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 2022

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2022:

- Revenue decreased by approximately 5.9% from approximately HK$114.6 million for the year ended 31 March 2021 to approximately HK$107.8 million for the year ended 31 March 2022
- Loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2021 was approximately HK$5.0 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2022 was approximately HK$8.7 million
- Basic loss per share was HK0.15 cent for the year ended 31 March 2021, whereas basic loss per share was HK0.26 cent for the year ended 31 March 2022
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: 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 2022 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 2022

	Notes	**2022** ***HK$'000***	2021 *HK$'000*
Revenue	*3*	**107,789**	114,587
Cost of sales		**(93,948)**	(97,230)
Gross profit		**13,841**	17,357
Interest revenue		**4**	20
Other income	*4*	**5,976**	1,907
Other gains and losses, net	*5*	**(3,014)**	171
Promotion, selling and distribution expenses		**(11,385)**	(13,163)
Administrative expenses		**(9,606)**	(10,616)
Loss from operations		**(4,184)**	(4,324)
Finance costs	*6*	**(577)**	(1,254)
Loss before tax		**(4,761)**	(5,578)
Income tax (expense)/credit	*7*	**(3,953)**	543
Loss and total comprehensive expense for the year attributable to owners of the Company	*8*	**(8,714)**	(5,035)
Loss per share	*10*		
– Basic and diluted (HK cent)		**(0.26)**	(0.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	**31 March 2022** *HK$'000*	31 March 2021 *HK$'000*
Non-current assets			
Property, plant and equipment	*11*	**2,041**	4,135
Right-of-use assets	*12*	**356**	4,622
Goodwill	*13*	**2,254**	2,254
Intangible assets	*14*	**225**	450
Deposits	*17*	**–**	642
		4,876	12,103
Current assets			
Inventories	*15*	**75,706**	83,609
Trade receivables	*16*	**14,236**	27,363
Prepayments, deposits and other receivables	*17*	**65,290**	38,230
Current tax assets		**–**	393
Pledged bank deposits	*18*	**6,060**	6,056
Bank and cash balances	*18*	**7,180**	6,898
		168,472	162,549
Current liabilities			
Trade payables	*19*	**1,063**	1,190
Contract liabilities	*20*	**12,093**	12,074
Other payables		**1,934**	1,462
Bank borrowings	*21*	**22,546**	12,786
Due to a director	*22*	**5,000**	5,000
Lease liabilities	*23*	**1,100**	5,610
Current tax liabilities		**3,168**	–
		46,904	38,122
Net current assets		**121,568**	124,427
Total assets less current liabilities		**126,444**	136,530

	Notes	31 March 2022 HK$'000	31 March 2021 HK$'000
Non-current liabilities			
Lease liabilities	23	**–**	1,335
Deferred tax liabilities	24	**37**	74
		37	1,409
NET ASSETS		**126,407**	135,121
Capital and reserves			
Share capital	25	**4,158**	4,158
Reserves		**122,249**	130,963
TOTAL EQUITY		**126,407**	135,121

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	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/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*
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
At 1 April 2021	**4,158**	**197,993**	**(104,902)**	**30,483**	**7,389**	**135,121**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(8,714)**	**(8,714)**
At 31 March 2022	**4,158**	**197,993**	**(104,902)**	**30,483**	**(1,325)**	**126,407**

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, a director and substantial shareholder of the Company, and Mr. Leung Chi Kin Joseph, a substantial shareholder of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Major Holdings Limited 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 Suites 509-10, 5th Floor, South Tower, World Finance Centre, Harbour City, 17-19 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares were listed on the Growth Enterprise Market (now known as GEM) 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 that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); 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. REVENUE AND SEGMENT INFORMATION

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers and total revenue:		
Sales of goods	**107,789**	114,587

Disaggregation of revenue from contracts with customers:

	2022	2021
	HK$'000	*HK$'000*
Major products:		
Red wine	**85,332**	99,285
White wine	**8,253**	3,915
Sparkling wine	**3,823**	4,096
Spirit	**10,076**	7,028
Sake	**283**	204
Wine accessory products	**19**	58
Others	**3**	1
	107,789	114,587

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 based on the prices specified in the contracts, net of the estimated return value and cost of sales. Accumulated experience is used to estimate and provide for the sales return value, 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. For certain long term and wholesale customers with good business relationship, credit period is granted. 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 director 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 notes 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 customer

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

	2022	2021
	HK$'000	*HK$'000*
Customer A	#	15,103

Revenue from this customer did not exceed 10% of the total revenue of the Group during the year.

4. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Tax indemnity by shareholders *(note)*	**3,817**	–
Consignment commission	**242**	202
Storage fee income	**1,917**	1,183
Government subsidy	**–**	404
Others	**–**	118
	5,976	1,907

Note:

On 30 December 2013, the Company and Silver Tycoon Limited, Mr. Cheung Chun To, High State Investments Limited and Mr. Leung Chi Kin Joseph (collectively referred to as the "Indemnifiers") entered into the deed of indemnity (the "Deed"). Pursuant to the Deed, the Indemnifiers agreed and undertook to, jointly and severally, fully indemnify the tax claim under the Deed. Particulars of the tax claim are set out in note 7(b) to this results announcement.

5. OTHER GAINS AND LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary	**–**	10
Gain on disposal of right-of-use assets	**–**	136
Net foreign exchange gain	**85**	28
Loss allowance provision for trade receivables	**(3,103)**	–
Write off of inventories	**–**	(2)
Write off of property, plant and equipment	**–**	(1)
Others	**4**	–
	(3,014)	171

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Lease interest expenses	**123**	273
Interest on bank borrowings	**454**	981
	577	1,254

7. INCOME TAX EXPENSE/(CREDIT)

	2022 *HK$'000*	2021 *HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for the year	**173**	85
– Under-provision in prior years *(note (b))*	**3,817**	–
	3,990	85
Deferred tax *(note 24)*	**(37)**	(628)
	3,953	(543)

Notes:

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 March 2022.

(b) Inland Revenue Department ("IRD") invoke section 82A of Inland Revenue Ordinance ("IRO") to impose penalty by way of additional tax for the years of assessment 2009/10 to 2015/16 and 2017/18 of which some years of assessment up to and including 2013/14 had been statutorily time barred under section 80(5) of the IRO.

The Group is hereby prepared to pay the sum of HK$1,880,000 as penalty under section 82A of the IRO for the years of assessment 2009/10 to 2015/16 and 2017/18 and compound penalty of HK$110,000 for the offence of keeping incomplete business records under the requirement of section 51C of the IRO on behalf of the shareholders of the Group.

The Group will also settle tax underpaid in prior years and holdover interest amounted to HK$1,701,000 and HK$126,000 respectively to IRD on behalf of the shareholders of the Group.

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

	2022 *HK$'000*	2021 *HK$'000*
Loss before tax	**(4,761)**	(5,578)
Tax at the Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**(786)**	(920)
Tax effect of income not taxable and expenses not deductible	**1,031**	(127)
Tax effect of temporary differences not recognised	**271**	746
Tax effect of utilisation of tax losses not previously recognised	**(205)**	(67)
Tax effect of profits subject to lower rate regime	**(165)**	(165)
Under-provision in prior years	**3,817**	–
One-off deduction	**(10)**	(10)
Income tax expense/(credit)	**3,953**	(543)

8. LOSS FOR THE YEAR

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

	2022	2021
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,130**	2,323
Depreciation of right-of-use assets	**3,983**	6,868
Amortisation of intangible assets	**225**	225
Auditor's remuneration	**360**	360
Cost of inventories sold	**93,948**	97,230
Net (reversal of allowance)/allowance for inventories (included in cost of inventories sold)	**(1,284)**	1,526
Staff costs including directors' emoluments		
– Salaries, bonuses and allowances	**7,405**	6,418
– Sale commission	**903**	473
– Retirement benefit scheme contributions	**303**	341
	8,611	7,232

9. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

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

	2022	2021
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of calculating basic loss per share	**(8,714)**	(5,035)

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,326,000**	3,326,000

(b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share during the years ended 31 March 2022 and 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 2020	12,084	1,421	2,353	1,168	17,026
Additions	–	356	8	–	364
Write off	(1,036)	–	(6)	–	(1,042)
At 31 March 2021 and 1 April 2021	**11,048**	**1,777**	**2,355**	**1,168**	**16,348**
Additions	**–**	**34**	**2**	**–**	**36**
Write off	**(580)**	**–**	**(266)**	**(1,168)**	**(2,014)**
At 31 March 2022	**10,468**	**1,811**	**2,091**	**–**	**14,370**
Accumulated depreciation and impairment					
At 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	(1,036)	–	(5)	–	(1,041)
At 31 March 2021 and 1 April 2021	**7,614**	**1,365**	**2,066**	**1,168**	**12,213**
Provided for the year	**1,910**	**125**	**95**	**–**	**2,130**
Write off	**(580)**	**–**	**(266)**	**(1,168)**	**(2,014)**
At 31 March 2022	**8,944**	**1,490**	**1,895**	**–**	**12,329**
Carrying amount					
At 31 March 2022	**1,524**	**321**	**196**	**–**	**2,041**
At 31 March 2021	3,434	412	289	–	4,135

12. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

At 31 March	**2022** *HK$'000*	2021 *HK$'000*
Right-of-use assets – buildings	**356**	4,622
Lease commitments of short-term leases	**242**	–
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	**1,105**	5,734
– Between 1 and 2 years	**–**	1,343
	1,105	7,077

Year ended 31 March	**2022** *HK$'000*	2021 *HK$'000*
Depreciation charge of right-of-use assets		
– Buildings	**3,983**	5,716
– Yacht and watercraft	**–**	1,152
	3,983	6,868
Lease interest expenses	**123**	273
Expenses related to short-term leases	**225**	–
Total cash outflow for leases	**5,906**	8,414
Additions to right-of-use assets	**–**	5,023
Early termination of right-of-use assets	**283**	–

Lease agreements are typically made for fixed periods of 1-2 (2021: 1-2) 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 2022 across all shops in the Group with leases containing variable lease payment terms would increase total lease payments by Nil (2021: Nil).

13. GOODWILL

	HK$'000
Carrying amount as at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**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% (2021: 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% (2021: 11.4%).

14. INTANGIBLE ASSETS

	Customer relationship *HK$'000*	Money lenders license *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2020	900	463	1,363
Disposal of a subsidiary	–	(463)	(463)
At 31 March 2021, 1 April 2021 and 31 March 2022	**900**	**–**	**900**
Accumulated amortisation and impairment losses			
At 1 April 2020	225	463	688
Amortisation	225	–	225
Disposal of a subsidiary	–	(463)	(463)
At 31 March 2021 and 1 April 2021	**450**	**–**	**450**
Amortisation	**225**	**–**	**225**
At 31 March 2022	**675**	**–**	**675**
Carrying amount			
At 31 March 2022	**225**	**–**	**225**
At 31 March 2021	450	–	450

The remaining amortisation period of the customer relationship is 1 year (2021: 2 years).

15. INVENTORIES

	2022 ***HK$'000***	2021 *HK$'000*
Premium wine and spirits products	**74,728**	82,621
Wine accessory products	**978**	988
	75,706	83,609

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 relationships. Trade receivables from third parties mainly represent receivables from customers in relation to the sales of premium wine and spirits products.

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**18,638**	28,662
Provision for loss allowance	**(4,402)**	(1,299)
Carrying amount	**14,236**	27,363

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**5,040**	4,557
31 to 60 days	**530**	3,698
61 to 90 days	**1,167**	2,022
91 to 120 days	**186**	–
121 to 180 days	**184**	911
181 to 365 days	**4,891**	12,896
Over 365 days	**2,238**	3,279
	14,236	27,363

Reconciliation of loss allowance for trade receivables:

	HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	**1,299**
Increase in loss allowance for the year	**3,103**
At 31 March 2022	**4,402**

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 2022					
Weighted average expected loss rate	**–**	**–**	**–**	**51.17%**	
Receivable amount (HK$'000)	**6,651**	**123**	**3,261**	**8,603**	**18,638**
Loss allowance (HK$'000)	**–**	**–**	**–**	**4,402**	**4,402**
At 31 March 2021					
Weighted average expected loss rate	–	–	–	31.65%	
Receivable amount (HK$'000)	24,425	28	105	4,104	28,662
Loss allowance (HK$'000)	–	–	–	1,299	1,299

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Tax indemnity receivables from shareholders *(note)*	**3,817**	–
Prepayments and other receivables	**1,332**	1,000
Trade deposits paid	**59,012**	36,519
Rental and utilities deposits	**1,095**	1,194
Other deposits	**34**	159
	65,290	38,872

	2022	2021
	HK$'000	*HK$'000*
Analysed as:		
– Current assets	**65,290**	38,230
– Non-current assets	**–**	642
	65,290	38,872

Note:

Particulars of the tax claim and indemnity are set out in notes 7(b) and 4 to this results announcement. Mr. Cheung Chun To is the executive director of the Company and Silver Tycoon Limited which is controlled by Mr. Cheung Chun To, pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, the maximum amount outstanding during the year are HK$3,817,000.

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 results announcement. The deposits are in HK$ and at prevailing market rates of 0.4% (2021: 0.4%) p.a..

19. TRADE PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**226**	355
91 to 365 days	**2**	–
Over 365 days	**835**	835
	1,063	1,190

20. CONTRACT LIABILITIES

Disclosures of revenue-related item:

At	**31 March**	31 March	1 April
	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	**12,093**	12,074	6,087
Contract receivables (included in trade receivables)	**14,236**	27,363	36,698

Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 March:

– 2022	**N/A**	12,074
– 2023	**12,093**	–
	12,093	12,074

Year ended 31 March	**2022**	2021
	HK$'000	*HK$'000*
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	**7,483**	3,238

Significant changes in contract liabilities during the year:

	2022	2021
	HK$'000	*HK$'000*
Increase due to operations in the year	**66,621**	91,254
Transfer of contract liabilities to revenue	**(66,602)**	(85,267)

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

	2022	2021
	HK$'000	*HK$'000*
Secured import loans	**17,731**	12,786
Unsecured import loans	**4,815**	–
	22,546	12,786

The borrowings are repayable as follows:

	2022	2021
	HK$'000	*HK$'000*
On demand or within one year	**22,546**	12,786
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(22,546)**	(12,786)
Amount due for settlement after 12 months	**–**	–

The average interest rates at 31 March were as follows:

	2022	2021
Bank borrowings	**2.79% – 3.52%**	2.65% – 2.97%

As at 31 March 2022, the secured import loans of HK$17,731,000 (2021: HK$12,786,000) are secured by 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	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**1,105**	5,734	**1,100**	5,610
Over one year but within two years	**–**	1,343	**–**	1,335
	1,105	7,077		
Less: Future finance charges	**(5)**	(132)		
Present value of lease obligations	**1,100**	6,945	**1,100**	6,945
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,100)**	(5,610)
Amount due for settlement after 12 months			**–**	1,335

As at 31 March 2022, the average effective borrowing rate was 2.81% (2021: 2.81%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

24. DEFERRED TAX

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	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2020	111	591	702
Credit to profit or loss *(note 7)*	(37)	(591)	(628)
At 31 March 2021 and 1 April 2021	**74**	**–**	**74**
Credit to profit or loss *(note 7)*	**(37)**	**–**	**(37)**
At 31 March 2022	**37**	**–**	**37**

At the end of the reporting period, the Group has estimated tax losses of HK$29,039,000 (2021: HK$28,761,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining HK$4,791,000 (2021: HK$4,746,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

	Number of shares *'000*	Total *HK$'000*
Authorised:		
Ordinary shares of HK$0.00125 (2021: HK$0.00125) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**8,000,000**	**10,000**
Issued and fully paid:		
Ordinary shares of HK$0.00125 (2021: HK$0.00125) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**3,326,000**	**4,158**

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 2022 and 2021.

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 results 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 2022 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales by type of retail outlet increased from approximately HK$332.7 billion for the year ended 31 March 2021 to approximately HK$346.1 billion for the year ended 31 March 2022, representing a year-on-year increase by approximately 4.0%. For the year ended 31 March 2022, the Group's revenue decreased by 5.9% to approximately HK$107.8 million (2021: HK$114.6 million). The decrease was mainly due to the decrease on the sales of red wine from approximately HK$99.3 million for the year ended 31 March 2021 to approximately HK$85.3 million for the year ended 31 March 2022.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 5.9% from approximately HK$114.6 million for the year ended 31 March 2021 to approximately HK$107.8 million for the year ended 31 March 2022. The decrease was mainly due to the decrease of the sales of red wine from approximately HK$99.3 million for the year ended 31 March 2021 to approximately HK$85.3 million for the year ended 31 March 2022.

Gross profit

Gross profit of the Group decreased by approximately 20.7% from approximately HK$17.4 million for the year ended 31 March 2021 to approximately HK$13.8 million for the year ended 31 March 2022. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2022. The gross profit margin decreased from approximately 15.1% for the year ended 31 March 2021 to approximately 12.8% for the year ended 31 March 2022 which was mainly due to discounts offered to customers for the year ended 31 March 2022 on the outbreak of COVID-19.

Other income

Other income of the Group for the year ended 31 March 2021 was approximately HK$1.9 million, whereas other income of the Group for the year ended 31 March 2022 was approximately HK$6.0 million which was mainly attributable to a tax indemnity by shareholders of approximately HK$3.8 million for the year ended 31 March 2022.

Depreciation of property, plant and equipment and right-of-use assets

Depreciation on property, plant and equipment of the Group for the year ended 31 March 2021 was approximately HK$2.3 million, whereas depreciation on property, plant and equipment of the Group for the year ended 31 March 2022 was approximately HK$2.1 million. Depreciation on right-of-use assets for the year ended 31 March 2021 was HK$6.9 million, whereas depreciation on right-of-use assets for the year ended 31 March 2022 was HK$4.0 million.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 13.6% from approximately HK$13.2 million for the year ended 31 March 2021 to approximately HK$11.4 million for the year ended 31 March 2022 which was mainly attributable to the decrease in salary expenses and depreciation of right-of-use assets for the year ended 31 March 2022.

Administrative expenses of the Group decreased by approximately 9.5% from approximately HK$10.6 million for the year ended 31 March 2021 to approximately HK$9.6 million for the year ended 31 March 2022 which was mainly attributable to the decrease in salary expenses and depreciation of right-of-use assets for the year ended 31 March 2022.

Income tax (credit) or expense

Income tax credit of the Group was approximately HK$0.5 million for the year ended 31 March 2021, whereas income tax expense of the Group was approximately HK$4.0 million for the year ended 31 March 2022. The increase was mainly due to the underprovision of income tax in prior years of HK$3.8 million as mentioned in note 7 to this results announcement.

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 2021 was approximately HK$5.0 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2022 was approximately HK$8.7 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to shareholders of the Company ("**Shareholders**") for the year ended 31 March 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2022 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 9 August 2022 to Friday, 12 August 2022, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to be eligible to attend and vote at the 2022 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 August 2022.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of the Company will be held on Friday, 12 August 2022. A notice convening the meeting will be issued in due course.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2022	2021
Current assets	**HK$168,472,000**	HK$162,549,000
Current liabilities	**HK$46,904,000**	HK$38,122,000
Current ratio	**3.59**	4.26

The current ratio of the Group at 31 March 2021 was approximately 4.26 times, whereas the current ratio of the Group at 31 March 2022 was approximately 3.59 times. It was mainly attributed to the decrease in trade receivables and increase in bank borrowings for the year ended 31 March 2022.

At 31 March 2022, the Group had total bank and cash balances of approximately HK$7.2 million (2021: HK$6.9 million) and pledged bank deposits of HK$6.1 million (2021: HK$6.1 million).

At 31 March 2022, 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 22.7% (2021: 18.3%). 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 the consolidated financial statements.

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 2022. 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 2022.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2022 (2021: 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 2022, 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 2022, the Group has pledged bank deposits of HK$6.1 million (2021: HK$6.1 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 2022, no option under the Share Option Scheme has been granted by the Company (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 25 full-time and 1 part-time employees (2021: 29 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$8.6 million for the year ended 31 March 2022 (2021: HK$7.2 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 2022 – "War Sets Back the Global Recovery" on April 11 2022, by the International Monetary Fund, global growth is projected at 3.6% in 2022 and 2023, being 0.8 and 0.2 percentage points lower than in its January 2022 forecast. The downgrade largely reflects the war's direct impacts on Russia and Ukraine and global spillovers.

The war in Ukraine has triggered economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in gross domestic product ("**GDP**") for Ukraine and a large contraction in Russia are more than likely. The economic effects of the war are spreading far and wide, mainly through commodity markets, trade, and financial linkages.

Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies – 1.8 and 2.8 percentage points higher than projected in January.

As Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has already driven their prices up sharply.

The food and fuel price increases will hurt lower-income households globally, even prior to the war, inflation had surged. The US inflation has reached its highest level in more than 40 years, in the context of tight labor markets, which cause a more aggressive tightening response from the central banks. As a result of the war, inflation is now projected to remain elevated for much longer.

Elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies.

Immediately after the invasion, capital outflow increased markedly from emerging market and developing economies, tightening financial conditions for vulnerable borrowers and net importers of commodities, and putting downward pressure on the currencies of the most exposed countries. This may create some credit market vulnerabilities as interest rates and risk premia rise, with implications for financial stability.

The pandemic is still with us. The continued spread of the virus could give rise to more lethal variants that escape vaccines or immunity from past infections, prompting new lockdowns and production disruptions. Recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector and the pandemic's health and economic impacts abate over the course of 2022.

Mainland China

According to the "China Economic Monitor Issue: 2022Q1", by the KPMG on February 2022 Report:

1. China's real GDP grew 4.0% in Q4 year-over-year ("**yoy**"), down from 4.9% in Q3, due to a higher base but better than market expectation. The economy expanded by 8.1% for the full year of 2021, after being the only major economy to post positive growth in 2020. In sequential terms, the Q4 growth rate improved to 1.6% from 0.7% in Q3.

2. China's 2021 GDP totalled RMB114 trillion (USD17.7 trillion). This represents an increase of USD3 trillion from a year ago, about the same size as the United Kingdom's annual GDP. China's GDP per capita reached USD12,551, higher than the global average and close to the threshold of high-income economies (current standard by the World Bank stands at USD12,695). With continued economic growth, China is expected to surpass the market for high-income economy this year, which will more than double the world's population in the high-income group from 1.2 billion to 2.6 billion.

3. Exports remained strong through 2021, growing 23% in Q4 and 30% for the full year. Robust external demand drove up industrial production (up 10% in 2021) and manufacturing investment (up 14% in 2021), a main contributor to the overall growth.

4. Domestic consumption remains weak and growth of retail sales growth slowed to 1.7% in December, the slowest pace since August 2020. New COVID-19 cases, especially those with the highly transmissible Omicron variant, have led to tightened quarantine measures in some areas. With a series of major events taking place in 2022 such as the Beijing Winter Olympics, the Two Sessions (National People's Congress starting on 5 March 2022), and the 20th Party Congress, we expect pandemic control measures to remain tight in the near future. The recovery of domestic consumption is likely to be gradual and will be subject to pandemic evolvement.

5. The real estate market continues to face pressure. New property sales fell 17% and property starts dropped 29% from a year ago in Q4. The government has applied some marginal easing measures to support the housing market, such as accelerating mortgage approvals and increasing bank loans to the property sector. However, it is expected the overall regulatory tone of "housing is for living in, not for speculation" to remain in place.

6. Against increasing headwinds, the government has adopted both fiscal and monetary measures to stabilize growth. On the fiscal side, the State Council pre-approved a RMB1.46 trillion quota for special local government bonds in December, which should help support infrastructure investment in H1. On the monetary side, the People's Bank of China cut the required reserve ratio and reduced the one-year loan prime rate ("**LPR**") by 5bp in December. It expanded the cut to the medium-term lending facility and reverse repo rate in January and slashed both one-year and five-year LPR. With significant growth pressure, it is expected more supportive measures to be released in the coming months. China's GDP is expected to grow 5.2% in 2022.

7. Growth of foreign direct investment ("**FDI**") into China increased from 2.0% in Q3 to 3.1% in Q4. Total FDI increase 14.9% yoy to RMB1.15 trillion in 2021, underlining the importance of the Chinese market to multinational corporations.

8. Despite the strengthening of the USD due to the US economic recovery and Fed's expected tapering, the RMB also appreciated against USD by 2.6% in 2021 and traded at 6.35 in mid-January.

Hong Kong

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 in March 2022 decreased by 13.8%, the volume of Hong Kong Total Retail Sales decreased by 16.8%, and the value of sales of food, alcoholic drinks and tobacco decreased by 3.3% as compared with the figure in March 2021. On the other hand, the value of online retail sales provisionally estimated at HK$2.8 billion, increased by 30.9% as compared with that in March 2021.

According to the "China Economic Monitor Issue: 2022Q1", by the KPMG on February 2022 Report, Hong Kong economy improved in 2021 with a growth of 6.4% for the full year, mainly driven by a higher vaccination rate, strong exports, better retail sales and government stimulus. The labour market continued to improve and the unemployment rate dropped to 3.9% in December, the slowest since the start of pandemic.

Industry Report

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 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.

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%.

Company's tactics

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.

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 strengths for its long term development and enable the Group to get through this difficult time and recover its profitability as soon as possible.

As an open economy, Hong Kong is particularly vulnerable to the impact of the global situation, especially currently affected by war, inflation, oil price, high interest rate, it will be facing a challenging external environment in 2022 and 2023. 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. 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.

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 2022.

DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance, in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2022 or at any time during that 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 2022.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2022. 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.

Mr. Cheung Chun To ("**Mr. Cheung**") 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, Mr. Cheung being chairman executive director, and chief executive officer ("**CEO**") of the Company, was primarily responsible for the day-to-day management of the Group's business.

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As a result of the resignation of Mr. Leung Chi Kin Joseph on 10 June 2021, Mr. Cheung has assumed the position of CEO. The Board considers that having the same person to perform the roles of both the Chairman and the CEO provides the Company with strong and consistent leadership, and allows effective and efficient planning and implementation of business decisions and strategies. Such structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high-caliber individuals and having meeting regularly to discuss issues affecting the operations of the Group.

The Board reports that save for the above, the Company has complied with the code provisions of the CG Code for the year ended 31 March 2022. 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 ("**Model Code**") 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 2022.

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 2022.

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 2022 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. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the existing memorandum and articles of association of the Company (the "**Existing Memorandum and Articles of Association**") for the purposes of, among others, (i) bringing the Existing Memorandum and Articles of Association in line with the relevant requirements of the Listing Rules, including the core shareholder protection standards set out in Appendix 3 to the Listing Rules, and the applicable laws of the Cayman Islands; (ii) allowing general meetings to be held as a physical meeting, an electronic meeting or a hybrid meeting where Shareholders may attend by electronic means in addition to physical attendance in person, and the powers of the Board and the chairman of the meeting in relation thereto; (iii) allowing any document or information relating to proxies for a general meeting to be sent to an electronic address; (iv) providing the Board with the power to capitalise reserves of the Company to pay up in full shares of the Company to be issued pursuant to a share incentive scheme or employee benefit scheme that has been adopted or approved by the Shareholders; and (v) making other housekeeping amendments, including consequential amendments in line with the above amendments to the Existing Memorandum and Articles of Association (collectively, the "**Proposed Amendments**").

The Board proposes to adopt a new set of memorandum and articles of association (the "**New Memorandum and Articles of Association**") incorporating the Proposed Amendments in substitution for, and to the exclusion of, the Existing Memorandum and Articles of Association, which will be subject to the approval of the Shareholders by way of a special resolution to be proposed at the forthcoming annual general meeting of the Company to be held on Friday, 12 August 2022.

A circular containing, among other things, details of the Proposed Amendments together with a notice convening the annual general meeting of the Company will be despatched to the Shareholders in due course.

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.hkexnews.hk) and the Company's website (www.majorcellar.com). The annual report of the Company for the year ended 31 March 2022 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.hkexnews.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, 17 June 2022

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.