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 2017

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017:

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

* *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 2017 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 2017

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**203,896**	223,929
Cost of sales		**(163,775)**	(176,052)
Gross profit		**40,121**	47,877
Other income	*5*	**173**	5
Other gains and losses, net	*6*	**(11,973)**	89
Promotion, selling and distribution expenses		**(12,973)**	(18,551)
Administrative expenses		**(16,830)**	(19,566)
Finance costs	*7*	**(789)**	(275)
(Loss) profit before taxation		**(2,271)**	9,579
Income tax expense	*8*	**(258)**	(2,131)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	*9*	**(2,529)**	7,448
			(restated)
(Loss) earnings per share, basic (HK cents)	*11*	**(0.11)**	0.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**13,951**	2,436
Intangible assets		**463**	–
Rental deposits	*13*	**1,317**	–
		15,731	2,436
Current assets			
Inventories	*12*	**76,594**	73,865
Trade and other receivables, deposits and prepayments	*13*	**26,866**	48,276
Amount due from a shareholder		**311**	–
Tax recoverable		**2,149**	1,739
Pledged bank deposits		**6,506**	–
Bank balances and cash		**11,584**	9,322
		124,010	133,202
Current liabilities			
Trade and other payables and deposits received	*14*	**12,848**	15,646
Amount due to a shareholder		**–**	480
Obligations under finance leases – due within one year	*15*	**1,744**	416
Bank borrowings	*16*	**20,959**	18,675
		35,551	35,217
Net current assets		**88,459**	97,985
Total assets less current liabilities		**104,190**	100,421
Capital and reserves			
Issued capital	*18*	**3,000**	1,200
Reserves		**94,712**	99,041
Total equity		**97,712**	100,241
Non-current liabilities			
Obligations under finance leases – due after one year	*15*	**6,034**	13
Deferred tax liability	*17*	**444**	167
		6,478	180
		104,190	100,421

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Issued capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note i)*	Other reserve *HK$'000* *(Note ii)*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 April 2015	1,200	131,534	(104,902)	30,483	56,558	114,873
Profit and total comprehensive income for the year	–	–	–	–	7,448	7,448
Dividend declared *(note 10)*	–	–	–	–	(22,080)	(22,080)
At 31 March 2016	1,200	131,534	(104,902)	30,483	41,926	100,241
Loss and total comprehensive expense for the year	–	–	–	–	(2,529)	(2,529)
Bonus issue *(note 18)*	1,800	(1,800)	–	–	–	–
At 31 March 2017	3,000	129,734	(104,902)	30,483	39,397	97,712

Notes:

(i) The capital reserve represents the difference between the nominal value of the share capital of Major Cellar Company Limited ("Major Cellar") at the date on which it was acquired by Beyond Elite Limited 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 arosed 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 2017

1. GENERAL

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

Amendments to HKAS 1 Disclosure initiative

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instrument[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

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

HKFRS 9 Financial Instruments

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

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

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

HKFRS 16 Leases

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

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

Geographical information

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

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

5. OTHER INCOME

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

6. OTHER GAINS AND LOSSES, NET

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

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current year	**–**	2,148
(Over)/underprovision in prior years	**(19)**	20
	(19)	2,168
Deferred tax *(note 17)*		
Current year	**277**	(37)
	258	2,131

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

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

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

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

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

10. DIVIDEND

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

Adjustments were made to the amount of dividend per share for 2015 first interim dividend, 2015 second interim dividend, 2015 final dividend and 2016 first interim dividend due to the bonus issue completed on 8 July 2016 pursuant to which three bonus shares were issued on the basis of every existing two shares as at 28 June 2016 as detailed in note 18.

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

11. (LOSS) EARNINGS PER SHARE

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

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

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

The weighted average number of ordinary shares used in the calculation of basic (loss) earnings per share for the years ended 31 March 2017 and 2016 has been retrospectively adjusted to reflect the bonus issue which was completed on 8 July 2016 as detailed in note 18.

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

12. INVENTORIES

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

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

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

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

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

14. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

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

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

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

15. OBLIGATIONS UNDER FINANCE LEASES

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

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

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

16. BANK BORROWINGS

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

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

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

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

Borrowings comprise:

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

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

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

17. DEFERRED TAX LIABILITY

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

	Tax loss *HK$'000*	Accelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 April 2015	–	204	204
Credit to profit or loss *(note 8)*	–	(37)	(37)
At 31 March 2016	–	167	167
(Credit) charge to profit or loss *(note 8)*	(176)	453	277
At 31 March 2017	(176)	620	444

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

18. ISSUED CAPITAL

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

Note:

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

New Business opportunities

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

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

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

FINANCIAL REVIEW

Revenue

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

Gross profit

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

Other gains and losses

Other losses of the Group for the year ended 31 March 2017 was approximately HK$11.9 million, whereas other gains of the Group for the year ended 31 March 2016 was approximately HK$89,000. The significant change was mainly attributable to the impairment loss on trade deposits paid for the year ended 31 March 2017.

Depreciation of property, plant and equipment

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

Promotion, selling and distribution expenses and administrative expenses

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

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

Income tax expense

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

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

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

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2017 Annual General Meeting, the register of members of the Company will be closed from Friday, 25 August 2017 to Wednesday, 30 August 2017, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 August 2017.

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting of the Company will be held on Wednesday, 30 August 2017. A notice convening the meeting will be issued in due course.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

At 31 March 2017, the Group had total bank balances and cash of approximately HK$18.1 million (2016: HK$9.3 million) and pledged bank deposits of approximately HK$6.5 million (2016: Nil).

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

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

COMMITMENTS

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

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 18 to this announcement.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

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

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

TREASURY POLICIES

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

PLEDGE OF ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

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

LOOKING FORWARD

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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 2017.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu 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 2017 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, 30 June 2017

As at the date of this announcement, the executive Directors are Mr. Cheung Chun To, Mr. Leung Chi Kin Joseph and Ms. Cheung Wing Shun, the independent non-executive Directors are Mr. Wong Siu Ki, Mr. Ngai Hoi Ying and Mr. Yue Kwai Wa Ken.