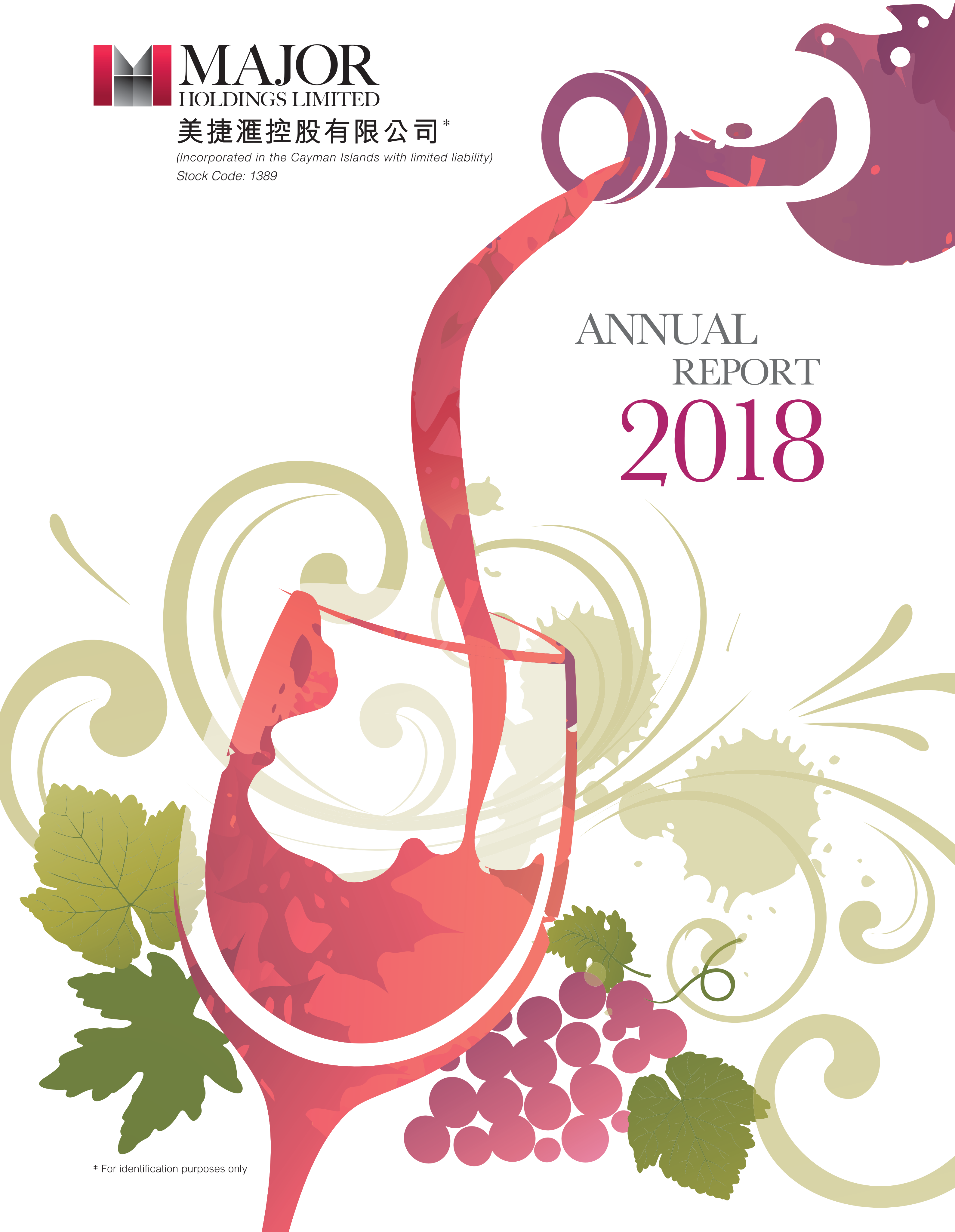
MAJOR HOLDINGS LIMITED

美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1389



ANNUAL REPORT 2018

* 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 (passed away on 7 March 2018)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak (appointed on 22 March 2018)

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. Siu Shing Tak *(Chairman)* (appointed on 22 March 2018)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Remuneration committee
Mr. Yue Kwai Wa Ken *(Chairman)*
Mr. Siu Shing Tak (appointed on 22 March 2018)
Mr. Ngai Hoi Ying

Nomination committee
Mr. Ngai Hoi Ying *(Chairman)*
Mr. Siu Shing Tak (appointed on 22 March 2018)
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
Citibank, N.A.

Auditor
ZHONGHUI ANDA CPA LIMITED
Unit 701, 7/F
Citicorp Centre
18 Whitfield Road
Causeway Bay
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 2018.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018:

- Revenue increased by approximately 6.5% from approximately HK$203.9 million for the year ended 31 March 2017 to approximately HK$217.2 million for the year ended 31 March 2018

- Profit and total comprehensive income attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK$6.6 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2017 was approximately HK$2.5 million

- Basic earnings per share was HK0.28 cents for the year ended 31 March 2018, whereas basic loss per share was HK0.11 cents for the year ended 31 March 2017

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil)

GOING FORWARD

In March 2018, the value of retail sales of Hong Kong increased by 11.4%, the volume of retail sales increased by 10.0%, and the value of sales of food, alcoholic and tobacco increased by 4% as compared with the figure in March 2017. The Hong Kong wine retail market faced the similar trend of improving demand. To take advantage of the better business atmosphere, and maintain our market leading position, the Group took proactive steps to explore different sales channels, organize marketing activities, develop front-line wine consultants' expertise, and build up our professional image in the industry.

Based on the Group's experience, we strive to develop our product mix to different tier of customer levels, ensure our quality product portfolios can satisfy the customer needs. Although the market trends change constantly, our professional wine consultants can provide prompt knowledge and solution to our esteem customers, to suit their different tastes. The Group is confident to develop actively 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, 22 June 2018

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$458.8 billion in March 2016 to approximately HK$435.1 billion in March 2017, but increased to approximately HK$462.4 billion in March 2018, representing a year-on-year decrease by approximately 5.2% and increase by 6.3% respectively. For the year ended 31 March 2018, the Group's revenue increased by approximately 6.5% to approximately HK$217.2 million (2017: HK$203.9 million). The increase was mainly due to the increase of the sales of red wine from approximately HK$175.3 million for the year ended 31 March 2017 to approximately HK$189.6 million for the year ended 31 March 2018.

In March 2018, the value of retail sales of Hong Kong increased by 11.4%, the volume of retail sales increased by 10.0%, and the value of sales of food, alcoholic and tobacco increased by 4% as compared with the figure in March 2017. The Hong Kong wine retail market faced the similar trend of improving demand. To take advantage of the better business atmosphere, and maintain our market leading position, the Group took proactive steps to explore different sales channels, organize marketing activities, develop front-line wine consultants' expertise, and build up our professional image in the industry.

In respect of the professional development on wine consultants, the Group is committed to deploy resources to enhance our professionalism in the industry, by motivating front-line wine consultants in their professional advancement, achieving recognized wines and spirits awards, continuous studies, training and tasting experience. The Group regarded these as precious assets, which are essential to our development in the industry.

To cope with the improving demand in Hong Kong, the Group implemented certain strategical sales and marketing activities, such as organizing different sales campaigns, wine tasting, events and functions, broadening customer base, and product mix. We also organized innovative marketing campaigns, such as arranging regular dynamic marine wine tasting experience to our prestige customers in the yacht of the Group, which served as a platform for us to share plenty of wine inspiration and knowhow under an extremely relaxing atmosphere.

Whilst the Group is confident to develop actively in the premium wine and spirit market, red wine continued to be one of the Group's core product type, upon which the Group will continue to improve its sales by implementing new sales and marketing strategies, marketing channels, promotion methods. As a whole, the Group will endeavor to position itself as one of the Hong Kong's main premium wine retailers in the long run.

Apart from that, the Group will actively seek for new business opportunities from time to time in order to diversify its business and enhance the long-term growth of the Group and its shareholders' value.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 6.5% from approximately HK$203.9 million for the year ended 31 March 2017 to approximately HK$217.2 million for the year ended 31 March 2018. The increase was mainly due to the increase of the sales of red wine from approximately HK$175.3 million for the year ended 31 March 2017 to approximately HK$189.6 million for the year ended 31 March 2018.

Gross profit

Gross profit of the Group increased by approximately 8.9% from approximately HK$40.1 million for the year ended 31 March 2017 to approximately HK$43.7 million for the year ended 31 March 2018. The increase was mainly due to the increase in revenue during the year ended 31 March 2018. The gross profit margin increased slightly from approximately 19.7% for the year ended 31 March 2017 to approximately 20.1% for the year ended 31 March 2018.

Other losses

Other losses of the Group for the year ended 31 March 2017 was approximately HK$12.0 million, whereas other losses of the Group for the year ended 31 March 2018 was approximately HK$0.8 million. The significant change was mainly attributable to the one-off impairment loss on trade deposits paid for purchase of inventories for the year ended 31 March 2017.

Depreciation of property, plant and equipment

Depreciation on property, plant and equipment of the Group for the year ended 31 March 2017 was approximately HK$1.5 million, whereas depreciation on property, plant and equipment of the Group for the year ended 31 March 2018 was approximately HK$1.9 million.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group increased by approximately 27.7% from approximately HK$13.0 million for the year ended 31 March 2017 to approximately HK$16.6 million for the year ended 31 March 2018. The change was mainly attributable to the increase in staff costs and operating lease payment in respect of retail shops for the year ended 31 March 2018.

Administrative expenses of the Group increased by approximately 5.4% from approximately HK$16.8 million for the year ended 31 March 2017 to approximately HK$17.7 million for the year ended 31 March 2018.

Income tax expense

Income tax expense of the Group increased from approximately HK$0.3 million for the year ended 31 March 2017 to approximately HK$1.9 million for the year ended 31 March 2018. The increment was mainly due to the increase of estimated assessable profit for the year ended 31 March 2018 as compared to the corresponding period in 2017.

Profit and total comprehensive income 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 2018 was approximately HK$6.6 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 2018 (2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2018	2017
Current assets	**HK$127,992,000**	HK$124,010,000
Current liabilities	**HK$33,419,000**	HK$35,551,000
Current ratio	**3.83**	3.49

The current ratio of the Group at 31 March 2018 was approximately 3.83 times as compared to that of approximately 3.49 times at 31 March 2017. It was mainly attributed to the increase in business revenue, inventories and cash in bank for the year ended 31 March 2018.

At 31 March 2018, the Group had total bank balances and cash of approximately HK$19.4 million (2017: HK$11.6 million) and pledged bank deposits of HK$3.0 million (2017: HK$6.5 million).

At 31 March 2018, 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 27.8% (2017: 29.4%). 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$7.5 million as at 31 March 2018 (2017: HK$8.7 million). As at 31 March 2018, the Group did not have any significant capital commitments (2017: Nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 28 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 2018. 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 2018, 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 2018 (2017: 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 of the Company ("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 2018, 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 2018, the Group has pledged bank deposits of HK$3.0 million (2017: HK$6.5 million) 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 2018, no option under the Share Option Scheme has been granted by the Company (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 41 full-time and 1 part-time employees (2017: 38 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$16.5 million for the year ended 31 March 2018 (2017: HK$13.9 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 Research Report on 4 September 2017, which provided statistical data for the previous year of 2017, and data from Euromonitor International, in January to June 2017, imports of wine amounted to HK$5.7 billion, more than three times of the value of HK$1.6 billion in 2007. Wine sales in Hong Kong amounted to US$1,543 million or 33.8 million liters in 2016, up 6.5% and 3.1%, respectively, per annum in the past five years. For 2016 to 2021, it is forecasted to grow 9.8% per annum in value terms and 5.4% per annum in volume terms.

Industry Trends
In accordance with the data from Euromonitor International, consumers in Asia are increasingly wine savvy and their demand for wine remains strong. Wine sales in Asia amounted to US$93.3 billion or 6.1 billion litres in 2016, up 2.3% and 2.3%, respectively, per annum in the past five years. For 2016 to 2021, it is forecast to grow 8.5% per annum in value terms and 3.9% per annum in volume terms. Sales in China are more spectacular, with an amount of US$66.5 billion or 4.6 billion litres in 2016, up 4.7% and 3.5%, respectively, per annum in the past five years. For 2016 to 2021, it is forecast to grow 10.4% per annum in value terms and 5.0% per annum in volume terms.

Looking forward, In light of this soaring demand for premium wine in Asia, China and Hong Kong, the Group is well prepared to strive for increment in sales revenue, customer base, product portfolio, quality services and market share in this core business.

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 17 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 2018 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 8, pages 9 to 17, pages 49 to 85 and page 86 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 2018, 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 2018.

ENVIRONMENTAL POLICY

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

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes 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 2018, 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 2018 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 emphasizes 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 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

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 15 to the consolidated financial statements.

SHARE CAPITAL

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2018.

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 2018. 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 2018 amounted to approximately HK$22.9 million and the details are set out in note 25 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 2018.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2018, 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$125.8 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR 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 2018, our largest supplier accounted for approximately 23.3% of our total purchases (2017: 9.3%). The aggregate purchases from our five largest suppliers contributed approximately 35.5% of our total purchases in the current year (2017: 28.2%).

During the year ended 31 March 2018, our largest customer accounted for approximately 7.3% of turnover (2017: 4.9%). The aggregate sales to our five largest customers contributed approximately 23.3% of our total sales in the current year (2017: 18.6%).

At no time during the year ended 31 March 2018 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 (passed away on 7 March 2018)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak (appointed on 22 March 2018)

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. Cheung Chun To, Mr. Yue Kwai Wa Ken and Mr. Siu Shing Tak shall retire from office as Directors at the forthcoming annual general meeting ("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 41 to 44.

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 2018.

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 12 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, remains to be a 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 2018 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 2018, 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 2018, 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. Cheung Chun To	Interest of spouse (Note 1)	11,140,000 shares	0.46%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	739,500,000 shares	30.81%

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. Ms. Lin Shuk Shuen. Being the spouse of Mr Cheung Chun To, beneficially owns 11,140,000 shares in the Company. As a consequence, Mr. Cheung Chun To is deemed to be interested in 772,140,000 shares in the Company.

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 739,500,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2018, 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 2018, 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)	739,500,000 shares	30.81%
Ms. Lin Shuk Shuen	Interest of spouse and Beneficial Owner (Note 3)	772,140,000 shares	32.17%
Ms. Ma Pui Ying	Interest of spouse (Note 4)	739,500,000 shares	30.81%

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 739,500,000 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), and together with the 11,140,000 shares beneficially owned by her.

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 2018, 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. Siu Shing Tak, 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 2018.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2018 are set out in note 34 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction for the year ended 31 March 2018 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

ZHONGHUI ANDA CPA Limited was appointed by the Directors as the auditor of the Company. ZHONGHUI ANDA CPA Limited 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 2018 have been audited by ZHONGHUI ANDA CPA Limited.

The consolidated financial statements for each of the two years ended 31 March 2016 and 2017 were audited by Deloitte Touche Tohmatsu.

By Order of the Board
Cheung Chun To
Chairman
22 June 2018

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 2018. 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 2018. The Directors will continue to use their best endeavors 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 2018.

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 (passed away on 7 March 2018)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak (appointed on 22 March 2018)

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 2018, a total of 6 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	6/6	1/1
Mr. Leung Chi Kin Joseph	5/6	1/1
Ms. Cheung Wing Shun	6/6	1/1
Mr. Wong Siu Ki	4/6	1/1
Mr. Yue Kwai Wa Ken	6/6	1/1
Mr. Ngai Hoi Ying	6/6	1/1
Mr. Siu Shing Tak	1/6	0/1

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, authorizing 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 notices 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 other executive Directors present.

During the year ended 31 March 2018, all Directors except Mr. Siu Shing Tak 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 2018, 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. Siu Shing Tak, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying. Mr. Siu Shing Tak is the chairman of the Audit Committee (appointed on 22 March 2018 after Mr. Wong Siu Ki passed away on 7 March 2018). 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 2018, three Audit Committee meetings were held. In the meetings during the year ended 31 March 2018, 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 (Chairman) (passed away on 7 March 2018)	2/3
Mr. Siu Shing Tak (Chairman) (appointed on 22 March 2018)	1/3
Mr. Yue Kwai Wa Ken	3/3
Mr. Ngai Hoi Ying	3/3

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. Siu Shing Tak (appointed on 22 March 2018 after Mr. Wong Siu Ki passed away on 7 March 2018) 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 12 to the consolidated financial statements.

During the year ended 31 March 2018, the Remuneration Committee held two meetings 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	2/2
Mr. Wong Siu Ki (passed away on 7 March 2018)	1/2
Mr. Siu Shing Tak (appointed on 22 March 2018)	1/2
Mr. Ngai Hoi Ying	2/2

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. Siu Shing Tak (appointed on 22 March 2018 after Mr. Wong Siu Ki passed away on 7 March 2018). 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 2018, the Nomination Committee held two meetings 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	2/2
Mr. Wong Siu Ki (passed away on 7 March 2018)	1/2
Mr. Siu Shing Tak (appointed on 22 March 2018)	1/2
Mr. Yue Kwai Wa Ken	2/2

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 2018, 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 2018, 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 and 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 authorized 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 2018, the fees paid/payable to the Company's auditor are set out as follows:

Services rendered	Fees paid/ payable HK$'000
Audit services	430

During the financial year ended 31 March 2018, 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	100

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 2018, 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 2018, there had been no significant change in the Company's constitutional documents.

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 2017 to 31 March 2018 (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 us 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.

As the Group's office and warehouse are located in leased office premises where both water supply and discharge are solely controlled by property owner or building management, hence, data of water consumption, greenhouse gas emission due to water and sewage treatment is unable to be obtained and calculated. The air pollutant produced by the group is mainly exhaust generated by the transport fleet. The main source of the Group's greenhouse gases emission is indirect emission created through purchased electricity.

The solid wastes produced in the retail showroom, office and warehouse primarily consist of waste paper, obsolete computers, old batteries, toner cartridges 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 containing 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, old batteries and toner cartridges which belong to hazardous wastes are transferred to qualified companies for recycling after collected by the building management under relevant recycle program. Domestic wastes, except the wastes mentioned above, are collected by the property management company and delivered to the local treatment site. Construction wastes were also produced as a result of the shop renovation project during the Year.

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 to minimize paper consumption are also implemented, which include implementing double sided printing, 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 cutleries, and evaluates their consumption at times to avoid overstock.

When packaging the wine and spirit product, employees are instructed to use only an appropriate amount of packaging material so as to avoid over packaging and hence reduce the use of packaging material.

To reduce the environmental impact brought by the air pollutants and greenhouse gases emission from logistics and employees' activities, the Group has adopted a multitude of measures, including using small-displacement vehicles of Euro 5 emission standard for the logistic fleet, offering driving trainings for drivers, proper maintenance for vehicles, optimizing delivery route for products, organizing employee activities at locations with easy access to public transportation, using video conferencing in place of unnecessary travels and choosing direct flights for business trips should it be unavoidable, 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 anti-discrimination.

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 the 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 basic 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 subjects to each employee's performance, efficiency, behavior and discipline, degree of loyalty and contribution to the Group for the year, together with the Group's financial situation and changes of market wage. In case of a vacancy in higher positions, priority is given to internal promotion of 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 the 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 laws and regulations, the Group provides employees with the Mandatory Provident Fund (MPF) Schemes and medical care. Compensation for work-related injuries is also available to comply with 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 understanding of 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' knowledge on selected wine and spirits products. For employees in different positions, such as logistics, procurement and clerical, different trainings are also arranged to improve their working efficiency and performance.

Furthermore, the Group has set up an education program to subsidize employees to take courses related to their work organized by various institutions and professional organizations. The management will assess the relativity of the course to the employee's work to determine the amount of subsidy accordingly. Employees can also apply for allowance to obtain 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 manual covering fire prevention, safety knowledge 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 working day. For specific posts (such as electricians), employees are required to acquire qualification certificates prior to employment. To reduce injuries and health problems caused by cargo handling and prolonged use of computers, detailed guidelines and safety notes are delivered to employees for their reference.

OPERATIONAL MANAGEMENT

Quality Assurance

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. Generally, a product procured from supplier is not only subject to the applicable laws and standards of its country of origin, but also certification issued by the country's wine association. A meeting with suppliers is held every year, which facilitates the Group's understanding of their supplies. Furthermore the EPOS system further enables the Group to track the sources of products.

The Group has engaged independent third party logistics companies of good reputation and have rich experience in the shipment of wine and spirits products to pick up and deliver the products procured from suppliers to the 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' labeling, 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 the product, 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 relative humidity level of the warehouse are strictly controlled at 17 to 19 degree Celsius and 55% to 70%, respectively. The Group's warehouse and logistics team monitors and records the storage conditions of the warehouse on a daily basis.

When selecting suppliers for other products such as packaging materials for the wine and spirit products, the Group takes into account their distance from the Group to reduce carbon footprint produced due to the transportation of these products. During the Year, all suppliers of packaging material and other appliances are located within Hong Kong.

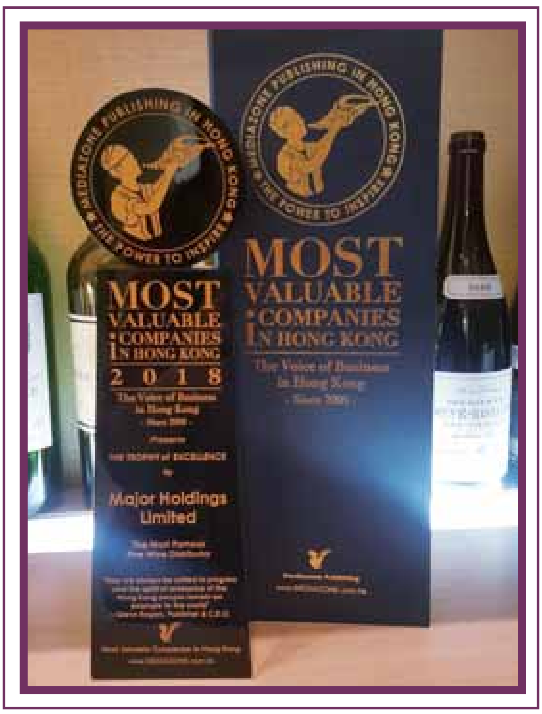
Customer Service

Customer service has always been a major focus 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 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 transaction, 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.

During the Year, the Group received the Most Famous Fine Wine Distributor in Hong Kong 2018 presented by Mediazone Publishing.



The Most Famous Fine Wine Distributor in Hong Kong 2018 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 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 a confidentiality agreement which contains the Group's requirements for 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 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 to protect the whistleblower.

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.

During the Year, the Group continued to fulfill its obligation as an enterprise citizen. The Group made a donation to the Urban Peacemaker Evangelistic Fellowship in support of their education program and participated in home visits visiting families living in subdivided flats. The Group also organized teams of volunteers to participate in carnivals held by the Fellowship. 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 2017/18 presented by The Hong Kong Council of Social Service and the award of Sponsorship of the 28th Anti-Drug Shield Carnival by The Hong Kong Police Force.

Award of Sponsorship of the 28th Anti-Drug Shield Carnival by The Hong Kong Police Force

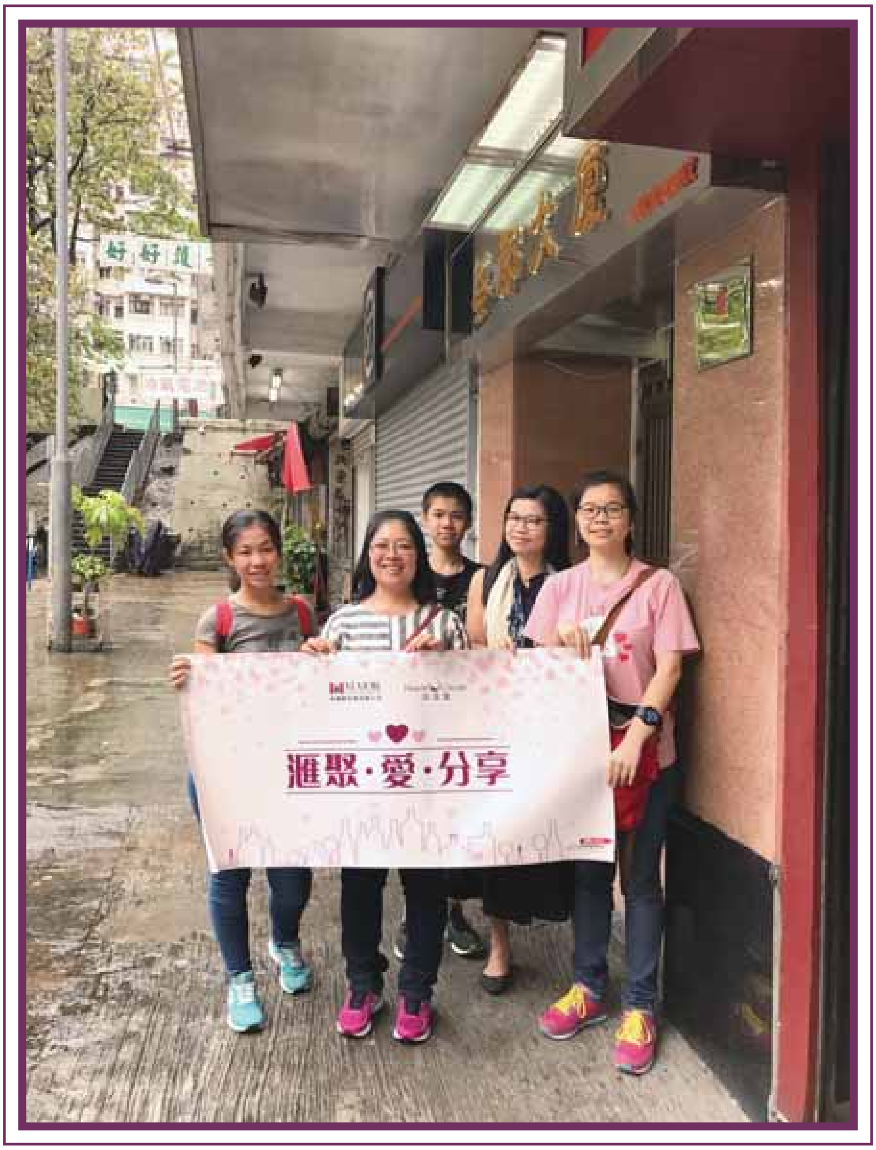
Carnival games for children 2018

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 including birthday party, Christmas party, winter solstice dinner, boat trip, sports games and various programs in terms of employees' welfare under the Caring Company Scheme.

Christmas Party

Birthday Party



Home Visit Program under Caring Company Scheme

Major Key Performance Indicators

Environmental Indicators	2018
Emission	
Nitrogen Oxides (NOx) (kg)	2.03
Sulphur Oxides (SOx) (kg)	0.05
Particulate Matter (PM) (kg)	0.19
Greenhouse Gases	
Total Greenhouse Gases Emission (tonnes CO_2e)	69
Total Greenhouse Gases Emission per Employee (tonnes CO_2e/employee)	1.64
Total Greenhouse Gases Emission Reduction (tonnes CO_2e)	0.21
Wastes	
Total Non-hazardous Wastes (tonnes)	3
Total Non-hazardous Wastes per Employee (tonnes/employee)	0.06
Total Hazardous Wastes (piece)	12
Total Hazardous Wastes per Employee (piece/employee)	0.29
Energy Consumption	
Total Energy Consumption (MWh)	131
Total Energy Consumption per Employee (MWh/employee)	3.12
Packaging Material	
Total Packaging Material Consumption (kg)	2,513
Total Packaging Material Consumption per Bottle of Product (kg/bottle)	0.03

EXECUTIVE DIRECTORS

Mr. Cheung Chun To (張俊濤), aged 39, 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 (深圳市恒隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc 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 39, 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.

Ms. Cheung Wing Shun (張詠純), aged 37, 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. Ngai Hoi Ying (魏海鷹), aged 61, 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.

Mr. Yue Kwai Wa Ken (余季華), aged 52, 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 ("Roma Group"), 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 since 26 September 2011. Also, Mr. Yue has been redesignated as the chief executive officer of Roma Group since 1 October 2017 and appointed as the chairman of Roma Group since 18 December 2017. 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.

Mr. Siu Shing Tak (蕭承德), aged 34, graduated from Walter A. Haas School of Business of the University of California, Berkeley, with a Bachelor degree in Science in Business Administration. He is a certified public accountant of Hong Kong Institute of Certified Public Accountant. He has over ten years of experience in accounting, auditing and internal control. He held various senior management positions in United States and Hong Kong listed companies, in which he was responsible for the internal audit and daily financial operation and assist in their transactions and compliance with the applicable rules and regulations. He also worked in PriceWaterhouseCoopers in both United States and Hong Kong offices during which he engaged in auditing work of listed companies and initial public offering projects.

SENIOR MANAGEMENT

Ms. Ho Sau Wan Ada (何秀雲), aged 51, 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 36, 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), aged 56, 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 worked with an international accounting firm in auditing and has held various senior positions with listed and private companies in Hong Kong and China. Mr. Sin has more than twenty years of experience in financial management, corporate finance and merger and acquisition.

中汇
ZHONGHUI

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 Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 85, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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 (the "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.

INVENTORIES

Refer to Note 18 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventory of HK$81,057,000 as at 31 March 2018 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventories;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventories;
- Assessing the ageing of the inventories;
- Assessing the net realisable values of the inventories; and
- Checking subsequent sales and usage of the inventories.

We consider that the Group's impairment test for inventories is supported by the available evidence.

TRADE RECEIVABLES

Refer to Note 19 to the consolidated financial statements

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK$14,215,000 as at 31 March 2018 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Checking subsequent settlements from the customers; and

– Assessing the disclosure of the Group’s exposure to credit risk in the consolidated financial statements.

We consider that the Group’s impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company’s 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

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. We report our opinion solely to you, as a body, 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Audit Engagement Director
Practising Certificate Number P06084
Hong Kong, 22 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	6	**217,226**	203,896
Cost of sales		**(173,530)**	(163,775)
Gross profit		**43,696**	40,121
Other income	7	**969**	173
Other gains and losses, net	8	**(754)**	(11,973)
Promotion, selling and distribution expenses		**(16,649)**	(12,973)
Administrative expenses		**(17,670)**	(16,830)
Profit/(loss) from operations		**9,592**	(1,482)
Finance costs	9	**(1,046)**	(789)
Profit/(loss) before taxation		**8,546**	(2,271)
Income tax expense	10	**(1,904)**	(258)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company	11	**6,642**	(2,529)
Earnings/(loss) per share	14		
– Basic and diluted (cents)		**0.28**	(0.11)

Consolidated Statement of Financial Position

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	**12,953**	13,951
Intangible assets	16	**–**	463
Trade and rental deposits paid	20	**1,878**	1,317
		14,831	15,731
Current assets			
Inventories	18	**81,057**	76,594
Trade receivables	19	**14,215**	15,894
Prepayments, deposits and other receivables	20	**9,689**	10,972
Due from a shareholder	21	**–**	311
Current tax assets		**658**	2,149
Pledged bank deposits	22	**3,018**	6,506
Bank and cash balances	22	**19,355**	11,584
		127,992	124,010
Current liabilities			
Trade payables	23	**2,857**	5,281
Other payables and deposits received	24	**5,781**	7,567
Bank borrowings	25	**22,939**	20,959
Finance lease payables	26	**1,842**	1,744
		33,419	35,551
Net current assets		**94,573**	88,459
Total assets less current liabilities		**109,404**	104,190

Consolidated Statement of Financial Position

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Finance lease payables	26	**4,193**	6,034
Deferred tax liabilities	27	**857**	444
		5,050	6,478
NET ASSETS		**104,354**	97,712
Capital and reserves			
Share capital	28	**3,000**	3,000
Reserves	30	**101,354**	94,712
TOTAL EQUITY		**104,354**	97,712

The consolidated financial statements on pages 49 to 85 were approved and authorised for issue by the board of directors on 22 June 2018 and 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 2018

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note i)	Other reserve HK$'000 (note ii)	Retained profits HK$'000	Total HK$'000
At 1 April 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 28)	1,800	(1,800)	–	–	–	–
At 31 March 2017	3,000	129,734	(104,902)	30,483	39,397	97,712
At 1 April 2017	3,000	129,734	(104,902)	30,483	39,397	97,712
Profit and total comprehensive income for the year	–	–	–	–	6,642	6,642
At 31 March 2018	3,000	129,734	(104,902)	30,483	46,039	104,354

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 spirits products and furniture and fixtures from Rouge & Blanc to Major Cellar on 31 March 2010. Rouge & Blanc is controlled by Mr. Cheung Chun To and Mr. Leung Chi Kin Joseph, the directors and also the shareholders of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**8,546**	(2,271)
Adjustments for:		
Finance costs	**1,046**	789
Interest income	**(12)**	(6)
Depreciation	**1,914**	1,516
Loss on written off/disposals of property, plant and equipment	**–**	448
Allowance/(reversal of allowance) for inventories	**663**	(222)
Impairment loss on trade deposits paid	**–**	11,575
Write off of intangible assets	**463**	–
Impairment loss on other receivables	**639**	–
Operating profit before working capital change	**13,259**	11,829
Increase in inventories	**(5,126)**	(2,507)
Decrease in trade receivables	**1,679**	7,070
Decrease in prepayments, deposits and other receivables	**83**	1,448
Decrease/(increase) in amount due from a shareholder	**311**	(311)
(Decrease)/increase in trade payables	**(2,424)**	708
Decrease in other payables and deposits paid	**(1,786)**	(3,983)
Decrease in amount due to a shareholder	**–**	(480)
Cash generated from operating activities	**5,996**	13,774
Income tax paid	**–**	(391)
Net cash generated from operating activities	**5,996**	13,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase/(decrease) in pledged bank deposits	**3,488**	(6,506)
Net cash inflow from acquisition of asset through acquisition of a subsidiary	**–**	14
Interest received	**12**	6
Purchases of property, plant and equipment	**(916)**	(4,559)
Proceeds from disposals of property, plant and equipment	**–**	600
Net cash generated from/(used in) investing activities	**2,584**	(10,445)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	NOTE	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES	31		
Repayment of bank borrowings		**(63,374)**	(61,395)
Bank borrowings raised		**65,354**	63,679
Repayment of finance lease payables		**(1,743)**	(2,171)
Interest paid		**(1,046)**	(789)
Net cash used in financing activities		**(809)**	(676)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,771**	2,262
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**11,584**	9,322
CASH AND CASH EQUIVALENTS AT END OF YEAR		**19,355**	11,584
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**19,355**	11,584

1. GENERAL INFORMATION

Major Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Suite 822, Ocean Centre, Harbour City, 5 Canton Road, Kowloon, Hong Kong. The Company's shares were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 January 2014 and subsequently transferred listing to the Main Board of the Stock Exchange on 30 October 2015.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2018, Silver Tycoon Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Cheung Chun To is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

(a) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(b) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payables. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales and trading of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Storage fee income is recognised when the service is rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(c) Termination benefits

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

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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 arising on 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties
A related party is a person or entity that is related to the Group.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables, 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 any impairment loss. Where 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.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, deposits and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the trade and other receivables, trade deposits paid, pledged bank deposits and bank and cash balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank and cash balances and pledged bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2018 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables and trade deposits paid. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 March 2018				
Trade payables	**2,857**	**–**	**–**	**–**
Other payables	**2,137**	**–**	**–**	**–**
Bank borrowings	**22,939**	**–**	**–**	**–**
Finance lease payables	**2,132**	**2,132**	**2,311**	**–**
At 31 March 2017				
Trade payables	5,281	–	–	–
Other payables	3,320	–	–	–
Bank borrowings	20,959	–	–	–
Finance lease payables	2,145	2,132	4,443	–

(d) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

The Group's finance lease payables bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to interest-rate risk arises from its pledged bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Categories of financial instruments at 31 March

	2018 HK$'000	2017 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**36,622**	34,977
Financial liabilities:		
Financial liabilities at amortised cost	**27,933**	29,560

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. 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 sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3 to the consolidated financial statements. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

The Group's revenue which represents sales of goods to customers are as follows:

	2018 HK$'000	2017 HK$'000
Sales of red wine	**189,576**	175,293
Sales of white wine	**10,393**	8,656
Sales of sparkling wine	**4,788**	5,655
Sales of spirits	**12,205**	14,047
Sales of wine accessory products	**264**	242
Sales of other products	**–**	3
	217,226	203,896

6. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information:

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.

Revenue from major customers:

No revenue is derived from a single customer of the Group which amounted for over 10% of the Group's total revenue (2017: Nil).

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Interest income	12	6
Storage fee income	118	117
Others	839	50
	969	173

8. OTHER GAINS AND LOSSES, NET

	2018 HK$'000	2017 HK$'000
Impairment loss on other receivables	(639)	–
Impairment loss on trade deposits paid (note)	–	(11,575)
Loss on written off/disposals of property, plant and equipment	–	(448)
Net foreign exchange (loss)/gains	(115)	50
	(754)	(11,973)

Note: During the year ended 31 March 2017, 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 ended 31 March 2017.

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Finance lease charges	**401**	211
Interest on bank borrowings	**645**	578
	1,046	789

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**1,491**	–
Over-provision in prior years	**–**	(19)
Deferred tax (note 27)	**413**	277
	1,904	258

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 March 2018. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2017 as the Group did not generate any assessable profits arising in Hong Kong during that year.

The reconciliation between the income tax expense and the product of profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2018 HK$'000	2017 HK$'000
Profit/(loss) before taxation	**8,546**	(2,271)
Tax at the Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**1,410**	(375)
Tax effect of expenses that are not deductible	**531**	667
Tax effect of temporary differences not recognised	**(37)**	(15)
Over-provision in prior years	**–**	(19)
Income tax expense	**1,904**	258

11. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2018 **HK$'000**	2017 HK$'000
Depreciation	**1,914**	1,516
Directors' emoluments (note 12(a))		
– Directors' fees	**391**	396
– Salaries, bonuses and other emoluments	**4,320**	3,165
– Retirement benefit scheme contributions	**54**	54
	4,765	3,615
Loss on written off/disposals of property, plant and equipment	**–**	448
Operating lease charges in respect of office premises, warehouses and retail shops	**5,718**	5,320
Auditor's remuneration	**430**	600
Cost of inventories sold	**173,530**	163,775
Net allowance/(reversal of allowance) for inventories (included in cost of inventories sold)	**663**	(222)
Write off of intangible assets (included in administrative expenses)	**463**	–
Staff costs including directors' emoluments		
– Salaries, bonuses and allowances	**13,891**	11,584
– Sales commission	**2,095**	1,899
– Retirement benefit scheme contributions	**472**	420
	16,458	13,903

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments of each director were as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of director					
Executive directors:					
Mr. Cheung Chun To	**–**	**1,200**	**500**	**18**	**1,718**
Mr. Leung Chi Kin Joseph (note (a))	**–**	**1,200**	**500**	**18**	**1,718**
Ms. Cheung Wing Shun	**–**	**720**	**200**	**18**	**938**
Independent non-executive directors:					
Mr. Wong Siu Ki (note (b))	**123**	**–**	**–**	**–**	**123**
Mr. Ngai Hoi Ying	**132**	**–**	**–**	**–**	**132**
Mr. Yue Kwai Wa Ken	**132**	**–**	**–**	**–**	**132**
Mr. Siu Shing Tak (note (c))	**4**	**–**	**–**	**–**	**4**
Total for 2018	**391**	**3,120**	**1,200**	**54**	**4,765**
Name of director					
Executive directors:					
Mr. Cheung Chun To	–	1,200	–	18	1,218
Mr. Leung Chi Kin Joseph (note (a))	–	1,200	–	18	1,218
Ms. Cheung Wing Shun	–	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 for 2017	396	3,120	45	54	3,615

Notes:

(a) Mr. Leung Chi Kin Joseph 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.

(b) Passed away on 7 March 2018.

(c) Appointed on 22 March 2018.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group during the year included 3 (2017: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2 (2017: 2) individuals are set out below:

	2018	2017
	HK$'000	HK$'000
Salaries, bonuses and allowances	**1,386**	1,550
Retirement benefit scheme contributions	**33**	36
	1,419	1,586

The emoluments fell within the following band:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**2**	2

(c) During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 March 2018 and 2017.

14. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings (2017: loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$6,642,000 (2017: loss attributable to owners of the Company of approximately HK$2,529,000) and the weighted average number of ordinary shares of 2,400,000,000 (2017: 2,400,000,000) in issue during the year.

(b) Diluted earnings/(loss) per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2018.

15. 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 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 and 1 April 2017	2,839	960	1,818	1,766	13,800	21,183
Additions	740	40	136	–	–	916
Disposals	–	–	–	(280)	–	(280)
At 31 March 2018	3,579	1,000	1,954	1,486	13,800	21,819
Accumulated depreciation:						
At 1 April 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 and 1 April 2017	2,635	890	1,756	1,147	804	7,232
Provided for the year	273	28	33	200	1,380	1,914
Disposals	–	–	–	(280)	–	(280)
At 31 March 2018	2,908	918	1,789	1,067	2,184	8,866
Carrying amounts:						
At 31 March 2018	671	82	165	419	11,616	12,953
At 31 March 2017	204	70	62	619	12,996	13,951

At 31 March 2018, the carrying amount of motor vehicles, yacht and watercraft held by the Group under finance leases amounted to HK$Nil and HK$11,447,000 (2017: HK$269,000 and HK$12,807,000) respectively.

16. INTANGIBLE ASSETS

	Group Money lenders license HK$'000
Cost:	
At 1 April 2016	–
Additions	463
At 31 March 2017, 1 April 2017 and 31 March 2018	463
Accumulated amortisation and impairment losses:	
At 1 April 2016, 31 March 2017 and 1 April 2017	–
Impairment loss	463
At 31 March 2018	463
Carrying amount:	
At 31 March 2018	–
At 31 March 2017	463

The Group's money lenders license of HK$Nil (2017: HK$463,000) at 31 March 2018 is assessed as having indefinite useful life because the renewal of the license will continuously be approved yearly with minimal costs.

The intangible assets is fully impaired as the management of the Group consider that no future economic benefits associated with the intangible assets will flow to the Group.

17. SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation/ registration	Place of operation	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing				Principal activities
				2018		2017		
				Direct	Indirect	Direct	Indirect	
Beyond Elite Limited	British Virgin Islands	Hong Kong	Ordinary USD1	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%	–	100%	Inactive
Major Credit Finance Company Limited	Hong Kong	Hong Kong	Ordinary HK$100,000	–	100%	–	100%	Inactive and holding money lenders license in Hong Kong
Shenzhen Major Industrial Development Limited	The PRC	The PRC	Ordinary RMB10,000,000	–	100%	–	100%	Inactive

Shenzhen Major Industrial Development Limited is a wholly-owned foreign enterprise established in the PRC.

18. INVENTORIES

	2018 HK$'000	2017 HK$'000
Premium wine and spirits products	**80,062**	75,735
Wine accessory products	**995**	859
	81,057	76,594

During the year ended 31 March 2018, an allowance for inventories of HK$663,000 (2017: reversal of allowance for inventories of HK$222,000) was made to write down inventories to their net realisable values.

19. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**14,215**	15,894
Less: provision for impairment	**–**	–
	14,215	15,894

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 ageing analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	2018 HK$'000	2017 HK$'000
0 to 30 days	**10,704**	6,503
31 to 60 days	**2,951**	643
61 to 90 days	**260**	2,689
91 to 120 days	**2**	634
121 to 180 days	**1**	389
181 to 365 days	**154**	4,125
Over 365 days	**143**	911
	14,215	15,894

19. TRADE RECEIVABLES (continued)

As of 31 March 2018, trade receivables of HK$2,628,000 (2017: HK$7,751,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 **HK$'000**	2017 HK$'000
Up to 1 month	**1,835**	1,448
1 to 2 months	**493**	305
2 to 3 months	**–**	277
3 to 6 months	**3**	3,295
6 to 12 months	**154**	2,321
Over 12 months	**143**	105
	2,628	7,751

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Prepayments and other receivables	**711**	1,348
Trade deposits paid	**9,349**	9,408
Rental and utilities deposits	**1,495**	1,487
Other deposits	**12**	46
	11,567	12,289
Analysed as:		
Current assets	**9,689**	10,972
Non-current assets	**1,878**	1,317
	11,567	12,289

21. DUE FROM A SHAREHOLDER

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

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure short-term banking facilities granted to the Group as set out in note 25 to the consolidated financial statements. The deposits are in HK$ and at prevailing market rates of 0.4% p.a. (2017: 0.4% p.a.).

23. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice date, is as follows:

	2018 **HK$'000**	2017 HK$'000
0 to 30 days	**1,018**	3,817
31 to 60 days	**580**	159
61 to 90 days	**247**	195
91 to 180 days	**105**	298
181 to 365 days	**–**	–
Over 365 days	**907**	812
	2,857	5,281

24. OTHER PAYABLES AND DEPOSITS RECEIVED

	2018 **HK$'000**	2017 HK$'000
Trade deposits received	**3,644**	4,247
Other payables	**2,137**	3,320
	5,781	7,567

25. BANK BORROWINGS

	2018 **HK$'000**	2017 HK$'000
Secured import loans	**12,997**	14,141
Unsecured import loans	**9,942**	6,818
	22,939	20,959

The borrowings are repayable as follows:

	2018 **HK$'000**	2017 HK$'000
On demand or within one year	**22,939**	20,959
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(22,939)**	(20,959)
Amount due for settlement after 12 months	**–**	–

The average interest rates at 31 March were as follows:

	2018	2017
Bank borrowings	**3.21%–3.87%**	1.80%–3.75%

As at 31 March 2018, the secured import loans of HK$12,997,000 (2017: HK$14,141,000) are secured by the pledged bank deposits of the Group. All the bank borrowings were guaranteed by the Company.

26. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,132**	2,145	**1,842**	1,744
In the second to fifth years, inclusive	**4,443**	6,575	**4,193**	6,034
After five years	**–**	–	**–**	–
	6,575	8,720	**6,035**	7,778
Less: Future finance charges	**(540)**	(942)	**–**	–
Present value of lease obligations	**6,035**	7,778	**6,035**	7,778
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,842)**	(1,744)
Amount due for settlement after 12 months			**4,193**	6,034

It is the Group's policy to lease certain of its motor vehicles and yacht under finance leases. The lease term is 5 years (2017: 3 to 5 years). As at 31 March 2018, the average borrowing rates of the Group was 2.4% p.a. (2017: 3% p.a.). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has an option to purchase the motor vehicles at nominal prices.

All finance lease payables are denominated in Hong Kong dollar.

27. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised by the Group and movements thereon during current and prior years:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2016	167	–	167
Charge/(credit) to profit or loss (note 10)	453	(176)	277
At 31 March 2017 and 1 April 2017	620	(176)	444
Charge to profit or loss (note 10)	237	176	413
At 31 March 2018	857	–	857

28. SHARE CAPITAL

	Note	Number of shares	Total HK$'000
Authorised:			
Ordinary shares of HK$0.00125 (2017: HK$0.00125) each			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018		8,000,000,000	10,000
Issued and fully paid:			
Ordinary shares of HK$0.00125 (2017: HK$0.00125) each			
At 1 April 2016		960,000,000	1,200
Bonus issue	(a)	1,440,000,000	1,800
At 31 March 2017, 1 April 2017 and 31 March 2018		2,400,000,000	3,000

Note:

(a) 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 years ended 31 March 2018 and 2017.

28. SHARE CAPITAL (continued)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank borrowings and finance lease payables as disclosed in notes 25 and 26 to the consolidated financial statements, 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.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Investments in subsidiaries		**107,325**	107,325
Current assets			
Prepayments and other receivables		**281**	276
Amounts due from subsidiaries	17	**21,144**	24,987
Bank and cash balances		**147**	–
		21,572	25,263
Current liabilities			
Other payables		**98**	1,536
Net current assets		**21,474**	23,727
NET ASSETS		**128,799**	131,052
Capital and reserves			
Share capital		**3,000**	3,000
Reserves	30(b)	**125,799**	128,052
TOTAL EQUITY		**128,799**	131,052

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK$'000	Retained profits/ (Accumulated loss) HK$'000	Total HK$'000
At 1 April 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 and 1 April 2017	129,734	(1,682)	128,052
Loss and total comprehensive expense for the year	–	(2,253)	(2,253)
At 31 March 2018	129,734	(3,935)	125,799

(c) Nature and purpose of reserves of the Group and the Company

Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company 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 they fall due in the ordinary course of business.

31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Bank borrowings HK$'000	Finance lease payables HK$'000	Total liabilities from financing activities HK$'000
At 1 April 2016	18,675	429	19,104
Changes in cash flows	2,284	(2,171)	113
Non-cash changes			
– additions	–	9,520	9,520
At 31 March 2017 and 1 April 2017	20,959	7,778	28,737
Changes in cash flows	1,980	(1,743)	237
At 31 March 2018	22,939	6,035	28,974

32. CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

33. LEASE COMMITMENTS

As at 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**4,448**	3,641
In the second to fifth year, inclusive	**3,043**	5,042
	7,491	8,683

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for terms ranged from 1 to 3 years (2017: 1 to 3 years) and rentals are fixed over the lease terms and do not include contingent rentals.

34. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2018 HK$'000	2017 HK$'000
Sales to Mr. Cheung Chun To	669	82
Sales to Mr. Leung Chi Kin Joseph	536	567
Sales to Ms. Cheung Wing Shun	3	30
Sales to Major Watch Company Limited (note (i))	14	126
Purchases from Mr. Leung Chi Kin Joseph	95	–
Rental expense in respect of warehouse paid or payable to Mr. Leung Chi Kin Joseph (note (ii))	480	480

Notes:

(i) Major Watch Company Limited is a private limited company, which is non-wholly owned and controlled by Mr. Cheung Chun To, one of the controlling shareholders.

(ii) As at 31 March 2018, the Group did not have commitments for future minimum lease payments in respective of warehouse to Mr. Leung Chi Kin Joseph (2017: nil).

(b) Key management personnel remuneration

	2018 HK$'000	2017 HK$'000
Directors' fees	391	396
Salaries, allowances and benefits in kind	5,711	4,464
Retirement benefit scheme contributions	94	95
	6,196	4,955

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 22 June 2018.

Financial Summary

For the year ended 31 March 2018

RESULTS

	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018 HK$'000**
Revenue	281,434	268,425	223,929	203,896	**217,226**
Profit/(loss) before taxation	17,403	29,352	9,579	(2,271)	**8,546**
Income tax expense	(4,610)	(5,220)	(2,131)	(258)	**(1,904)**
Profit/(loss) for the year	12,793	24,132	7,448	(2,529)	**6,642**

ASSETS AND LIABILITIES

	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018 HK$'000**
Total assets	161,776	147,146	135,638	139,741	**142,823**
Total liabilities	(39,835)	(32,273)	(35,397)	(42,029)	**(38,469)**
Total equity	121,941	114,873	100,241	97,712	**104,354**