000.

28. OPERATING LEASES

The Group as lessee

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

	2016 **HK$'000**	2015 HK$'000
Within one year	**4,114**	4,900
In the second to fifth year inclusive	**2,255**	6,369
	6,369	11,269

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouses and shop. Leases are negotiated for terms ranged from one to three years and rentals are fixed over the term of lease. No provision for contingent rent and terms of renewal was established in the leases.

29. RETIREMENT BENEFITS SCHEME

Hong Kong

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs and up to maximum of HK$1,250 from 1 April 2014 to 31 May 2014, and HK$1,500 from 1 June 2014 onwards for each employee to the scheme, to which the same amount of contribution is matched by employees.

The only obligation of the Group with respect to the retirement benefit plans is to make the statutory specified contributions. During the year ended 31 March 2016, the total retirement benefits scheme contributions charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$369,000 (2015: HK$288,000).

The People's Republic of China (the "PRC"), other than Hong Kong

As stipulated by rules and regulations in the PRC, it is required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. During the year ended 31 March 2016, a total contribution of HK$12,000 (2015: HK$15,000) were made by the Group is respect of this scheme.

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company has conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

On 17 December 2015, the Company granted an aggregate of 18,100,000 share options to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

As at 31 March 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 18,100,000, representing 4.53% of the ordinary shares in issue on that date.

Movements of the Company's share options held by shareholders and consultants during the year are:

Category of participant	Date of grant	Outstanding at 1 April 2015	Granted during the year	Outstanding at 31 March 2016	Exercise period	Exercise price per share
Shareholders	17 December 2015	–	2,100,000	2,100,000	17 June 2016 to 16 June 2025	HK$8.00
Consultants	17 December 2015	–	16,000,000	16,000,000	17 June 2016 to 16 June 2025	HK$8.00
		–	18,100,000	18,100,000		
Weighted average exercise price (HK$)		–	8.00	8.00		

The fair values of the share options granted on 17 December 2015 were calculated using the Binomial model. The inputs into the modal were as follows:

	17 December 2015
Weighted average share price	HK$7.1
Weighted average exercise price	HK$8.0
Expected volatility	70%
Expected life	10 years
Risk-free rate	1.553%
Expected dividend yield	0%

30. SHARE-BASED PAYMENT TRANSACTIONS *(Cont'd)*

Expected volatility was determined by using the historical volatility of the Company's share price and reference to the companies in the similar industry.

Share-based payment expenses of approximately HK$6,636,000 (2015: nil) were recognised by the Group for the year ended 31 March 2016 in relation to share options granted by the Company.

31. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

Name of party	Nature of transactions	2016 HK$'000	2015 HK$'000
Mr. Ting Pang Wan Raymond	Sale of goods therefrom	–	32
	Purchase of goods thereto	–	139
	Interest paid thereto	–	745
Lucky Target	Purchase of goods thereto	–	748

Mr. Ting Pang Wan Raymond, the director of the Company, has beneficial interest in Lucky Target. The transactions were conducted in the ordinary and usual course of business at prices and terms as agreed between the transacting parties.

(b) As disclosed in note 27, the Group disposed of its entire equity interest in Wine Financier to China Runking at a cash consideration of HK$10,000.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2016 HK$'000	2015 HK$'000
Short-term benefits	6,714	1,717
Post-employment benefits	102	39
	6,816	1,756

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries as at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group and proportion of voting power held by the Company				Principal activities
				2016		2015		
				Directly	**Indirectly**	Directly	Indirectly	
Madison International	Republic of Seychelles ("Seychelles") 21 November 2013	Hong Kong	Ordinary US$10,870	**100%**	**–**	100%	–	Investment holding
Madison Fine Wine Company Limited	Seychelles 26 August 2014	Hong Kong	Ordinary US$1	**–**	**100%**	–	100%	Investment holding
Madison Wine Trading Company Limited ("Madison Wine Trading")	Hong Kong 19 November 2014	Hong Kong	Ordinary HK$100	**–**	**80%**	–	80%	Sales of alcoholic beverages
Madison Wine (HK)	British Virgin Islands 10 January 2013	Hong Kong	Ordinary US$200	**–**	**100%**	–	100%	Investment holding
Madison (China) Limited	Hong Kong 14 April 1997	Hong Kong	Ordinary HK$10,000	**–**	**100%**	–	100%	Sales of alcoholic beverages
Madison Wine Club Limited	Hong Kong 12 January 2012	Hong Kong	Ordinary HK$1	**–**	**100%**	–	100%	Sales of alcoholic beverages and wine storage

None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interest	
		2016	2015	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Madison Wine Trading	Hong Kong	**20%**	20%	**143**	155	**298**	155

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Cont'd)*

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2016 **HK$'000**	2015 HK$'000
Current assets	**11,907**	6,389
Non-current assets	**19**	–
Current liabilities	**(10,433)**	(5,616)
Non-current liabilities	**(3)**	–
Equity attributable to owner of the Company	**(1,192)**	(618)
Non-controlling interests	**(298)**	(155)

	2016 **HK$'000**	2015 HK$'000
Revenue	**40,083**	14,195
Expenses	**(39,367)**	(13,422)
Profit for the year and total comprehensive income for the year	**716**	773
Profit for the year and total comprehensive income for the year attributable to owners of the Company	**573**	618
Profit for the year and total comprehensive income for the year attributable to non-controlling interests	**143**	155

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Cont'd)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Cont'd)*

	2016 HK$'000	2015 HK$'000
Net cash (outflow) inflow from operating activities	**(220)**	476
Net cash outflow from investing activities	**(112)**	–
Net cash inflow from financing activities	**–**	2,000
Net cash (outflow) inflow	**(332)**	2,476

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK$'000
Non-current asset	
Investment in a subsidiary	**62,217**
Current assets	
Amount due from a subsidiary	**29,598**
Bank balances	**26,665**
	56,263
Net assets	**118,480**
Capital and reserves	
Share capital	**4,000**
Reserves *(Note)*	**114,480**
Total equity	**118,480**

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Cont'd)*

Note:

Reserves of the Company

	Share premium HK$'000	Other reserve HK$'000 *(Note)*	Share options reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
Loss for the period and total comprehensive expense for the period	–	–	–	(19,749)	(19,749)
Arising from Reorganisation	–	62,217	–	–	62,217
Capitalisation issue *(Note 26(d))*	(3,000)	–	–	–	(3,000)
Issue of shares upon placing *(Note 26(e))*	74,000	–	–	–	74,000
Transaction costs in connection with the issue of shares upon placing	(5,624)	–	–	–	(5,624)
Recognition of equity-settled share-based payments expenses *(Note 30)*	–	–	6,636	–	6,636
At 31 March 2016	65,376	62,217	6,636	(19,749)	114,480

Note:

Other reserve represents the difference between the nominal value of the shares issued for the acquisition of Madison International and the consolidated net asset values of Madison International and its subsidiaries at the date of acquisition.

34. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 13 April 2016, the Company and the potential vendor entered into a non-legally binding memorandum of understanding (the "MOU") in relation to the proposed acquisition ("Proposed Acquisition") of up to 45% equity interest in Acker Merrall & Condit Limited.

The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU under the formal agreement (the "Formal Agreement") and is expected to be satisfied by the Group by way of cash as to (i) 75% of the consideration to be payable upon entering into of the Formal Agreement and completion of the Proposed Acquisition; and (ii) 25% of the consideration to be payable upon completion of the group restructuring, being a condition subsequent to the completion of the Formal Agreement.

Details of the Proposed Acquisition are set out in the Company's announcement dated 13 April 2016.

FINANCIAL SUMMARY

RESULTS

For the year ended 31 March

	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	**126,684**	145,687	70,044
(Loss) profit before tax	**(7,083)**	17,290	8,655
Income tax expense	**(2,221)**	(2,976)	(1,451)
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:			
Owners of the Company	**(9,447)**	14,159	7,204
Non-controlling interests	**143**	155	–
	(9,304)	14,314	7,204

ASSETS AND LIABILITIES

As at 31 March

	2016 HK$'000	2015 HK$'000	2014 HK$'000
Total assets	**129,142**	75,890	57,361
Total liabilities	**(5,307)**	(24,063)	(19,848)
Total equity	**123,835**	51,827	37,513