MAJOR HOLDINGS LIMITED

美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1389)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2021:

- Revenue decreased by approximately 26.2% from approximately HK$155.2 million for the year ended 31 March 2020 to approximately HK$114.6 million for the year ended 31 March 2021
- Loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2020 was approximately HK$32.4 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2021 was approximately HK$5.0 million
- Basic loss per share was HK1.06 cents for the year ended 31 March 2020, whereas basic loss per share was HK0.15 cents for the year ended 31 March 2021
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil)

* *For identification purposes only*

ANNUAL RESULTS

The directors (the "**Directors**") of the board (the "**Board**") is pleased to announce the audited consolidated results of Major Holdings Limited (the "**Company**") and its subsidiaries (collectively as the "**Group**") for the year ended 31 March 2021 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**2021** *HK\$'000*	2020 *HK\$'000*
Revenue	*3*	**114,587**	155,206
Cost of sales		**(97,230)**	(148,410)
Gross profit		**17,357**	6,796
Interest revenue		**20**	13
Other income	*4*	**1,907**	2,617
Other gains and losses, net	*5*	**171**	(5,327)
Promotion, selling and distribution expenses		**(13,163)**	(16,030)
Administrative expenses		**(10,616)**	(19,007)
Loss from operations		**(4,324)**	(30,938)
Finance costs	*6*	**(1,254)**	(1,395)
Loss before tax		**(5,578)**	(32,333)
Income tax credit/(expense)	*7*	**543**	(27)
Loss and total comprehensive expense for the year attributable to owners of the Company	*8*	**(5,035)**	(32,360)
Loss per share	*10*		
– Basic and diluted (cents)		**(0.15)**	(1.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	31 March 2021 HK$'000	31 March 2020 HK$'000
Non-current assets			
Property, plant and equipment	11	**4,135**	6,095
Right-of-use assets	12	**4,622**	14,293
Goodwill	13	**2,254**	2,254
Intangible assets	14	**450**	675
Deposits	17	**642**	603
		12,103	23,920
Current assets			
Inventories	15	**83,609**	81,842
Trade receivables	16	**27,363**	36,698
Prepayments, deposits and other receivables	17	**38,230**	42,587
Current tax assets		**393**	403
Pledged bank deposits	18	**6,056**	6,036
Bank and cash balances	18	**6,898**	5,717
		162,549	173,283
Current liabilities			
Trade payables	19	**1,190**	2,901
Contract liabilities	20	**12,074**	6,087
Other payables		**1,462**	2,167
Bank borrowings	21	**12,786**	30,127
Due to a director	22	**5,000**	5,000
Lease liabilities	23	**5,610**	6,177
		38,122	52,459
Net current assets		**124,427**	120,824
Total assets less current liabilities		**136,530**	144,744

	Notes	**31 March 2021** *HK$'000*	31 March 2020 *HK$'000*
Non-current liabilities			
Lease liabilities	*23*	**1,335**	3,886
Deferred tax liabilities	*24*	**74**	702
		1,409	4,588
NET ASSETS		**135,121**	140,156
Capital and reserves			
Share capital	*25*	**4,158**	4,158
Reserves		**130,963**	135,998
TOTAL EQUITY		**135,121**	140,156

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	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 2019	3,600	164,654	(104,902)	30,483	44,784	138,619
Loss and total comprehensive expense for the year	–	–	–	–	(32,360)	(32,360)
Issue of shares for acquisition of wine stocks	558	33,339	–	–	–	33,897
Changes in equity for the year	558	33,339	–	–	(32,360)	1,537
At 31 March 2020	4,158	197,993	(104,902)	30,483	12,424	140,156
At 1 April 2020	4,158	197,993	(104,902)	30,483	12,424	140,156
Loss and total comprehensive expense for the year	–	–	–	–	(5,035)	(5,035)
At 31 March 2021	**4,158**	**197,993**	**(104,902)**	**30,483**	**7,389**	**135,121**

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 and the deemed consideration of HK$104,912,000 settled by issuance of 100 shares by the Company pursuant to the corporate reorganisation completed on 28 August 2013.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

Major Holdings Limited (the "Company") was incorporated in 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 509-10, 5th Floor, South Tower, World Finance 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 and its subsidiaries are engaged in sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong, and trading of wine, wine storage and wine consignment services.

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 2020. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); 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. REVENUE AND SEGMENT INFORMATION

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers and total revenue		
Sales of goods	**114,587**	155,206

Disaggregation of revenue from contracts with customers:

	2021	2020
	HK$'000	*HK$'000*
Major products		
Red wine	**99,285**	128,617
White wine	**3,915**	2,028
Sparkling wine	**4,096**	2,588
Spirit	**7,028**	20,595
Sake	**204**	1,232
Wine accessory products	**58**	113
Others	**1**	33
	114,587	155,206

The Group's geographical market is mainly in Hong Kong. The revenue is recognised at a point of time for the year.

Sales of goods

The Group sells red wine, white wine, sparkling wine, spirit, sake and wine accessory products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The products sold to customers are returnable to the Group within one week from delivery to the customers. Revenue from these sales is recognised based on the prices specified in the contracts, net of the estimated sales return. Accumulated experience is used to estimate and provide for the sales return, using the expected value method. A contract liability is recognised for the expected sales return payable to customers in relation to the sales made.

Sales to customers are normally made with credit terms of 0 to 30 days. For walk-in customers at retail shops, no credit period is offered. The credit period granted to certain long term and wholesale customers with good business relationship with the Group. For other customers, deposits or cash on delivery is required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group's operating segment is sale and distribution of premium wine and spirits products and wine accessory products. 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. Since this is the only operating segment of the Group, no further analysis thereof is presented.

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:

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**–**	15,897
Customer B	**15,103**	*1,789

* *Revenue from customers did not exceed 10% of the total revenue during the year. The amounts were shown for comparative purpose.*

4. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Consignment commission	**202**	179
Storage fee income	**1,183**	1,693
Government subsidy	**404**	–
Others	**118**	745
	1,907	2,617

5. OTHER GAINS AND LOSSES, NET

	2021	2020
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary	**10**	–
Gain on disposal of right-of-use assets	**136**	–
Gain on disposal of property, plant and equipment	**–**	34
Impairment loss on property, plant and equipment	**–**	(813)
Impairment loss on right-of-use assets	**–**	(2,091)
Net foreign exchange gain	**28**	103
Loss allowance provision for trade receivables	**–**	(1,280)
Write off of inventories	**(2)**	(14)
Write off of property, plant and equipment	**(1)**	(966)
Change on fair value of derivative financial instrument	**–**	(300)
	171	(5,327)

6. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Lease interest expenses	**273**	278
Interest on bank borrowings	**981**	1,117
	1,254	1,395

7. INCOME TAX (CREDIT)/EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**85**	416
Over-provision in prior year	**–**	(185)
	85	231
Deferred tax *(note 24)*	**(628)**	(204)
	(543)	27

Hong Kong Profits Tax has been provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year ended 31 March 2021.

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

	2021	2020
	HK$'000	*HK$'000*
Loss before tax	**(5,578)**	(32,333)
Tax at the Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**(920)**	(5,335)
Tax effect of income not taxable and expenses not deductible	**(127)**	437
Tax effect of temporary differences not recognised	**746**	1,782
Tax effect of utilisation of tax losses not previously recognised	**(67)**	–
Tax effect of tax losses not recognised	**–**	3,513
Tax effect of profits subject to lower rate regime	**(165)**	(165)
Over-provision in prior year	**–**	(185)
One-off deduction	**(10)**	(20)
Income tax (credit)/expense	**(543)**	27

8. LOSS FOR THE YEAR

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

	2021	2020
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,323**	2,453
Depreciation of right-of-use assets	**6,868**	7,821
Amortisation of intangible assets	**225**	225
Directors' emoluments		
– Directors' fees	**216**	363
– Salaries, bonuses and other emoluments	**44**	2,600
– Retirement benefit scheme contributions	**2**	45
	262	3,008
Auditor's remuneration	**360**	400
Cost of inventories sold	**97,230**	148,410
Allowance/(reversal of allowance) for inventories (included in cost of inventories sold)	**1,526**	(1,576)
Staff costs including directors' emoluments		
– Salaries, bonuses and allowances	**6,418**	13,176
– Sale commission	**473**	580
– Retirement benefit scheme contributions	**341**	494
	7,232	14,250

9. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

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

	2021	2020
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of calculating basic loss per share	**(5,035)**	(32,360)

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,326,000**	3,066,443

(b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during two years ended 31 March 2021.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office computers *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
At 1 April 2019	11,941	1,396	5,577	1,486	20,400
Additions	601	25	129	–	755
Disposals	–	–	–	(318)	(318)
Write off	(458)	–	(3,353)	–	(3,811)
At 31 March 2020 and 1 April 2020	12,084	1,421	2,353	1,168	17,026
Additions	–	356	8	–	364
Write off	–	–	(6)	(1,036)	(1,042)
At 31 March 2021	12,084	1,777	2,355	132	16,348
Accumulated depreciation and impairment					
At 1 April 2019	4,014	1,210	4,255	1,253	10,732
Provided for the year	2,167	56	100	130	2,453
Disposals	–	–	–	(222)	(222)
Write off	(458)	–	(2,387)	–	(2,845)
Impairment loss	813	–	–	–	813
At 31 March 2020 and 1 April 2020	6,536	1,266	1,968	1,161	10,931
Provided for the year	2,114	99	103	7	2,323
Write off	–	–	(5)	(1,036)	(1,041)
At 31 March 2021	8,650	1,365	2,066	132	12,213
Carrying amount					
At 31 March 2021	**3,434**	**412**	**289**	**–**	**4,135**
At 31 March 2020	5,548	155	385	7	6,095

The Group carried out reviews of the recoverable amount of certain property, plant and equipment as a result of the outbreak of COVID-19 pandemic. These assets are used in the Group's retail of wine in Hong Kong. The Group expects the retail of wine will start to make profits. The reviews led to the recognition of an impairment loss of property, plant and equipment of approximately HK$nil (2020: approximately HK$813,000) that has been recognised in profit or loss. The recoverable amount of the relevant property, plant and equipment of approximately HK$4,246,000 (2020: approximately HK$5,069,000) has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 11.40% (2020: 11.40%).

12. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2021	2020
	HK$'000	*HK$'000*
At 31 March:		
Right-of-use assets		
– Land and buildings	**4,622**	5,437
– Yacht and watercraft	**–**	8,856
	4,622	14,293
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	**5,734**	6,256
– Between 1 and 2 years	**1,343**	4,138
	7,077	10,394

	2021	2020
	HK$'000	*HK$'000*
Year ended 31 March:		
Depreciation charge of right-of-use assets		
– Land and buildings	**5,716**	6,441
– Yacht and watercraft	**1,152**	1,380
	6,868	7,821
Impairment loss on right-of-use assets	**–**	2,091
Lease interest expenses	**273**	278
Total cash outflow for leases	**8,414**	8,639
Additions to right-of-use assets	**5,023**	7,492

The Group leases various land and buildings and yacht and watercraft. Lease agreements are typically made for fixed periods of 1-2 years (2020: 1-3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Some of the Group's property leases contain variable lease payment terms that are linked to sales generated from the Group's shops. There is a wide range of sales percentages applied. Variable lease payment terms are used to minimise the fixed costs for newly established shops. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. A 5% increase in sales in 2021 across all shops in the Group with leases containing variable lease payment terms would increase total lease payments by approximately nil (2020: nil).

The Group carried out reviews of the recoverable amount of its right-of-use assets as a result of the outbreak of COVID-19 pandemic. These assets are used in the Group's retail of wine in Hong Kong. The Group expects the retail of wine will start to make profits. The reviews led to the recognition of an impairment loss of right-of-use assets of approximately HK$nil (2020: approximately HK$2,091,000) that has been recognised in profit or loss. The recoverable amount of the relevant right-of-use assets of approximately HK$4,622,000 (2020: approximately HK$5,409,000) has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 11.40% (2020: 11.40%).

13. GOODWILL

	HK$'000
Carrying amount as at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	2,254

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The carrying amount of goodwill had been allocated as follows:

	HK$'000
Trading of wine, wine storage and wine consignment services	2,254

The recoverable amounts of the CGUs are determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2020: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's sale and distribution of premium wine and spirits products and wine accessory products activities is 11.4% (2020: 11.4%).

14. INTANGIBLE ASSETS

	Customer relationship *HK$'000*	Money lenders license *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2019, 31 March 2020, 1 April 2020	900	463	1,363
Disposal of a subsidiary	–	(463)	(463)
At 31 March 2021	900	–	900
Accumulated amortisation and impairment losses			
At 1 April 2019	–	463	463
Amortisation	225	–	225
At 31 March 2020 and 1 April 2020	225	463	688
Amortisation	225	–	225
Disposal of a subsidiary	–	(463)	(463)
At 31 March 2021	450	–	450
Carrying amount			
At 31 March 2021	**450**	**–**	**450**
At 31 March 2020	675	–	675

The remaining amortisation period of the customer relationship is 2 years (2020: 3 years).

15. INVENTORIES

	2021 *HK$'000*	2020 *HK$'000*
Premium wine and spirits products	**82,621**	80,816
Wine accessory products	**988**	1,026
	83,609	81,842

16. TRADE RECEIVABLES

Sales to customers are normally made with credit terms of 0 to 30 days. Generally, no credit period is offered to walk-in customers at retail shops. The credit period granted to certain long term and wholesale customers with good business relationship with the Group. Trade receivables from third parties mainly represent receivables from customers in relation to the sales of premium wine and spirits products.

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**28,662**	37,997
Provision for loss allowance	**(1,299)**	(1,299)
Carrying amount	**27,363**	36,698

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

	2021	2020
	HK$'000	*HK$'000*
0 to 30 days	**4,557**	30,911
31 to 60 days	**3,698**	177
61 to 90 days	**2,022**	537
91 to 120 days	**–**	704
121 to 180 days	**911**	525
181 to 365 days	**12,896**	2,703
Over 365 days	**3,279**	1,141
	27,363	36,698

Reconciliation of loss allowance for trade receivables:

	HK$'000
At 1 April 2019	19
Increase in loss allowance for the year	1,280
At 31 March 2020, 1 April 2020 and 31 March 2021	1,299

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 30 days past due**	**Over 60 days past due**	**Over 120 days past due**	**Total**
At 31 March 2021					
Weighted average expected loss rate	**–**	**–**	**–**	**25.85%**	
Receivable amount (HK$'000)	**17,916**	**3,698**	**2,022**	**5,026**	**28,662**
Loss allowance (HK$'000)	**–**	**–**	**–**	**1,299**	**1,299**
At 31 March 2020					
Weighted average expected loss rate	–	–	–	23.32%	
Receivable amount (HK$'000)	30,942	217	1,268	5,570	37,997
Loss allowance (HK$'000)	–	–	–	1,299	1,299

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 *HK$'000*	2020 *HK$'000*
Prepayments and other receivables	**1,000**	1,145
Trade deposits paid	**36,519**	39,993
Rental and utilities deposits	**1,194**	2,011
Other deposits	**159**	41
	38,872	43,190

	2021 *HK$'000*	2020 *HK$'000*
Analysed as:		
Current assets	**38,230**	42,587
Non-current assets	**642**	603
	38,872	43,190

18. 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 21 to this announcement. The deposits are in Hong Kong dollars and at prevailing market rates of 0.4% p.a. (2020: 0.4% p.a.).

19. TRADE PAYABLES

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

	2021	2020
	HK$'000	*HK$'000*
0 to 30 days	**355**	10
31 to 60 days	**–**	669
61 to 90 days	**–**	1,178
91 to 365 days	**–**	336
Over 365 days	**835**	708
	1,190	2,901

20. CONTRACT LIABILITIES

Disclosures of revenue-related item:

	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	**12,074**	6,087	4,004
Contract receivables (included in trade receivables)	**27,363**	36,698	12,984

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

– year ended 31 March 2021	**N/A**	6,087
– year ended 31 March 2022	**12,074**	N/A
	12,074	6,087

Year ended 31 March	**2021**	2020
	HK$'000	*HK$'000*
Revenue recognised in the year that was included in contract liabilities at beginning of year	**3,238**	3,258

Significant changes in contract liabilities during the year:

	2021	2020
	HK$'000	*HK$'000*
Increase due to operations in the year	**91,254**	100,953
Transfer of contract liabilities to revenue	**(85,267)**	(98,870)

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

21. BANK BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Secured import loans	**12,786**	20,517
Unsecured import loans	**–**	9,610
	12,786	30,127

The borrowings are repayable as follows:

	2021	2020
	HK$'000	*HK$'000*
On demand or within one year	**12,786**	30,127
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(12,786)**	(30,127)
Amount due for settlement after 12 months	**–**	–

The average interest rates at 31 March were as follows:

	2021	2020
Bank borrowings	**2.65% – 2.97%**	4.24% – 4.40%

As at 31 March 2021, the secured import loans of HK$12,786,000 (2020: HK$20,517,000) are secured by the pledged bank deposits of the Group. All the bank borrowings were guaranteed by the Company.

22. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and has no fixed repayment terms.

23. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**5,734**	6,256	**5,610**	6,177
Over one year but within five years	**1,343**	4,138	**1,335**	3,886
	7,077	10,394	**6,945**	10,063
Less: Future finance charges	**(132)**	(331)	**–**	–
Present value of lease obligations	**6,945**	10,063	**6,945**	10,063
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(5,610)**	(6,177)
Amount due for settlement after 12 months			**1,335**	3,886

At 31 March 2021, the average effective borrowing rate was 2.81% (2020: 4.32%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

24. DEFERRED TAX LIABILITIES

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

	Fair value adjustment of intangible assets	**Accelerated tax depreciation**	**Other**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2019	148	815	(57)	906
(Credit)/debit to profit or loss *(note 7)*	(37)	(224)	57	(204)
At 31 March 2020 and 1 April 2020	111	591	–	702
Credit to profit or loss *(note 7)*	(37)	(591)	–	(628)
At 31 March 2021	**74**	**–**	**–**	**74**

At the end of the reporting period, the Group has estimated tax losses of approximately HK$28,761,000 (2020: HK$21,291,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining HK$4,746,000 (2020: HK$3,513,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

	Note	**Number of shares** ***'000***	**Total** ***HK$'000***
Authorised:			
Ordinary shares of HK$0.00125 (2020: HK$0.00125) each			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021		8,000,000	10,000
Issued and fully paid:			
Ordinary shares of HK$0.00125 (2020: HK$0.00125) each			
At 1 April 2019		2,880,000	3,600
Issue of shares for acquisition of wine stocks	*(a)*	446,000	558
At 31 March 2020, 1 April 2020 and 31 March 2021		**3,326,000**	**4,158**

Note:

(a) On 31 October 2019, the Group acquired certain wine stocks by allotting 446,000,000 shares to vendor as consideration shares.

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 2021 and 2020.

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 lease liabilities as disclosed in notes 21 and 23 to this announcement, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and retained 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As affected by the outbreak of unprecedented COVID-19, according to the Report on Monthly Survey of Retail Sales March 2021 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong total retail sales by type of retail outlet decreased from approximately HK$386.2 billion in March 2020 to approximately HK$332.7 billion in March 2021, representing a year-on-year decrease by approximately 13.9%. For the year ended 31 March 2021, the Group's revenue decreased by 26.2% to approximately HK$114.6 million (2020: HK$155.2 million). The decrease was mainly due to the decrease on the sales of red wine from approximately HK$128.6 million for the year ended 31 March 2020 to approximately HK$99.3 million for the year ended 31 March 2021.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 26.2% from approximately HK$155.2 million for the year ended 31 March 2020 to approximately HK$114.6 million for the year ended 31 March 2021. The decrease was mainly due to the decrease of the sales of red wine from approximately HK$128.6 million for the year ended 31 March 2020 to approximately HK$99.3 million for the year ended 31 March 2021.

Gross profit

Gross profit of the Group increased by approximately 155.9% from approximately HK$6.8 million for the year ended 31 March 2020 to approximately HK$17.4 million for the year ended 31 March 2021. The increase was mainly due to the increase in revenue during the year ended 31 March 2021. The gross profit margin increased from approximately 4.4% for the year ended 31 March 2020 to approximately 15.1% for the year ended 31 March 2021 which was mainly due to special discounts offered to customers for the year ended 31 March 2020 on the outbreak of COVID-19.

Other income

Other income of the Group for the year ended 31 March 2020 was approximately HK$2.6 million, whereas other income of the Group for the year ended 31 March 2021 was approximately HK$1.9 million which was mainly attributable to the decrease in revenue from Storage Income.

Depreciation of property, plant and equipment

Depreciation on property, plant and equipment of the Group for the year ended 31 March 2020 was approximately HK$2.5 million, whereas depreciation on property, plant and equipment of the Group for the year ended 31 March 2021 was approximately HK$2.3 million. On adoption of HKFRS16, the depreciation on property, plant and equipment for the year ended 31 March 2019, has been restated. Depreciation on right-of-use assets for the year ended 31 March 2020 was HK$7.8 million, whereas depreciation on right-of-use assets for the year ended 31 March 2021 was HK$6.9 million.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 17.5% from approximately HK$16.0 million for the year ended 31 March 2020 to approximately HK$13.2 million for the year ended 31 March 2021 which was mainly attributable to the decrease in salary expenses and rent and rates expenses for the year ended 31 March 2021.

Administrative expenses of the Group decreased by approximately 44.2% from approximately HK$19.0 million for the year ended 31 March 2020 to approximately HK$10.6 million for the year ended 31 March 2021 which was mainly attributable to the decrease in salary expenses and rent and rates expenses for the year ended 31 March 2021.

Income tax (credit) or expense

Income tax expense of the Group decreased from approximately HK$0.03 million for the year ended 31 March 2020 to approximately income tax credit of HK$0.5 million for the year ended 31 March 2021. The decrease was mainly due to the decrease of estimated assessable profit for the year ended 31 March 2021 as compared to the corresponding period in 2020.

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

For the reasons mentioned above, loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2020 was approximately HK$32.4 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2021 was approximately HK$5.0 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 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2021 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 10 August 2021 to Friday, 13 August 2021, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 August 2021.

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting of the Company will be held on Friday, 13 August 2021. A notice convening the meeting will be issued in due course.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2021	2020
Current assets	**HK$162,549,000**	HK$173,283,000
Current liabilities	**HK$38,122,000**	HK$52,459,000
Current ratio	**4.26**	3.30

The current ratio of the Group at 31 March 2020 was approximately 3.30 times, whereas the current ratio of the Group at 31 March 2021 was approximately 4.26 times. It was mainly attributed to the decrease in trade receivables and bank borrowings for the year ended 31 March 2021.

At 31 March 2021, the Group had total bank balances and cash of approximately HK$6.9 million (2020: HK$5.7 million) and pledged bank deposits of HK$6.0 million (2020: HK$6.0 million).

At 31 March 2021, the Group's gearing ratio (represented by the aggregate sum of amount due to a director, lease liabilities and bank borrowings divided by equity) amounted to approximately 18.3% (2020: 32.2%). The Group currently have not entered 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.

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 25 to this announcement.

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

Save as disclosed in this report, these were no other significant investments held as at 31 March 2021. The Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, the company did not have any other material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2021.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2021 (2020: 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 2021, 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 2021, the Group has pledged bank deposits of HK$6.0 million (2020: HK$6.0 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 2021, no option under the Share Option Scheme has been granted by the Company (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed a total of 29 full-time and 1 part-time employees (2020: 35 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$7.2 million for the year ended 31 March 2021 (2020: HK$14.3 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.

OUTLOOK

Global

According to the World Economic Outlook in April 2021 – "Managing Divergent Recoveries" on March 23 2021, by the International Monetary Fund, global growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 World Economic Outlook Report. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

Further according to the World Economic Outlook Update January 2021 – "Policy Support and Vaccines Expected to Lift Activity", by the International Monetary Fund:

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.

1. The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated at –3.5 percent, 0.9 percentage point higher than projected in the previous forecast (reflecting stronger-than-expected momentum in the second half of 2020).

2. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

3. Policy actions should ensure effective support until the recovery is firmly underway, with an emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all, and accelerating the transition to lower carbon dependence. As noted in the October 2020 World Economic Outlook (WEO), a green investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession.

4. Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding for the COVAX facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines, and facilitating access to therapeutics at affordable prices for all. Many countries, particularly low-income developing economies, entered the crisis with high debt that is set to rise further during the pandemic. The global community will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20.

   Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems. Advanced economies entered this crisis with interest rates at historical lows and public debts, on average, higher than they had been over the past 60 years. They will come out from the crisis with even higher public debts. Cyclical Policies in an Era of Low Rates and High Debts would be measures to tackle against future recessions.

PRC

According to the "Global Economy and China's Economy in 2021", by Liqing Zhang, the Chief Economist of PriceWaterHouseCoopers China and Professor of the Central University of Finance and Economics in December 2020:

1. China's economy managed to realize a V-shaped rebound in 2020, and china is the only major economy for which GDP is projected to rise:

   – There was a 6.8% shrinkage in Q1, and a 3.2% and 4.9% growth in Q2 and Q3 respectively on a year-on-year basis. If there will be a 5.5% increase in Q4, the yearly growth is expected to be 2.1%. In 2021, the growth rate may be up to 8% or above due to the lower base; in 2022, the growth rate may return to normal, reaching approximately between 5.5% and 5.7%;

   – Investment increase in fixed assets made major contribution to such improvement and the growth rate is expected to be 3.5% accumulated growth rate. Total retail sales of consumer goods mar reduce by 4.4% for the year. Exports are doing better than expectations, growing by about 1.8%.

2. Outlook on China's economic policies in 2021:

   – Implement the Proposals of the 14th Five-year Plan and accelerate the establishment of a "dual circulation", as a long-term strategy;

   – Retain most of the economic stimulus policies;

   – Fiscal policies are likely to remain relatively lenient and the fiscal deficit-to-GDP ratio may remain above 3%;

   – Monetary policies may return to normal (the growth rate of M2 may decrease from 10.4% to 9% this year, social financing may be reduced from 13.5% to 12%);

   – Strengthen supervision to prevent systematic financial risks;

   – Maintain a relatively high investment growth rate, and continue to push ahead with the "new infrastructure and new urbanization initiatives and major projects";

   – Deepen reform, energise the market and continue to improve the business environment to enhance the confidence of domestic and overseas investors;

   – Support expansion of high-quality opening-up to avoid "decoupling" from the developed countries; remain committed to promoting reform through opening-up;

3. Looking ahead in 2021, the United States-mainland China trade disputes will be intensified. Mainland China will be facing a complex external environment and internal downward pressure in the economy. The central government will continue to adopt a number of measures to stimulate market vitality, demand potential and endogenous driving forces. Consumers remain the key driver of mainland China's domestic growth, and keen competition in the retailing sector is anticipated. The central government will also provide enterprises liquidity through monetary policy, or purchase of enterprises corporate bonds and notes. In order to narrow down the growth of GDP and maintain the employment ratio, the central government will provide favourable policies to encourage the investments in infrastructure; personal healthcare and pharmaceutical industries in the mid term.

HK

As affected by the outbreak of unprecedented COVID-19, according to the Report on Monthly Survey of Retail Sales March 2021 produced by the Hong Kong Census and Statistics Department, the value of Total Retail Sales of Hong Kong increased by 20.1%, the volume of Total Retail Sales increased by 19.8%, and the value of Sales of food, alcoholic drinks and tobacco decreased by 1.8% as compared with the figure in March 2020. On the other hand, the value of online retail sales provisionally estimated at HK$2.1 billion, increased by 43.3% as compared with that in March 2020.

According to the Hong Kong Trade Development Council Research Report of Wine industry in Hong Kong on 03 May 2021, which provided statistical data for the previous year of 2020, and data from Statista, in 2020, the value of wine imports dropped by 14.7%. In volume terms, Hong Kong imported 34.7 million litres of wine in 2020. About 19% of this was – re-exported.

High-value, investment-grade wines are usually sold through auctions organised by global auction houses, including *Acker Merrall & Condit, Sotheby's, Christie's and Zachys*. Thanks to the surge in demand from Asian investors, Hong Kong has since 2009 become one of the largest wine auction centres in the world, with auction sales amounting to US$160 million (HK$1.24 billion) in 2019, according to *Wine Spectator*.

Online channels have become more popular recently thanks to the growth of the internet and advances in logistics technology. Home delivery of wines has become especially popular during the COVID-19 pandemic.

According to *Statista*, wine industry revenue in Hong Kong is expected to reach US$667 million in 2021. It is forecast to grow 7.63% per annum in value between 2021 and 2025, bouncing back after both value and volume suffered a drastic drop in 2020 due to the COVID-19 pandemic.

Industry Trends

The world wine market is expected to regain its momentum after the huge blow dealt to it in 2020 by the pandemic. *Statista* estimates that global revenue in the industry will amount to US$381 billion in 2021, with the market expected to grow 8.51% annually between 2021 and 2025. *Statista* forecasts that the revenue of the mainland China wine sector will reach US$24.5 billion in 2021 and grow annually between 2021 and 2025 by 6.36%.

In order to take advantage of the business opportunities in the mainland China market, many international wine companies have set up a presence in Hong Kong and have transferred their specialist partners to the city. For example, Robert Sleigh, Senior Director and head of *Sotheby's* wine department in Asia, relocated to Hong Kong from New York in September 2010. In 2014, *Sotheby's* set up a wine retail store in Hong Kong – only its second such store in the world, after the one it opened at its New York headquarters in 2010.

Company's tactics

The Hong Kong wine retail market faced the similar crisis; since the beginning of June 2019, the number of tourists has dropped significantly due to the outbreak of social unrest, leading to the Group's loss in the interim period of the financial year under review. The number of tourists plunged further after the outbreak of COVID-19 in February 2020. The local consumer sentiment has been deeply dampened. All this aggravated the difficult situation to worsen the sales performance of the Group.

The unprecedented pandemic that is raging worldwide has made the operating environment extremely difficult. Management have adopted various contingency measures, including developing the on-line shop platform with customers; reducing costs to preserve working capital; improving both the staff organizational structure and cost structure; streamlining processes and automating works to raise the operational efficiency, in order to maintain the Group's strengthes for its long term development and enable the Group to get through this difficult time and recover its profitability as soon as possible.

Hong Kong economy will be facing a challenging external environment in 2020 and 2021. The management of the Group remains cautiously optimistic about future economic recovery. However, in face of the complex and volatile global economy and geopolitics, the outlook is full of uncertainties. As an open economy. Hong Kong is particularly vulnerable to the impact of the global situation. The Group is fundamentally strong with a healthy financial position, which is capable of facing the potential challenges.

To cope with the difficult environment 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.

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 through various sales channels and marketing activities, can provide prompt knowledge and expertise to our esteem customers, to suit their different tastes. Although the market situation is tough, the Group is confident to develop actively in the premium wine and spirit market.

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 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 to new business opportunities from time to time in order to diversify its business and enhance the long-term growth of Group and its shareholders' value.

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 2021.

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.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year ended 31 March 2021.

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 2021. 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 2021. 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 2021.

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 2021.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2021 are set out in notes to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of 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.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.majorcellar.com). The annual report of the Company for the year ended 31 March 2021 and the notice of annual general meeting of the Company will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.majorcellar.com) in due course.

By order of the Board
Major Holdings Limited
CHEUNG Chun To
Chairman

Hong Kong, 18 June 2021

As at the date of this announcement, the executive Director is Mr. Cheung Chun To, and the independent non-executive Directors are Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak.