MAJOR HOLDINGS LIMITED

美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1389

ANNUAL REPORT 2017

* For identification purposes only

Corporate Information

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

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

Company's website
www.majorcellar.com

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

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

Company secretary
Mr. Sin Chi Keung

Compliance officer
Ms. Cheung Wing Shun

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

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

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

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

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

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

Principal banker
Hongkong and Shanghai Banking Corporation
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

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

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

Stock code
1389

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Major Holdings Limited (the "Company") and its Group (the "Group") of Companies, it is my pleasure to present the Group's Annual Report for the year ended 31 March 2017.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017:

- Revenue decreased by approximately 9.0% from approximately HK$223.9 million for the year ended 31 March 2016 to approximately HK$203.9 million for the year ended 31 March 2017
- Loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2017 was approximately HK$2.5 million, whereas profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 was approximately HK$7.4 million
- Basic loss per share was HK0.11 cents for the year ended 31 March 2017, whereas basic earnings per share was HK0.31 cents for the year ended 31 March 2016
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil)

GOING FORWARD

During the year of 2017, the Hong Kong's retail market did not pick up. The total retail sales by type of retail outlet of Hong Kong dropped approximately 5.2% on the year-on-year basis. The Hong Kong wine retail market faced the similar trend of weakened demand. In order to maintain the market leading position and cope with worldwide economic uncertainties, the Group took proactive steps to minimize the impact of the adverse situation by exploring more sales channels, increasing investment in marketing and promotion activities, front-line wine consultants development, intensifying cost control and growing under difficult retail environment.

Based on the Group's experience, we customise our product mix at optimal costs to ensure that our highest quality product portfolios can satisfy the customer needs. With our expertise of market trends, selection of fine product mix, profession of wine knowledge and prompt detailed customer service, the Group is confident to develop further in the Premium Wine and Spirit Market.

A NOTE OF APPRECIATION

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

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 30 June 2017

Management Discussion and Analysis

BUSINESS REVIEW

In accordance with the data released from the Hong Kong Census and Statistics Department, the value of Hong Kong total retail sales by type of retail outlet decreased from approximately HK$490.1 billion in March 2015 to approximately HK$458.8 billion in March 2016, and further to approximately HK$435.1 billion in March 2017, representing a year-on-year decrease by approximately 6.4% and 5.2% respectively. For the year ended 31 March 2017, the Group's revenue decreased by approximately 9.0% to approximately HK$203.9 million (2016: HK$223.9 million). The decrease was mainly due to the decrease of the sales of red wine from approximately HK$196.1 million for the year ended 31 March 2016 to approximately HK$175.3 million for the year ended 31 March 2017.

Despite the market challenges, the Group is committed to deploy resources to enhance our professionalism in the industry, by increasing the investment to promote front-line wine consultants in their professional knowledge, achieving recognized wines and spirits awards, continuous studies, training and tasting experience. The Group regarded these as precious assets, which are essential in providing valuable experience to our esteem customers.

To cope with the market challenges in Hong Kong, the Group implemented certain strategical measures in sales and marketing activities, such as increasing investment in marketing and promoting campaigns, broadening of customer base, and enriching of product mix. Whilst red wine continued to be one of the Group's core product type, the Group will continue to improve its sales by implementing new marketing channels, promotion methods, sales and marketing strategies. The Group has also completed its purchase of a yacht (the "Yacht") during the year ended 31 March 2017 to facilitate dynamic marketing strategy and development of its business, as well as to provide a more diversified channel of wine tasting environment to its customers. The Yacht was subsequently purchased by a lessor and leased back to the Group for its use pursuant to a finance lease agreement. Further information on the above is set out in the Company's announcements dated 29 August 2016 and 30 September 2016. As a whole, the Group is confident in its position as one of the Hong Kong's main premium wine retailers.

New Business opportunities

The Group expanded its business to include the provision of money lending services in Hong Kong (the "New Business") through Major Credit Finance Company Limited (美滙信用財務有限公司), an indirect wholly-owned subsidiary of the Company. The management believes that the New Business will provide a stable revenue and cash inflow to the Group.

On 11 October 2016, the Company, as purchaser, entered into a non-legally binding letter of intent with a vendor (the "Vendor") in relation to the possible acquisition (the "Possible Acquisition") of 13.42% issued share capital of NSX Limited ("NSX"), which is a company incorporated in Australia with limited liability. It wholly-owns and operates, among others, the National Stock Exchange of Australia ("NSXA") which is licensed by the Australian government since February 2000 and is allowed to operate stock markets in the trading of financial securities, such as to provide facility for, among others, the listing of equity securities, corporate debt and investment scheme units. NSXA lists various companies within Australia and overseas that meet its listing rule requirements, including but not limited to issuers engaging in the businesses of property, finance, investment, life sciences, consumer, information technology, agriculture, infrastructure, media, asset management, regional banks, health and exploration. The discussions on the Possible Acquisition are still on-going but no formal or definitive agreement between the Group and the Vendor has been entered into. Further information on the Possible Acquisition is set out in the Company's announcement dated 11 October 2016, 12 October 2016 and 7 April 2017.

Management Discussion and Analysis

The Group has been actively seeking new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Group and its shareholders' value.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 9.0% from approximately HK$223.9 million for the year ended 31 March 2016 to approximately HK$203.9 million for the year ended 31 March 2017. The decrease was mainly due to the decrease of the sales of red wine from approximately HK$196.1 million for the year ended 31 March 2016 to approximately HK$175.3 million for the year ended 31 March 2017.

Gross profit

Gross profit of the Group decreased by approximately 16.2% from approximately HK$47.9 million for the year ended 31 March 2016 to approximately HK$40.1 million for the year ended 31 March 2017. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2017. The gross profit margin decreased from approximately 21.4% for the year ended 31 March 2016 to approximately 19.7% for the year ended 31 March 2017.

Other gains and losses

Other losses of the Group for the year ended 31 March 2017 was approximately HK$12.0 million, whereas other gains of the Group for the year ended 31 March 2016 was approximately HK$89,000. The significant change was mainly attributable to the impairment loss on trade deposits paid for the year ended 31 March 2017.

Depreciation of property, plant and equipment

The Group recorded depreciation on property, plant and equipment of approximately HK$1.5 million and HK$1.0 million for the two years ended 31 March 2017 and 2016 respectively.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 30.1% from approximately HK$18.6 million for the year ended 31 March 2016 to approximately HK$13.0 million for the year ended 31 March 2017. The change was mainly attributable to the decrease in advertising and promotion expenses, staff costs and operating lease payment in respect of retail shops for the year ended 31 March 2017.

Administrative expenses of the Group decreased by approximately 14.0% from approximately HK$19.6 million for the year ended 31 March 2016 to approximately HK$16.8 million for the year ended 31 March 2017. The decrease was mainly attributable to the decrease of directors' remuneration and staff costs.

Income tax expense

Income tax expense of the Group decreased by approximately 87.9% form approximately HK$2.1 million for the year ended 31 March 2016 to approximately HK$0.3 million for the year ended 31 March 2017. The decrement was mainly due to the decrease of estimated assessable profit for the year ended 31 March 2017 compared to the corresponding period in 2016.

Loss and total comprehensive expense for the year attributable to owners of the Company

For the reasons mentioned above, loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2017 was approximately HK$2.5 million, whereas profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2016 was approximately HK$7.4 million.

Final dividend

The Board does not recommend the payment of a final dividend to shareholders of the Company for the year ended 31 March 2017 (2016: Nil).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2017	2016
Current assets	**HK$124,010,000**	HK$133,202,000
Current liabilities	**HK$35,551,000**	HK$35,217,000
Current ratio	**3.49**	3.78

The current ratio of the Group at 31 March 2017 was approximately 3.49 times as compared to that of approximately 3.78 times at 31 March 2016. It was mainly attributed to the lowered business volume and increase in other losses due to the impairment loss on trade deposits paid during the year ended 31 March 2017.

At 31 March 2017, the Group had total bank balances and cash of approximately HK$11.6 million (2016: HK$9.3 million) and pledged bank deposits of HK$6.5 million (2016: Nil).

At 31 March 2017, the Group's gearing ratio (represented by amount due to a shareholder, obligations under finance leases and bank borrowings divided by equity) amounted to approximately 29.4% (2016: 19.5%). The Group currently does not enter into any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$8.9 million as at 31 March 2017 (2016: HK$2.8 million). As at 31 March 2017, the Group did not have any significant capital commitments (2016: Nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 23 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for those disclosed in this report, these were no other significant investments held as at 31 March 2017. The Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 March 2017, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2017 (2016: Nil).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2017, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 31 March 2017, the Group has pledged bank deposits of HK$6.5 million (2016: Nil) to secure the banking facilities granted to the Group.

SHARE OPTION SCHEME

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

(a) Purpose of the Share Option Scheme

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

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

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

(c) Maximum number of Shares available for Subscription

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

(d) Maximum entitlement of each Eligible Person

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

(e) Time of exercise of Option

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

(f) Subscription Price

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

(i) the closing price per Share as stated in The Stock Exchange of Hong Kong Limited's ("Stock Exchange") daily quotation sheet on the offer date;

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

(iii) the nominal value of the Share.

(g) Life of the Share Option Scheme

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

During the year ended 31 March 2017, no option under the Share Option Scheme has been granted by the Company (2016: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed a total of 38 full-time and 1 part-time employees (2016: 35 full-time and 2 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$13.9 million for the year ended 31 March 2017 (2016: HK$15.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end and discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

LOOKING FORWARD

According to the Hong Kong Trade Development Council March 2017 Report, which provided the statistical data from the Euromonitor International, wine sales in Hong Kong amounted to US$541 million or 14.9 million liters in 2015, increased by 9.6% and 5.1% respectively per annum in the past five years. For 2015 to 2020, it is forecasted to grow by 10.6% per annum in value terms and 4.3% per annum in volume terms. Whereas in Asia, wine sales amounted to US$63.8 billion or 5.8 billion litres in 2015, increased by 3.6% and 3.7% respectively per annum in the past five years. For 2015 to 2020, it is forecasted to grow by 7.4% per annum in value terms and 5.3% per annum in volume terms. Sales in China are more remarkable, with an amount of US$40.4 billion or 4.4 billion litres in 2015, increased by 8.4% and 4.8% respectively per annum in the past five years. For 2015 to 2020, it is forecasted to grow by 9% per annum in value terms and 7% per annum in volume terms.

Looking forward, despite the uncertain worldwide economic environment, in light of the growing demand for wine in Asia, China and Hong Kong, the Group will, based on its experience, endeavor to (i) enhance its customer profile and product portfolio; (ii) offer the highest quality fine wines at optimal costs; and (iii) satisfy the needs of its esteem customers.

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW AND PERFORMANCE

The review of the business of the Group for the year ended 31 March 2017 and the potential future development of the Group's business and the performance analysis using financial key performance indicators are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" on page 2, pages 3 to 9, pages 10 to 18, pages 52 to 97, and page 98, respectively. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report.

PARTICULARS OF IMPORTANT EVENTS

Save as disclosed in this annual report, since 31 March 2017, being the end of the financial year under review, no important event has occurred affecting the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 March 2017.

ENVIRONMENTAL POLICY

The Group emphasises the importance of energy conservation and environmental protection as part of its corporate culture and encourages its employees to minimise the use of paper by promoting digitalisation of documents and better use of waste paper.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as valuable assets of the Group. In order to motivate the employees, the Group provides reasonable remuneration package, implements annual appraisal system, provides intra-group career development opportunities, offers good employee benefits, insurance, education and training sponsorship.

The Group treasures the long-term relationships developed with the customers and suppliers. The Group put high emphasis on efficient communication, response and feedback actions, which are crucial to build up the Bridge with Business Partners. During the year ended 31 March 2017, there was no material dispute or argument between the Group and its Business Partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities, by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the year ended 31 March 2017 to promote the importance of work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasises a code of conduct which forms part of the staff working manual. Employees are required to act with integrity and to report any suspected bribery cases. Whistle-blowing procedures are in place which allows direct reporting to the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duty.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 98.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 23 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2017.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2017. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

BANK BORROWINGS

The Company and its subsidiaries obtained banking facilities during the year. The bank borrowings as at 31 March 2017 amounted to approximately HK$21.0 million and the details are set out in note 21 to the consolidated financial statements. Save as disclosed herein, there is no other outstanding balance of bank loans and other borrowings as at 31 March 2017.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$128.1 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

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

During the year ended 31 March 2017, our largest supplier accounted for approximately 9.3% of our total purchases (2016: 6.6%). The aggregate purchases from our five largest suppliers contributed approximately 28.2% of our total purchases in the current year (2016: 23.2%).

During the year ended 31 March 2017, our largest customer accounted for approximately 4.9% of turnover (2016: 5.4%). The aggregate sales to our five largest customers contributed approximately 18.6% of our total sales in the current year (2016: 16.8%).

At no time during the year ended 31 March 2017 did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

DIRECTORS

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

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

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

Pursuant to Article 84 of the Articles, at each general meeting, one-third of the Directors for the time being 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. A retiring director shall be eligible for re-election.

Pursuant to the Articles, Mr. Leung Chi Kin Joseph and Ms. Cheung Wing Shun shall retire from office as Directors at the forthcoming AGM and, being eligible, offer themselves for re-election.

Biographical information of the Directors of the Company and the senior management of the Group are set out on pages 44 to 46.

DIRECTORS' SERVICE CONTRACTS

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

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company, or any of its subsidiaries, and any of the controlling shareholders or any of their subsidiaries during the year ended 31 March 2017.

MANAGEMENT CONTRACTS

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

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors of the Company are set out in note 6 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

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

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

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

Details of the undertaking has been set out in the section headed "Relationship with Our Controlling Shareholders" of the prospectus of the Company dated 6 January 2014.

During the year ended 31 March 2017 and up to the date of this report, none of the Directors or any of their respective associates, has been engaged or otherwise interested in any business which is or may be in competition with the business of any members of the Group.

EQUITY-LINKED AGREEMENTS

Save as the share option scheme disclosed in section head "Management Discussion and Analysis", during the year ended 31 March 2017, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

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

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

So far as were known to the Directors or chief executive of the Company, as at 31 March 2017, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the securities and futures ordinance ("SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and pursuant to the Model Code of the Listing Rules, were as follows:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	761,000,000 shares	31.71%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	742,000,000 shares	30.92%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 761,000,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 742,000,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and pursuant to the Model Code of the Listing Rules.

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

As at 31 March 2017, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) has interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of shareholding
Silver Tycoon Limited	Beneficial Owner (Note 1)	761,000,000 shares	31.71%
High State Investments Limited	Beneficial Owner (Note 2)	742,000,000 shares	30.92%
Ms. Lin Shuk Shuen	Family Interest (Note 3)	761,000,000 shares	31.71%
Ms. Ma Pui Ying	Family Interest (Note 4)	742,000,000 shares	30.92%
Zhongou Shengshi Asset Management (Shanghai) Company Limited (中歐盛世資產管理(上海)有限公司)	Trustee	237,830,000 shares	9.91%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 761,000,000 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 742,000,000 shares held by High State Investments Limited.

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

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

Save as disclosed above, as at 31 March 2017, the Directors or chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who has an interest or short position in the securities in the Company that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Wong Siu Ki, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2017.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2017 are set out in note 30 to the financial statements. None of these related party transactions constitutes a connected transaction for the year ended 31 March 2017 as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

EVENT AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

AUDITOR

Deloitte Touche Tohmatsu was appointed by the Directors as the auditor of the Company. Deloitte Touche Tohmatsu will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 March 2017 have been audited by Deloitte Touche Tohmatsu.

By Order of the Board
Cheung Chun To
Chairman
30 June 2017

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2017. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability. The Board is pleased to report compliance with the code provisions of the CG Code for the year ended 31 March 2017. The Directors will continue to use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors for the year ended 31 March 2017.

BOARD OF DIRECTORS

The Board comprises:

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

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

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2017, a total of 4 Board meetings were held. The attendance record of each Director at the Board meetings is set out in the table below:

	Number of meetings attended	
Name of Director	**Board Meetings**	**General Meetings**
Mr. Cheung Chun To	4/4	2/2
Mr. Leung Chi Kin Joseph	4/4	2/2
Ms. Cheung Wing Shun	3/4	2/2
Mr. Wong Siu Ki	3/4	2/2
Mr. Yue Kwai Wa Ken	1/4	2/2
Mr. Ngai Hoi Ying	3/4	2/2

RESPONSIBILITIES OF THE BOARD

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

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

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

CHAIRMAN AND CHIEF EXECUTIVE

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

The chairman of the Board held meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.

During the year ended 31 March 2017, all Directors attended the general meetings.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence and each of the independent non-executive Directors has provided an annual confirmation of his independency to the Company pursuant to Rule 3.13 of the Listing Rules and the Company considers these independent non-executive Directors to be independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the revised CG Code which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2017, all Directors confirmed that they have complied with the CG Code.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

AUDIT COMMITTEE

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

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

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

During the year ended 31 March 2017, two Audit Committee meetings were held. In the meetings during the year ended 31 March 2017, the Audit Committee has reviewed the consolidated audited annual results of the Group and the unaudited condensed consolidated interim results of the Group and reviewed the internal control system of the Group. The attendance record of each member of the Audit Committee for the meetings is set out as follows:

Name of members of the Audit Committee	Number of meetings attended
Mr. Wong Siu Ki	2/2
Mr. Yue Kwai Wa Ken	1/2
Mr. Ngai Hoi Ying	2/2

REMUNERATION COMMITTEE

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

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

During the year ended 31 March 2017, the Remuneration Committee held one meeting and the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members and senior management of the Company. The attendance record of each member of the Remuneration Committee for the meetings is set out as follows:

Name of members of the Remuneration Committee	Number of meetings attended
Mr. Yue Kwai Wa Ken	1/1
Mr. Wong Siu Ki	0/1
Mr. Ngai Hoi Ying	1/1

NOMINATION COMMITTEE

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

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

During the year ended 31 March 2017, the Nomination Committee held one meeting and the Nomination Committee has performed its duties to determine and make recommendation to the reappointment of the Directors and review the independence of the independent non-executive Directors. The attendance record of each member of the Nomination Committee for the meeting is set out as follows:

Name of members of the Nomination Committee	**Meeting attended**
Mr. Ngai Hoi Ying	1/1
Mr. Wong Siu Ki	0/1
Mr. Yue Kwai Wa Ken	1/1

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR THE ACCOUNTS

Financial Reporting

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle C.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation:* Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the year ended 31 March 2017, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- *Control Environment:* A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment:* A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring:* Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the year ended 31 March 2017, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

Audit Committee

The Board is responsible for overseeing the Group's internal control system and ensuring that a sound and effective internal control system is maintained. The Company has engaged professional staff with relevant expertise to conduct review and make recommendations for the improvement and strengthening of the internal control system. The professional staff with relevant expertise has reviewed the major internal controls and measures, including financial, operational and compliance as well as risk management and has made relevant recommendations for improvement of the internal control system to the Board. Any material non-compliance or failures in internal controls maintained by the Group and relevant recommendations for improvements are reported to the Audit Committee.

The Board has to be fully responsible for the stability and effectiveness of the systems of internal control and with management of the Group. It is also responsible for ensuring that recommendations made by the internal audit function and professional staff with relevant expertise are properly implemented. The Board recognizes that the Group's internal control system plays a key role in the management of risks, and the assurance of continued compliance with laws and regulations by the Group.

The Audit Committee has kept under review the system of internal control. Based on review undertaken together with reports submitted by the management and professional staff with relevant expertise, the Audit Committee will provide the Board with advice on the adequacy of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, in order to ensure that an effective internal control system is put in place. During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the CG Code. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

Role of Compliance Officer

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

AUDITOR'S REMUNERATION

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

During the financial year ended 31 March 2017, the fees paid/payable to the Company's auditor are set out as follows:

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

During the financial year ended 31 March 2017, the fees paid/payable to the internal control consultant are set out as follows:

Services rendered	Fees paid/ payable HK$'000
Non-audit services	
Other services – Internal control	150

COMPANY SECRETARY

Mr. Sin Chi Keung ("Mr. Sin") was appointed as the Company Secretary of the Company on 26 April 2017. The biographical details of Mr. Sin are set out under the section headed "Biographical Details of Directors and Senior Management". During the year ended 31 March 2017, the Company Secretary of the Company undertook not less than 15 hours of professional training to update skill and knowledge.

SHAREHOLDERS' RIGHTS

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

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

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

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

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

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

RIGHT TO PUT ENQUIRIES TO THE BOARD

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

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

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

INVESTOR RELATIONS

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

For the year ended 31 March 2017, there had been no significant change in the Company's constitutional documents.

Environmental, Social and Governance Report

ABOUT ESG REPORT

The Environmental, Social and Governance Report (the "ESG Report") elaborates the various work of Major Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") to fully implement the concept of sustainable development and perform its corporate social responsibilities, and its performance of social governance from 1 April 2016 to 31 March 2017 (the "Year").

Scope of the Report

The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong during the Year. As for the information of corporate governance, please refer to the "Corporate Governance Report" in this Annual Report.

Reporting Framework

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Stakeholder Engagement

The preparation of the ESG Report, which was supported by employees across various departments of the Group, enables the Group to have a better understanding of its current environmental and social development. The information the ESG Report gathered is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also forms the basis for the Group to map out short and long-term strategies for sustainable development.

Information and Feedbacks

For detailed information about the environmental and corporate governance, please refer to the official website (www.majorcellar.com/) and the Annual Report. Your opinions will be highly valued by the Group. If you have any advice, please contact the Group at: info@majorcellar.com.

ENVIRONMENTAL PROTECTION

Emission Management

The Group is a retailer of wine and spirits products and a provider of personalized wine services in Hong Kong. During its business operation, the Group has been adhering to the laws and regulations on pollutant control and environmental protection.

The adverse influence on the environment, exerted by the air emission and wastewater discharge from the Group's activities, is unremarkable. The solid wastes produced in the retail showroom, office and warehouse primarily consist of waste paper, obsolete computers, old batteries and other domestic wastes. The Group has employed the strategy of waste classification with the treatment methods varying with the types of the wastes. Printed documents with confidential information are shredded by paper shredder with the remaining fragments disposed of as domestic wastes. Non-reusable waste paper is delivered to paper recycling companies. Obsolete computers and old batteries which belong to hazardous wastes are transferred to qualified companies for recycling. Domestic wastes, except the wastes mentioned above, are collected by the property management company and delivered to the local treatment site.

Sustainable Operation

The Group strives to integrate the philosophy of sustainable development into its daily operation. To achieve the goal of energy conservation, the Group has carried out a number of initiatives, such as utilizing light-emitting diode (LED) lights, separating indoor areas into different light zones with independent switches, improving the work efficiencies of air conditioners by cleaning the filters and fans regularly, and reminding employees to switch off printers during non-working hours and set computers to automatic sleeping mode when idle. In addition, employees working in office are allowed to wear casual clothes in hot weather so as to reduce the use of air conditioners.

Measures aiming at minimizing paper consumption are also implemented, which include using paper on both sides, replacing paper-based office administration system with the Office Automation (OA) system, installing the Electronic Point of Sale (EPOS) system to monitor the level of inventories electronically, employing electronic communication, and so on. For the purpose of waste reduction, the Group advocates the use of reusable stationeries and recyclable cutleries, and evaluates their consumption at times to avoid overstock.

To lessen the environmental impact brought by the air pollutants and carbon emission from logistics and employees' activities, the Group has adopted multiple measures, including purchasing small-displacement vehicles with environmental certification of the European Union, offering driving trainings for drivers and proper maintenance for vehicles, optimizing delivery route for products, organizing events at locations with easy access to public transportation, choosing direct flights for business trips, using video conferencing in place of unnecessary travels, and so on.

EMPLOYMENT AND LABOUR PRACTICES

Employment Policies

The Group persists in providing employees with equal opportunities in all matters and strives to ensure that employees are treated fairly regardless of their sex, marital status, pregnancy, disability, family or race. Employment policies and procedures are all in strict compliance with the Employment Ordinance as well as the laws and regulations on discriminations.

Recruitment is carried out based on job requirements together with an applicant's competence, qualification and experience. To prevent the employment of child labour, the candidates' identification documents are all carefully verified to ensure their legal entitlement to work. The Group considers employee diversity as a valuable asset for maintaining its competitive advantages in industry and therefore embraces diverse workforce in terms of age, cultural background, race and other aspects. For departing employees, an exit interview and analysis will be conducted to identify the reason of leaving.

Employee's remuneration package, including base salary, discretionary bonuses, sales commission and medical insurance, is determined in light of his/her qualification, position and seniority. To ensure the level of remuneration remains competitive, the Group conducts annual assessment on remuneration package with the adjustment range subject to each employee's job performance, work efficiency, behavior and discipline, degree of loyalty and contribution to the Group for the year, together with the Group's financial position and changes of market wage. For vacancies in higher positions, priority is given to internal employees based on determinants like their performance, education background, ability, conduct and attendance record.

The Group rigorously prohibits the use of forced labour. The normal working hours for employees is eight hours per day. Shift work and different working hours systems may apply depending on the job nature and arrangement of department. In line with the Employment Ordinance, employees are entitled to at least one day off per week and public holidays. Employees are also eligible for annual leave, maternity leave, marriage leave, paternity leave, sick leave, compassionate leave and jury service leave.

In accordance with the Mandatory Provident Fund Schemes Ordinance and relevant regulations, the Group provides employees with the Mandatory Provident Fund (MPF) Schemes and medical care. Compensation for work-related injuries is also available according to the Employees' Compensation Ordinance.

Development and Training

A high-quality workforce plays a key role in propelling the Group's growth. To this end, the Group is committed to enhancing employees' industry, technical and product knowledge as well as their familiarity with work safety standards through the provision of induction programs and continuous professional trainings. To maintain a high quality of service to customers, the Group not only attaches importance to the training of its wine consultants, but also arranges training sessions with suppliers to further enhance employees' product knowledge on selected wine and spirits products. For employees on different positions, such as logistics, purchase and clerical, different trainings are also arranged to improve their working efficiency and performance.

Furthermore, the Group has set up an education program in which employees are accessible to allowance and subsidies from the Group with the application approved when they plan to take courses relating to their work offered by various educational institutions and professional organizations. Employees can also seek allowance for the obtainment of qualification certificates on relevant skills.

Occupational Safety and Health

The Group places emphasis on employees' occupational safety and health, and operates in strict conformity to the Occupational Safety and Health Ordinance. A set of safety manuals that cover fire prevention, safety common sense and handling procedures of accidents in workplace have been formulated for the retail showroom, office and warehouse, respectively, to maintain a safe working environment for employees. The managers of different workplaces are responsible to provide new employees with trainings on fire prevention and safety induction on the first day. For specific posts (such as electricians), employees are required to acquire qualification certificates prior to employment. To reduce injuries and healthy problems caused by cargo handling and long-term use of computers, detailed suggestions and safety notes are delivered to employees for their reference.

OPERATION MANAGEMENT

Product Responsibility

With supply chain management being a core procedure for quality control, the Group has established strict guidelines in the selection of suppliers, including background assessment on new suppliers. Suppliers of wine and spirits products are selected based on their reputation and industry recognition for product quality and supply reliability, operation history, business size, delivery performance, products portfolio, stock inventories, market demand of the products, and promotions. Generally, a product procured from supplier is not only subject to the applicable laws and standards of its country of origin, but also certified by the country's wine association. A meeting with suppliers is held every year, which facilitates the Group's understanding of their supplies. And the EPOS system further enables the Group to track the sources of products.

The Group has engaged independent third party logistics companies which have good reputation and experience in the shipment of wine and spirits products to pick up and deliver the products procured from suppliers to its warehouse. During the transportation process, the products are stored in temperature controlled containers.

Upon the arrival of the wine and spirits products in the warehouse, the Group's logistics team will conduct careful inspection by examining the products' labelling, wine level, sealing and overall packaging. In order to ascertain the authenticity of a suspected product, a wine inspector who has solid wine knowledge and academic background will examine it, including but not limited to the wooden case, exterior design, carving, label, capsule and special design on the bottle. In the event that a product is found defective after quality control inspection, the Group's purchasing team will liaise with the corresponding supplier and inform them of such defects with supporting photograph images, and subsequently arrange for return of the defective product.

To ensure the inventories are free from contamination and properly stored, the temperature and humidity level of the warehouse are strictly controlled at 15 to 19 degree Celsius and 55% to 70%, respectively. The Group's warehouse and logistics team monitors and records the conditions of the warehouse on a daily basis.

Customer Service

Customer service has always been an important issue for the Group to achieve continuous development. In order to enhance customers' overall shopping experience, the Group provides complimentary wine appreciation consultation services and wine storage consultation services as part of its after-sales customer services.

The Group's sales and marketing team consists of 14 wine consultants, most of whom possess the certificates ranging from Level 1 Award in wine (foundation certificate) to Level 3 Award in wine and spirits (advanced certificate) awarded by the Wine and Spirit Trade Association (WSET). After the conclusion of a sale to customers, the sales and marketing team will give customers brief introduction and guidance of wine appreciation (such as breathing time and storage requirements) to enable the full enjoyment of their purchases, minimize the risk of damage due to improper storage and reduce the possibility of returning products.

The Group has also formulated a complaint handling policy. All of the complaints lodged by customers will be handled in a timely and courteous manner. Once appropriate remedial actions have been determined, a member of sales and marketing team will follow up with the relevant customer in respect of remedial arrangements, including arranging for refund of the product in dispute.

The Group was awarded the Most Prominent Wine Retailer and Distributor by the Hong Kong Professional Club Management Association (HKPCMA) in 2015, and the Most Valuable Services Awards in Hong Kong 2016 presented by Mediazone Publishing.

The Most Prominent Wine Retailer and Distributor awarded by HKPCMA in 2015

The Most Valuable Services Awards in Hong Kong 2016 awarded by Mediazone Publishing

Advertisement

The Group has launched various publicity campaigns such as advertising in magazines, organizing wine tasting events, and participating in wine and spirits fairs and other promotional activities to boost sales of its products as well as strengthen relationships with existing customers. Brochures and promotional leaflets are also distributed to customers at times for promoting the Group's corporate image and brand. It is the Group's commitment to ensure the compliance of its advertisement and promotional strategies with the Trade Description Ordinance and other relevant laws and regulations. False, misleading or incomplete information and misstatements with respect to products are all strictly prohibited.

Privacy Protection

Newly-recruited employees are required to sign the Confidentiality Agreement which contains the Group's requirements of privacy protection and non-competition clause. It is also explicitly stipulated in the Employee Manual that when authorized to deal with the Group's information, employees shall take security measures so as to avoid the abuse, misuse or loss of such information. Without the written approval of the management, employees are not allowed to disclose any information regarding the Group's business, finance trade and other aspects to third parties.

Anti-corruption

With the recognition of the importance of a corruption-free business operation, the Group strictly observes the Prevention of Bribery Ordinance and other provisions. As stated in the Disciplinary Code, employees are forbidden to solicit or accept any benefits, gifts and hospitality from customers, suppliers and other third parties engaged in business operation with the Group. Taking advantage of one's position and power to commit crimes is also unequivocally prohibited and will be severely punished. Employees also have the responsibility to avoid any conflict of interest between the Group and their family, relatives, or friends.

The Group has adopted a whistleblowing policy to prevent negative outcomes resulting from illegal acts of employees and further regularize its internal management. Based on this policy, the reporting approaches are publicly available, and the identity of the whistleblower and the report content will be kept strictly confidential.

During the Year, there was no occurrence of corruption, bribery or any other form of non-compliance within the Group.

COMMUNITY INVESTMENT

Contribution to Society

The past years have witnessed the Group's unwavering commitment to its social responsibility and contribution to society.

In 2015, the Group received the President's Award 2015/16 from The Community Chest as the reward for its donation of HK$1,000,000 to assist the social welfare agencies. Due to the sponsorship of the Fearless Dragon Charity Run in Hong Kong, the Group was awarded Gold Award of this activity. In order to support the corporate donation program which aimed at reducing plastic bag use, the Group made donations to the Friends of the Earth (HK) Charity Ltd.

During the Year, the Group continued to fulfill its obligation as an enterprise citizen. The Group sponsored the Fearless Dragon Charity Run 2016 and the program Youth Workplace Experience 2016. In recognition of its efforts in providing voluntary service, donating to community, caring for employees and protecting environment, the Group was honored with the award of Caring Company 2016/17 presented by The Hong Kong Council of Social Service.

President's Award 2015/16 presented by The Community Chest

Gold Award of Fearless Dragon Charity Run 2015

Silver Award of Fearless Dragon Charity Run 2016

Youth Workplace Experience 2016

Award of Caring Company 2016/17 presented by The Hong Kong Council of Social Service

Care for Employees

Apart from focusing on the society, the Group also endeavors to improve employees' well-being and sense of belonging through offering fringe benefits like birthday red pocket and holding activities like birthday party, Christmas party, winter solstice dinner, boat trip, sports games and various programs under the Caring Company Scheme.

Christmas Party

Boat Trip

Award of Basketball Game

Home Visit Program under the Caring Company Scheme

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung Chun To (張俊濤), aged 38, our chairman and an Executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang (a former executive Director) and Ms. Cheung Wing Shun (an executive Director). Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001, with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai. From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恆隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc Wines Limited ("Rouge & Blanc"). In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar Company Limited ("Major Cellar") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

Mr. Leung Chi Kin Joseph (梁子健), aged 38, an Executive Director, was appointed to the Board on 2 April 2013. Mr. Leung is primarily responsible for sourcing and pricing wines and spirits products for our Group, expanding product range, establishing and maintaining relationship with wine agents and vineyards and overseeing the overall sales operation. Mr. Leung graduated from York University, Canada in November 2002, with a bachelor's degree in business administration. From December 2002 to 2007, Mr. Leung worked at Gi-Go Toys Factory Limited initially as a management trainee and thereafter as a sales manager responsible for promotional campaigns and sales budget. In December 2007, Mr. Leung began the business of distributing and selling wines by establishing Rouge & Blanc and was appointed a director at around the same time. In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar and Mr. Leung has been appointed a director of Major Cellar since the day of its incorporation.

Biographical Details of Directors and Senior Management

Ms. Cheung Wing Shun (張詠純), aged 36, an Executive Director and also the compliance officer, was appointed to the Board on 30 December 2013. Ms. Cheung Wing Shun is the sister of Mr. Cheung and Mr. Cheung Chun Pang. Ms. Cheung Wing Shun is responsible for the overall internal operation and marketing promotion of our Group. Ms. Cheung Wing Shun graduated from University of Western Ontario, Canada in June 2003, with a bachelor's degree in arts. Ms. Cheung Wing Shun also obtained a diploma in "SME Company Operations & Management" from the Hong Kong Productivity Council in June 2011 and the WSET level 2 intermediate certificate in 2010. From 2004 to 2006, Ms. Cheung Wing Shun worked at the Hong Kong Trade Development Council as a project assistant; her main responsibilities included organising events and exhibitions. From 2007 to 2009, Ms. Cheung Wing Shun worked at Gate Worldwide Limited as an account executive. In July 2009, Ms. Cheung Wing Shun joined Rouge & Blanc as a senior operation officer and in December 2010, she became an assistant to the directors of Major Cellar, responsible for assisting the directors in the daily management of Major Cellar. In particular, Ms. Cheung Wing Shun had assisted in the change of the POS system for Major Cellar and implemented a series of policies to streamline the Group's operation and management. Ms. Cheung was appointed as a director of Major Cellar since December 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Siu Ki (黃兆麒), aged 41, an Independent Non-Executive Director, was appointed to the Board on 30 December 2013. Mr. Wong graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy with first class honours in November 1998. He was admitted as a fellow member of the Association of Chartered Certified Accountants in September 2006, an associate of the Institute of Chartered Accountants in England and Wales in October 2007 and a fellow member of the Hong Kong Institute of Certified Public Accountants in May 2010. Mr. Wong has more than 20 years of experiences in accounting, capital markets and the financial sector. From 1997 to 2003, Mr. Wong worked in an international accounting firm specialising in clients initial public offerings. From 2004 to 2007, Mr. Wong was appointed chief financial officer and company secretary of Eagle Brand Holdings Limited, a company listed in the Singapore Stock Exchange (Stock Code: E04). From 2007 to 2010, Mr. Wong was appointed as financial officer and company secretary of Xingfa Aluminium Holdings Limited, a company listed in the Stock Exchange (Stock Code: 98). From 2010 to 2012, Mr. Wong was appointed a non-executive director of Xingfa Aluminium Holdings Limited. Since December 2012, Mr. Wong has been appointed as an alternate director and an alternate authorised representative to an executive director and the chairman of the board of Xingfa Aluminium Holdings Limited. In April 2015 and June 2017, Mr. Wong was further appointed as chief investment officer and Company Secretary of Xingfa Aluminium Holdings Limited. Mr. Wong has been appointed as an independent non-executive directors of AMCO United Holding Limited (Stock code: 630), a company listed on the Main Board of the Stock Exchange, since May 2015.

Mr. Ngai Hoi Ying (魏海鷹), aged 60, an Independent Non-Executive Director, was appointed to the Board on 30 December 2013. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資(集團)有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and Macau (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009.

Biographical Details of Directors and Senior Management

Mr. Yue Kwai Wa Ken (余季華), aged 51, has been appointed as an Independent Non-Executive Director of the Company since 30 December 2013. Mr. Yue has approximately 24 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005, a member of the Chartered Global Management Accountant in 2012 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited, a company listed on the GEM of the Stock Exchange (Stock code: 8072), since 18 March 2011 and company secretary and compliance officer of Roma Group Limited since 26 September 2011. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3838), since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (stock code: 1561) since 6 November 2015. Mr. Yue was the executive director of Legend Strategy International Holdings Group Company Limited, a company listed on the Stock Exchange (Stock code: 1355) from 4 July 2014 to 18 November 2014.

SENIOR MANAGEMENT

Ms. Ho Sau Wan Ada (何秀雲), aged 50, is the shipping supervisor of our Group. Ms. Ho joined our Group on 2 July 2009 and is responsible for supervising shipping matters and carrying out inspection of goods. From May 1985 to April 1988, Ms. Ho worked at Kwun Wah Flower & Plant Manufactory Limited; her last position was a senior shipping clerk. From October 1990 to February 1994, Ms. Ho worked at Maersk Hong Kong Limited as a customer service representative. From February 1994 to September 2006, Ms. Ho worked at Bezalel Advertising Premiums Company as an assistant to director. From September 2006 to June 2009, Ms. Ho worked at Gartner Studio International Limited as a human resources manager.

Mr. Ma Min To (馬棉濤), aged 35, is the warehouse supervisor of our Group. Mr. Ma joined our Group on 4 October 2010 and is responsible for supervising logistic matters and the daily operation of the warehouse. From 2003 to 2010, Mr. Ma worked at Marathon Sports; his last position was a shop supervisor.

COMPANY SECRETARY

Mr. Sin Chi Keung (冼志強), age 55, joined the Company as Company Secretary and the Group as the Chief Financial Officer on 26 April 2017. Mr. Sin is a fellow member with the Hong Kong Institute of Certified Public Accountants and holds a Master degree in Business Administration from the Oklahoma City University USA. Mr. Sin has more than 20 years of solid working experiences in corporate management, capital markets and financial management in Hong Kong and the People's Republic of China.

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Major Holding Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 52 to 97, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified the valuation of trade receivables as a key audit matter due to the use of significant estimates by management in assessing the recoverability of trade receivables. In determining the allowance for bad and doubtful debts, the management considers the debtor's payment history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables. The management concluded that no allowance for bad and doubtful debts is required. As disclosed in note 16 to the consolidated financial statements, the carrying amount of trade receivables as at 31 March 2017 is HK$15,894,000.	Our procedures in relation to management's assessment of the recoverability of trade receivables included: • Understanding the management's process in assessing the recoverability of trade receivables; • Understanding the management's process in determining credit limits, credit approval for customers and other monitoring procedures for recovering overdue debts; • Testing the accuracy of the ageing analysis of the trade receivables by checking, on a sample basis, to the source documents, including invoices and delivery notes; and • Assessing the reasonableness of allowance for bad and doubtful debts with reference to the debtor's payment history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories	
We identified the valuation of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of judgment by the management associated with identifying obsolete and slow-moving inventories and determining the net realisable value which are based on the current market condition, historical sales record, ageing analysis and subsequent selling price of inventories. Net realisable value represents the estimated selling prices for inventories less all estimated costs necessary to make the sale. The Group carried out the inventory review at the end of the reporting period and made the necessary allowance on obsolete or slow-moving inventories so as to write off or write down inventories to their net realisable values. As disclosed in note 4 to the consolidated financial statements, the carrying amount of inventories as at 31 March 2017 amounted to HK$76,594,000 (net of allowance of HK$2,188,000).	Our procedures in relation to assessing the appropriateness of the management’s estimation of allowance of inventories included: • Understanding the management’s process in identifying obsolete or slow-moving inventories and determining the net realisable value of the inventories; • Evaluating the historical accuracy of the allowance estimation by management; • Testing the accuracy of the ageing analysis of inventories by checking, on a sample basis, to purchase invoice or other relevant supporting documents; • Evaluating the current market conditions in wine industry to identify any potential adverse impact on the selling price and sales of the Group’s inventories; and • Evaluating the accuracy of the estimated net realisable value by comparing the actual selling prices of the inventories subsequent to year end, on a sample basis, to their carrying amounts to check whether the inventories are stated at the lower of cost and net realisable value.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lui Chi Wang, Andrew Robert.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Revenue	5	**203,896**	223,929
Cost of sales		**(163,775)**	(176,052)
Gross profit		**40,121**	47,877
Other income	7	**173**	5
Other gains and losses, net	7	**(11,973)**	89
Promotion, selling and distribution expenses		**(12,973)**	(18,551)
Administrative expenses		**(16,830)**	(19,566)
Finance costs	8	**(789)**	(275)
(Loss) profit before taxation		**(2,271)**	9,579
Income tax expense	9	**(258)**	(2,131)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	10	**(2,529)**	7,448
			(restated)
(Loss) earnings per share, basic (HK cents)	12	**(0.11)**	0.31

Consolidated Statement of Financial Position

As at 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**13,951**	2,436
Intangible assets	14	**463**	–
Rental deposits	16	**1,317**	–
		15,731	2,436
Current assets			
Inventories	15	**76,594**	73,865
Trade and other receivables, deposits and prepayments	16	**26,866**	48,276
Amount due from a shareholder	17	**311**	–
Tax recoverable		**2,149**	1,739
Pledged bank deposits	18	**6,506**	–
Bank balances and cash	18	**11,584**	9,322
		124,010	133,202
Current liabilities			
Trade and other payables and deposits received	19	**12,848**	15,646
Amount due to a shareholder	17	**–**	480
Obligations under finance leases – due within one year	20	**1,744**	416
Bank borrowings	21	**20,959**	18,675
		35,551	35,217
Net current assets		**88,459**	97,985
Total assets less current liabilities		**104,190**	100,421

Consolidated Statement of Financial Position

As at 31 March 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Capital and reserves			
Issued capital	23	**3,000**	1,200
Reserves		**94,712**	99,041
Total equity		**97,712**	100,241
Non-current liabilities			
Obligations under finance leases – due after one year	20	**6,034**	13
Deferred tax liability	22	**444**	167
		6,478	180
		104,190	100,421

The consolidated financial statements on pages 52 to 97 were approved and authorised for issue by the Board of Directors on 30 June 2017 and are signed on its behalf by:

Cheung Chun To
DIRECTOR

Leung Chi Kin Joseph
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Issued capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note i)	Other reserve HK$'000 (Note ii)	Accumulated profits HK$'000	Total HK$'000
At 1 April 2015	1,200	131,534	(104,902)	30,483	56,558	114,873
Profit and total comprehensive income for the year	–	–	–	–	7,448	7,448
Dividend declared (note 11)	–	–	–	–	(22,080)	(22,080)
At 31 March 2016	1,200	131,534	(104,902)	30,483	41,926	100,241
Loss and total comprehensive expense for the year	–	–	–	–	(2,529)	(2,529)
Bonus issue (note 23)	1,800	(1,800)	–	–	–	–
At 31 March 2017	3,000	129,734	(104,902)	30,483	39,397	97,712

Notes:

(i) The capital reserve represents the difference between the nominal value of the share capital of Major Cellar Company Limited ("Major Cellar") at the date on which it was acquired by Beyond Elite Limited ("Beyond Elite") and the deemed consideration of HK$104,912,000 settled by issuance of 100 shares by the Company pursuant to the corporate reorganisation completed on 28 August 2013.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	NOTE	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		**(2,271)**	9,579
Adjustments for:			
Depreciation of property, plant and equipment		**1,516**	954
Interest expenses		**789**	275
Interest income		**(6)**	(1)
Allowance for (reversal of) inventories		**1,068**	(147)
Impairment loss on trade deposits paid		**11,575**	–
Loss on disposal of property, plant and equipment		**448**	–
Operating cash flows before movements in working capital		**13,119**	10,660
(Increase) decrease in inventories		**(3,797)**	6,211
Decrease (increase) in trade and other receivables, deposits and prepayments		**8,303**	(17,324)
(Decrease) increase in trade and other payables and deposits received		**(3,060)**	851
Increase in amount due from a shareholder		**(311)**	–
Decrease in amount due to a shareholder		**(480)**	(180)
Cash generated from operations		**13,774**	218
Income tax paid, net		**(391)**	(4,852)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**13,383**	(4,634)
INVESTING ACTIVITIES			
Interest received		**6**	1
Purchases of property, plant and equipment		**(4,559)**	(74)
Proceeds from disposal of property, plant and equipment		**600**	–
Placement of pledged bank deposits		**(6,506)**	–
Withdrawal of pledged bank deposits		**–**	5,001
Net cash inflow from acquisition of asset through acquisition of a subsidiary	27	**14**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(10,445)**	4,928

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(789)**	(275)
Dividend paid	**–**	(22,080)
New bank borrowings raised	**63,679**	31,846
Repayment of bank borrowings	**(61,395)**	(27,892)
Repayment of obligations under finance leases	**(2,171)**	(519)
NET CASH USED IN FINANCING ACTIVITIES	**(676)**	(18,920)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,262**	(18,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**9,322**	27,948
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**11,584**	9,322

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 2 April 2013 and its shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 January 2014 and subsequently transferred listing to Main Board of the Stock Exchange on 30 October 2015. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suite 822, Ocean Centre, Harbour City, 5 Canton Road, Kowloon, Hong Kong respectively.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 Disclosure initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

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

Amendments to HKAS 1 Disclosure initiative (continued)

As regards the structure of the consolidated financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to capital risk management and financial instruments were reordered to notes 25 and 26 respectively. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instrument[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[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 HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values 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.

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

Based on the Group's financial instruments and risk management policies as at 31 March 2017, the application of HKFRS 9 in the future may have a material impact on the measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from Contracts with Customers

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

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

HKFRS 15 Revenue from Contracts with Customers (continued)

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

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

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

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of the HKFRS 15 will have a material impact on timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

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

HKFRS 16 Leases (continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease lability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$8,865,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company performs a detailed review.

Except for the above, the directors of the Company anticipates that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in future.

3. 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 Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessee

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

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

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

Foreign currencies

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Inventories

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

Impairment on tangible and intangible 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.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

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

Impairment of loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Impairment of loans and receivables (continued)
Objective evidence of impairment could include:

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities of amortised cost

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Valuation of trade receivables

The allowance for bad and doubtful debts of the Group is estimated based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables at the end of the reporting period based on objective evidence such as likelihood of collection of debts on an individual basis as well as on a collective basis, with reference to the debtor's payment history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise.

No allowance for bad and doubtful debts was made for years ended 31 March 2017 and 2016. The carrying amount of trade receivable is HK$15,894,000 (2016: HK$22,964,000) as at 31 March 2017.

Valuation of inventories

In determining the necessary allowance on obsolete or slow-moving inventories so as to write off or write down inventories to their net realisable values, the management carried out inventory review at the end of the reporting period by considering the current market condition, historical sales record, ageing analysis and subsequent selling price of inventories.

An allowance for inventories of HK$1,068,000 (2016: reversal of allowance of HK$147,000) was made for the year ended 31 March 2017. The carrying amount of inventories and allowance for inventories are HK$76,594,000 and HK$2,188,000 respectively (2016: HK$73,865,000 and HK$2,299,000 respectively) as at 31 March 2017.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from sale and distribution of premium wine and spirit products and wine accessory products in Hong Kong for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

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

	2017 **HK$'000**	2016 HK$'000
Red wine	**175,293**	196,135
White wine	**8,656**	7,396
Sparkling wine	**5,655**	5,338
Spirit	**14,047**	14,667
Wine accessory products	**242**	383
Other products	**3**	10
	203,896	223,929

Geographical information

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

For the year ended 31 March 2017, no revenue is derived from a single customer of the Group which amounted for over 10% of the Group's total revenue (2016: Nil).

6. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 6 (2016: 7) directors of the Company were as follows:

		Other emoluments			
	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonus HK$'000 (Note iii)	Retirement benefits scheme contributions HK$'000	Total HK$'000
2017					
Executive directors					
Mr. Cheung	**–**	**1,200**	**–**	**18**	**1,218**
Mr. Leung (Note i)	**–**	**1,200**	**–**	**18**	**1,218**
Ms. Cheung Wing Shun ("Ms. Cheung")	**–**	**720**	**45**	**18**	**783**
Independent non-executive directors					
Mr. Wong Siu Ki	**132**	**–**	**–**	**–**	**132**
Mr. Ngai Hoi Ying	**132**	**–**	**–**	**–**	**132**
Mr. Yue Kwai Wa Ken	**132**	**–**	**–**	**–**	**132**
Total	**396**	**3,120**	**45**	**54**	**3,615**
2016					
Executive directors					
Mr. Cheung	–	840	1,000	18	1,858
Mr. Leung (Note i)	–	840	1,000	18	1,858
Mr. Cheung Chun Pang (Note ii)	–	160	–	8	168
Ms. Cheung	–	466	500	18	984
Independent non-executive directors					
Mr. Wong Siu Ki	120	–	–	–	120
Mr. Ngai Hoi Ying	120	–	–	–	120
Mr. Yue Kwai Wa Ken	120	–	–	–	120
Total	360	2,306	2,500	62	5,228

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

Directors' emoluments (continued)

Notes:

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

(ii) The executive director, Mr. Cheung Chun Pang resigned on 30 November 2015.

(iii) Incentive performance bonuses for the year ended 31 March 2017 and 2016 were determined by the remuneration committee having regard to the performance and duties of directors.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years. No director of the Company has waived any remuneration during the year ended 31 March 2017 and 2016.

Employees' emoluments

Of the five individuals with the highest emoluments, three (2016: three) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two (2016: two) highest paid individuals for the year ended 31 March 2017, which was individually less than HK$1,000,000, were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, bonuses and other benefits	**1,550**	1,560
Contributions to retirement benefit schemes	**36**	36
	1,586	1,596

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

7. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	2017 HK$'000	2016 HK$'000
Bank interest income	6	1
Storage fee income	117	–
Others	50	4
	173	5

Other gains and losses, net

	2017 HK$'000	2016 HK$'000
Impairment loss on trade deposits paid (Note)	(11,575)	–
Loss on written off/disposal of property, plant and equipment	(448)	–
Net foreign exchange gains	50	89
	(11,973)	89

Note: During the year, two overseas distributors were under liquidations and the Group has appointed overseas legal counsel to recover trade deposits paid by the Group to these two overseas distributors amounting to approximately HK$11,575,000. Taking into account the discussion between the overseas legal counsel and the relevant trustee for these liquidations and its legal advice, the directors of the Company believes that the recoverable amounts of the trade deposits paid would be minimal and costs to be incurred would outweigh resulting benefits, if any. Therefore, full impairment loss had been made against these amounts during the year.

8. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interests on:		
Bank borrowings	578	234
Obligations under finance leases	211	41
	789	275

9. INCOME TAX EXPENSE

	2017 **HK$'000**	2016 HK$'000
Hong Kong Profits Tax:		
Current year	–	2,148
(Over)/underprovision in prior years	**(19)**	20
	(19)	2,168
Deferred tax (note 22)		
Current year	**277**	(37)
	258	2,131

No provision for Hong Kong Profits Tax had been made in the financial statements as the Group has no assessable profit for the current year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for prior year. Hong Kong Profits Tax rate was 16.5% for both years.

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

	2017 **HK$'000**	2016 HK$'000
(Loss) profit before taxation	**(2,271)**	9,579
Tax at the profits tax rate of Hong Kong of 16.5%	**(375)**	1,581
Tax effect of expenses not deductible for tax purpose	**667**	546
(Over)/underprovision in respect of prior years	**(19)**	20
Others	**(15)**	(16)
Income tax expense for the year	**258**	2,131

10. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR

	2017 **HK$'000**	2016 HK$'000
(Loss) profit and total comprehensive (expense) income for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**600**	600
Directors' remuneration (note 6)		
Directors' fee	**396**	360
Salaries, bonuses and other emoluments	**3,165**	4,806
Retirement benefits scheme contributions	**54**	62
	3,615	5,228
Other staff costs:		
Salaries, bonuses and other benefits	**8,023**	8,297
Sales commission	**1,899**	1,758
Retirement benefits scheme contributions	**366**	359
Total staff costs	**13,903**	15,642
Depreciation of property, plant and equipment	**1,516**	954
Cost of inventories recognised as cost of sales	**163,775**	176,052
Including: Allowance for (reversal of) inventories	**1,068**	(147)
Minimum operating lease payments in respect of office premises, warehouses and retail shops	**5,024**	8,181

11. DIVIDEND

	2017 **HK$'000**	2016 HK$'000
Dividends recognised as distributions by the Company during the year:		
2015 final dividend, paid HK0.4 cent per share	**–**	9,600
2015 first interim dividend, paid HK0.2 cent per share	**–**	4,800
2015 second interim dividend, paid HK0.12 cent per share	**–**	2,880
2016 first interim dividend, paid HK0.2 cent per share	**–**	4,800
	–	22,080

11. DIVIDEND (continued)

Adjustments were made to the amount of dividend per share for 2015 first interim dividend, 2015 second interim dividend, 2015 final dividend and 2016 first interim dividend due to the bonus issue completed on 8 July 2016 pursuant to which three bonus shares were issued on the basis of every existing two shares as at 28 June 2016 as detailed in note 23.

The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

12. (LOSS) EARNINGS PER SHARE

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

	2017 **HK$'000**	2016 HK$'000
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(2,529)**	7,448

	2017	2016 (restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,400,000,000**	2,400,000,000

The weighted average number of ordinary shares used in the calculation of (loss) basic earnings per share for the years ended 31 March 2017 and 2016 has been retrospectively adjusted to reflect the bonus issue which was completed on 8 July 2016 as detailed in note 23.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office computers HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Yacht and watercraft HK$'000	Total HK$'000
COST						
At 1 April 2015	3,085	893	1,764	3,483	–	9,225
Additions	–	38	36	–	–	74
At 31 March 2016	3,085	931	1,800	3,483	–	9,299
Additions	218	29	32	–	13,800	14,079
Written off/disposals	(464)	–	(14)	(1,717)	–	(2,195)
At 31 March 2017	2,839	960	1,818	1,766	13,800	21,183
DEPRECIATION						
At 1 April 2015	2,119	783	1,693	1,314	–	5,909
Provided for the year	386	84	49	435	–	954
At 31 March 2016	2,505	867	1,742	1,749	–	6,863
Provided for the year	306	23	19	364	804	1,516
Written off/disposals	(176)	–	(5)	(966)	–	(1,147)
At 31 March 2017	2,635	890	1,756	1,147	804	7,232
CARRYING VALUES						
At 31 March 2017	204	70	62	619	12,996	13,951
At 31 March 2016	580	64	58	1,734	–	2,436

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

Leasehold improvements	Shorter of 20% and over the lease terms
Office computers	20%
Furniture, fixtures and equipment	20%
Motor vehicles	12.5%
Yacht and watercraft	10%

At 31 March 2017, the carrying values of yacht and motor vehicles included amounts of approximately HK$12,807,000 (2016: Nil) and HK$269,000 (2016: HK$1,250,000), respectively in respect of assets held under finance leases.

14. INTANGIBLE ASSETS

	Money lenders license HK$'000
At 1 April 2015 and 31 March 2016	–
Addition through acquisition of a subsidiary (note 27)	463
At 31 March 2017	463

The money lenders license is considered to have indefinite useful life as the renewal of the license will continuously be approved yearly with minimal costs.

15. INVENTORIES

	2017 HK$'000	2016 HK$'000
Premium wine and spirits products	**75,649**	72,911
Wine accessory products	**945**	930
Other products	**–**	24
	76,594	73,865

During the year ended 31 March 2017, an allowance for inventories of HK$1,068,000 (2016: reversal of allowance of HK$147,000) was made to write down inventories to their net realisable values.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Trade receivables from third parties	**15,894**	22,964
Trade deposits paid	**9,408**	22,174
Rental and utilities deposits	**1,440**	2,114
Other receivables and prepayments	**1,441**	1,024
Total trade and other receivables, deposits and prepayments	**28,183**	48,276
Analysed as		
Current	**26,866**	48,276
Non-current	**1,317**	–
	28,183	48,276

Generally, no credit period is offered to walk-in customers at retail shops. The credit period granted to long term and wholesale customers with good business relationship with the Group ranged up to 120 days. Trade receivables from third parties mainly represent receivables from customers in relation to the sales of premium wine and spirits products.

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	**6,503**	15,446
31 to 60 days	**643**	6,179
61 to 90 days	**2,689**	521
Over 90 days	**6,059**	818
	15,894	22,964

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

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

Included in the Group's trade receivables are debtors with a carrying amount of HK$7,751,000 (2016: HK$3,451,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there were subsequent settlement as at the date of issuance of these consolidated financial statements or there was continuous settlements by the respective customers during the year and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	**1,448**	2,087
31 to 60 days	**305**	602
61 to 90 days	**277**	447
Over 90 days	**5,721**	315
	7,751	3,451

17. AMOUNT DUE FROM/(TO) A SHAREHOLDER

	2017 HK$'000 (Note i)	2016 HK$'000 (Note ii)
Amount due from/(to) a shareholder of the Company:		
Mr. Leung (Note)	**311**	(480)

Notes:

(i) The amount is sales of wine in nature, unsecured, non-interest bearing and repayable on demand.

(ii) The amount is rental payable and unsecured, non-interest bearing and repayable on demand.

18. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

As at 31 March 2017, bank balances carry interest at average market rates of 0.02% (2016: 0.02%) per annum.

As at 31 March 2017, pledged bank deposits carry interest at prevailing market rates of 0.4% (2016: 0.01%) per annum and represent deposits pledged to banks to secure short-term banking facilities granted to the Group.

19. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2017 **HK$'000**	2016 HK$'000
Trade payables	**5,281**	4,573
Trade deposits received	**4,247**	9,089
Other payables	**3,320**	1,984
	12,848	15,646

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

	2017 **HK$'000**	2016 HK$'000
0 to 30 days	**3,817**	1,508
31 to 60 days	**159**	337
61 to 90 days	**195**	635
Over 90 days	**1,110**	2,093
	5,281	4,573

20. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**2,145**	427	**1,744**	416
In more than one year but not more than two years	**2,132**	13	**1,842**	13
In more than two years but not more than five years	**4,443**	–	**4,192**	–
	8,720	440	**7,778**	429
Less: Future finance charges	**(942)**	(11)	**–**	–
Present value of lease obligations	**7,778**	429	**7,778**	429
Less: Amounts due for settlement within one year (shown as current liabilities)			**(1,744)**	(416)
Amounts due for settlement after one year			**6,034**	13

The Group leased certain of its motor vehicles and yacht under finance leases. The lease term was ranged from 3 to 5 years (2016: 3 to 5 years). The average borrowing rate was 3.0% (2016: 3.42%) per annum as at 31 March 2017. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangement was entered into for contingent rental payments.

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

21. BANK BORROWINGS

	2017 **HK$'000**	2016 HK$'000
Secured import loans	**14,141**	–
Unsecured import loans	**6,818**	12,185
Unsecured bank loans	**–**	6,490
	20,959	18,675
Carrying amount of bank borrowings that contain a repayment on demand clause and repayable*:		
Within one year	**20,959**	18,675

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

As at 31 March 2017 and 2016, all bank borrowings contain a repayment on demand clause.

As at 31 March 2017, the secured bank borrowings are secured by the pledged bank deposits of the Group. All the bank borrowings were guaranteed by the Company.

Borrowings comprise:

	2017 **HK$'000**	2016 HK$'000
Floating-rate borrowings	**20,959**	18,675

21. BANK BORROWINGS (continued)

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

	2017	2016
Effective interest rate (per annum):		
Floating-rate borrowings	1.80%–3.75%	2.25%–3.75%

22. DEFERRED TAX LIABILITY

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

	Tax loss HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2015	–	204	204
Credit to profit or loss (note 9)	–	(37)	(37)
At 31 March 2016	–	167	167
(Credit) charge to profit or loss (note 9)	(176)	453	277
At 31 March 2017	(176)	620	444

At 31 March 2017, the Group had estimated tax losses of approximately HK$1,064,000 (2016: nil) available for offset against future profits. A deferred tax asset has been recognised for such losses. The estimated tax losses may be carried forward indefinitely.

23. ISSUED CAPITAL

	Par value per ordinary share HK$	Number of shares	Share capital HK$'000
At 1 April 2015, 31 March 2016 and 31 March 2017	0.00125	8,000,000,000	10,000
Issued:			
At 1 April 2015 and 31 March 2016	0.00125	960,000,000	1,200
Bonus issue (Note)	0.00125	1,440,000,000	1,800
At 31 March 2017	0.00125	2,400,000,000	3,000

Note:
Pursuant to the bonus issue completed on 8 July 2016, a total of 1,440,000,000 bonus shares were issued on the basis of three bonus shares for every existing two shares as at 28 June 2016.

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2017.

24. OPERATING LEASE COMMITMENTS

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

	2017 HK$'000	2016 HK$'000
Within one year	**3,704**	2,808
In the second to fifth year inclusive	**5,161**	–
	8,865	2,808

The Group leases its office premises, warehouses and retail shops under operating lease arrangements. Leases for office premises, warehouses and retail shop are negotiated for fixed terms ranged from 1 to 3 years (2016: 1 to 2 years).

25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes amount due to a shareholder, obligations under finance leases and bank borrowings as disclosed in notes 17, 20 and 21, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and accumulated profits.

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

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**34,992**	33,089
Financial liabilities		
Amortised cost	**29,560**	25,712

26. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

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

Currency risk

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

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

	Bank balances and cash		Trade payables	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Euro ("EUR")	**5**	6	**982**	1,271
Great British Pound ("GBP")	**36**	37	**253**	329
Swiss Franc ("CHF")	**2**	2	**181**	85
United States Dollar ("USD")	**234**	77	**2,932**	396
Renminbi ("RMB")	**32**	41	**–**	–

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

Sensitivity analysis

As at 31 March 2017 and 2016, the monetary assets and monetary liabilities denominated in foreign currencies are insignificant. No sensitivity analysis is presented.

26. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases (note 20).

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances as well as floating-rate bank borrowings (note 21).

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

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

Sensitivity analysis

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

The sensitivity analyses below have been determined based on the exposure to interest rates of the Group's floating-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of each reporting period was outstanding for the whole year. A 100 basis points (2016: 100 basis points) increase or decrease is used which represents directors' assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2016: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2017 would be increase/decrease by HK$175,000 (2016: post-tax profit decrease/increase by HK$156,000).

26. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

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

The Group has concentration of credit risk as 25% (2016: 30%) of the total trade receivables were due from the Group's major customer which is a private entity operating in the PRC as at 31 March 2017 (2016: an individual wine collector). The directors of the Company considered that the credit risks of trade receivables is insignificant after considering the credit quality and financial ability of these customers.

The Group has concentration of credit risk as 15% (2016: 37%) of the total trade deposits were placed to the Group's largest supplier as at 31 March 2017. During the year ended 31 March 2017, impairment loss of HK$11,575,000 (2016: nil) was made on trade deposits paid to two overseas wine distributors as the counterparties were in the process of liquidation. The directors of the Company have reassessed the credit risks of remaining trade deposits placed and considered are low after due to their understanding of the financial position of this supplier and the long history of business development of this supplier.

In order to minimise the credit risk, the directors of the Company has delegated the sales team which is 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 management considers the debtor's payment history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables in determining the allowance for bad and doubtful debts to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company considers that the Group's credit risk is significantly reduced.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows. As at 31 March 2017, the Group has available unutilised short-term bank loan facilities of approximately HK$64,550,000 (2016: HK$17,815,000).

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

26. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

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

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1–2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2017						
Non-derivative financial liabilities						
Trade and other payables	**N/A**	**8,601**	**–**	**–**	**8,601**	**8,601**
Obligations under finance leases	**3.00**	**2,145**	**2,132**	**4,443**	**8,720**	**7,778**
Bank borrowings						
– floating-rate	**2.91**	**20,959**	**–**	**–**	**20,959**	**20,959**
		31,705	**2,132**	**4,443**	**38,280**	**37,338**
As at 31 March 2016						
Non-derivative financial liabilities						
Trade and other payables	N/A	6,557	–	–	6,557	6,557
Amount due to a shareholder	N/A	480	–	–	480	480
Obligations under finance leases	3.42	427	13	–	440	429
Bank borrowings						
– floating-rate	3.69	18,675	–	–	18,675	18,675
		26,139	13	–	26,152	26,141

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2017, the aggregate carrying amounts of these bank borrowings amounted to HK$20,959,000 (2016: HK$18,675,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, which is less than one year (2016: less than one year). At that time, the aggregate principal and interest cash outflows would amount to HK$21,570,000 (2016: HK$19,364,000) for bank borrowings as at 31 March 2017.

26. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Fair value

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

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

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

27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 5 October 2016, the Group acquired the entire issued share capital Major Credit Finance Company Limited ("Major Credit") from the sister-in-law of a director of the Company for cash consideration of HK$130,000. This transaction is accounted as acquisition of assets as Major Credit is inactive and is holding the money lenders license in Hong Kong.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Intangible assets	463
Bank balances and cash acquired	144
Other payables and accrued charges	(477)
	130

Net cash inflow on acquisition of Major Credit

	HK$'000
Cash consideration paid	130
Less: cash and cash equivalent balances acquired	(144)
	(14)

28. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement benefit plan for all qualifying employees in Hong Kong. The Group and the employees shall make contributions based on a percentage of the employee's basic salary with a cap of HK$1,500 per month and charged to profit or loss as they become payable in accordance with the rules of Mandatory Provident Fund Scheme. The assets of the plan are held separately from those of the Group in funds under the control of trustees.

29. NON-CASH TRANSACTION

During the year ended 31 March 2017, the Group acquired yacht through finance lease at a consideration of HK$9,520,000 (2016: Nil).

30. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere of the consolidated financial statements, the Group had the following related party transactions:

	2017 **HK$'000**	2016 HK$'000
Sales to related parties		
– Mr. Cheung	**82**	–
– Mr. Leung	**567**	101
– Ms. Cheung	**30**	6
– Major Watch Company Limited ("Major Watch") (Note i)	**126**	109
	805	216
Rental expense in respect of warehouse paid or payable to Mr. Leung, one of the Shareholders (Note ii)	**480**	480

Notes:

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

(ii) As at 31 March 2017, the Group did not have commitments for future minimum lease payments in respective of warehouse to Mr. Leung (2016: nil).

30. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management which were determined by reference to the Group's performance during the years ended 31 March 2017 and 2016 were as follows:

	2017 **HK$'000**	2016 HK$'000
Short-term benefits	**4,860**	6,499
Post-employment benefits	**95**	104
	4,955	6,603

31. FINANCIAL INFORMATION OF THE COMPANY

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

	Notes	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Unlisted investments		**124,345**	107,325
Current assets			
Amounts due from subsidiaries	i	**7,967**	28,172
Other receivables and prepayments		**276**	151
		8,243	28,323
Current liabilities			
Other payables		**1,536**	633
Net current assets		**6,707**	27,690
Total assets less current liabilities		**131,052**	135,015
Capital and reserves			
Share capital		**3,000**	1,200
Reserves	ii	**128,052**	133,815
		131,052	135,015

Particulars of the principal subsidiaries of the Company at 31 March 2017 are set out in note 32.

31. FINANCIAL INFORMATION OF THE COMPANY (continued)

Notes:

(i) Amounts due from subsidiaries

The amount is unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount will be repaid on or before 31 March 2018 (2016: 31 March 2017) and the amount is therefore shown as current asset as at 31 March 2017.

(ii) Reserves of the Company

	Share premium HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000
At 2 April 2015	131,534	1,856	133,390
Profit and total comprehensive income for the year	–	22,505	22,505
Dividend declared	–	(22,080)	(22,080)
At 31 March 2016	131,534	2,281	133,815
Loss and total comprehensive expense for the year	–	(3,963)	(3,963)
Bonus issue	(1,800)	–	(1,800)
At 31 March 2017	129,734	(1,682)	128,052

32. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2017 are as follows:

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Issued and fully paid share capital	Attributable equity interest of the Group as at 31 March 2017 %	2016 %	Principal activities
Beyond Elite Limited	British Virgin Islands	Hong Kong	Ordinary USD 1	**100**	100	Investment holding
Major Cellar Company Limited	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	100	Sale and distribution of premium wine and spirits products
Major Industrial Development Limited (Formerly known as: Credit Major Company Limited)	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	100	Inactive
Major Holdings HK Limited	Hong Kong	Hong Kong	Ordinary HK$10,000	**100**	–	Inactive
Major Credit Finance Company Limited	Hong Kong	Hong Kong	Ordinary HK$100,000	**100**	–	Inactive and holding money lenders license in Hong Kong
Shenzhen Major Industrial Development Limited	PRC	PRC	Ordinary RMB10,000,000	**100**	–	Inactive

Beyond Elite Limited is directly held by the Company. All the other subsidiaries shown above are indirectly held by the Company.

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

Financial Summary

For the year ended 31 March 2017

RESULTS

	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Turnover	266,833	281,434	268,425	223,929	**203,896**
Profit (loss) before taxation	28,906	17,403	29,352	9,579	**(2,271)**
Income tax expense	(5,362)	(4,610)	(5,220)	(2,131)	**(258)**
Profit (loss) for the year	23,544	12,793	24,132	7,448	**(2,529)**

ASSETS AND LIABILITIES

	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	190,302	161,776	147,146	135,638	**139,741**
Total liabilities	(86,426)	(39,835)	(32,273)	(35,397)	**(42,029)**
Total equity	103,876	121,941	114,873	100,241	**97,712**