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 2016

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2016:

- Revenue decreased by approximately 16.6% from approximately HK$268.4 million for the year ended 31 March 2015 to approximately HK$223.9 million for the year ended 31 March 2016
- Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 69.3% from approximately HK$24.1 million for the year ended 31 March 2015 to approximately HK$7.4 million for the year ended 31 March 2016
- Basic earnings per share decreased from HK2.51 cents for the year ended 31 March 2015 to HK0.78 cent for the year ended 31 March 2016
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent)

* *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 2016 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 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	4	**223,929**	268,425
Cost of sales		**(176,052)**	(207,929)
Gross profit		**47,877**	60,496
Other income	5	**5**	573
Other gains and losses, net	6	**89**	428
Promotion, selling and distribution expenses		**(18,551)**	(15,440)
Administrative expenses		**(19,566)**	(16,373)
Finance costs	7	**(275)**	(332)
Profit before taxation		**9,579**	29,352
Income tax expense	8	**(2,131)**	(5,220)
Profit and total comprehensive income for the year attributable to owners of the Company	9	**7,448**	24,132
Earnings per share, basic (HK cents)	11	**0.78**	2.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**2,436**	3,316
Rental deposits	13	**–**	2,067
		2,436	5,383
Current assets			
Inventories	12	**73,865**	79,929
Trade and other receivables, deposits and prepayments	13	**48,276**	28,885
Tax recoverable		**1,739**	–
Pledged bank deposits		**–**	5,001
Bank balances and cash		**9,322**	27,948
		133,202	141,763
Current liabilities			
Trade and other payables and deposits received	14	**15,646**	14,795
Amount due to a shareholder		**480**	660
Tax liabilities		**–**	945
Obligations under finance leases – due within one year	15	**416**	519
Bank borrowings	16	**18,675**	14,721
		35,217	31,640
Net current assets		**97,985**	110,123
Total assets less current liabilities		**100,421**	115,506
Capital and reserves			
Issued capital	18	**1,200**	1,200
Reserves		**99,041**	113,673
Total equity		**100,241**	114,873
Non-current liabilities			
Obligations under finance leases – due after one year	15	**13**	429
Deferred tax liability	17	**167**	204
		180	633
		100,421	115,506

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	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 2014	1,200	131,534	(104,902)	30,483	63,626	121,941
Profit and total comprehensive income for the year	–	–	–	–	24,132	24,132
Dividend declared *(note 10)*	–	–	–	–	(31,200)	(31,200)
At 31 March 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

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 2016

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 was listed on the Growth Enterprise Market ("GEM") 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 spirits 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of 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 HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior period and/or on the disclosures set out 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 revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[4]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[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 HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[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 2019.

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.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flow. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

The total operating lease commitment of the Group in respect of leased premises as at 31 March 2016 is amounted to HK$2,808,000. The directors of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Except as described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

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 ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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.

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:

	2016	2015
	HK$'000	*HK$'000*
Red wine	**196,135**	239,283
White wine	**7,396**	7,831
Sparkling wine	**5,338**	3,229
Spirits	**14,667**	17,447
Wine accessory products	**383**	547
Other products	**10**	88
	223,929	268,425

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 2016, no revenue is derived from a single customer of the Group which amounted for over 10% of the Group's total revenue.

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Other income		
Bank interest income	**1**	110
Others	**4**	463
	5	573

6. OTHER GAINS AND LOSSES, NET

	2016	2015
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**–**	(24)
Net foreign exchange gains	**89**	452
	89	428

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**234**	262
Obligations under finance leases	**41**	70
	275	332

8. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current year	**2,148**	5,144
Underprovision in prior years	**20**	30
	2,168	5,174
Deferred tax *(note 17)*		
Current year	**(37)**	46
	2,131	5,220

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation	**9,579**	29,352
Tax at the profits tax rate of Hong Kong of 16.5%	**1,581**	4,843
Tax effect of expenses not deductible for tax purpose	**546**	226
Underprovision in respect of prior years	**20**	30
Others	**(16)**	121
Income tax expense for the year	**2,131**	5,220

9. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**600**	600
Directors' remuneration		
Directors' fee	**360**	360
Salaries, bonuses and other emoluments	**4,806**	2,400
Retirement benefits scheme contributions	**62**	66
	5,228	2,826
Other staff costs:		
Salaries, bonuses and other benefits	**8,297**	7,353
Sales commission	**1,758**	1,974
Retirement benefits scheme contributions	**359**	331
Total staff costs	**15,642**	12,484
Depreciation of property, plant and equipment	**954**	1,532
Cost of inventories recognised as cost of sales	**176,052**	207,929
Including: Reversal of allowance for inventories, net	**(147)**	(1,042)
Operating lease payments in respect of office premises, warehouses and retail shops	**8,181**	8,477

10. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distributions by the Company during the year:		
2015 final dividend, paid HK1 cent per share (2014: HK1 cent per share)	**9,600**	9,600
2015 first interim dividend, paid HK0.5 cent per share	**4,800**	–
2015 second interim dividend, paid HK0.3 cent per share	**2,880**	–
2015 special dividend, paid nil (2014: HK1.25 cents per share)	**–**	12,000
2016 first interim dividend, paid HK0.5 cent per share (2015: HK1 cent per share)	**4,800**	9,600
	22,080	31,200

Adjustments were made to the amount of dividend per share for 2014 final dividend and 2014 special dividend due to the share subdivision during the year ended 31 March 2015. Each share of the Company of HK$0.01 per share was subdivided into 8 shares of HK$0.00125 per share with effect from 15 January 2015 as detailed in note 18.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent).

11. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**7,448**	24,132

	2016	2015
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**960,000,000**	960,000,000

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31 March 2015 has accounted for the share subdivision which was effective from 15 January 2015.

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

Also, as disclosed in note 19, a shareholder resolution was passed on 23 June 2016 to approve the bonus issue on the basis of three bonus shares for every two existing shares held by shareholders as of 28 June 2016. Had such bonus issue been occurred before these consolidated financial statements were authorised for issue, the basic earnings per share for the year ended 31 March 2016 would have been diluted to HK0.31 cent (2015: HK1.01 cents) based on the weighted average number of ordinary shares of 2,400,000,000 (2015: 2,400,000,000).

12. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Premium wine and spirits products	**72,911**	78,999
Wine accessory products	**930**	900
Other products	**24**	30
	73,865	79,929

The net reversal of allowance for inventories of HK$147,000 (2015: HK$1,042,000) included an allowance for inventories of HK$898,000 (2015: HK$424,000) and a reversal of allowance for inventories of HK$1,045,000 (2015: HK$1,466,000) respectively. The reversal of allowance for inventories had been recognised for the sales of inventories, in which allowance has been made in prior years, at cost or above during the year ended 31 March 2016.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Trade receivables from third parties	**22,964**	14,527
Trade deposits paid	**22,174**	13,211
Other receivables and prepayments	**3,138**	3,214
Total trade and other receivables, deposits and prepayments	**48,276**	30,952
Analysed as		
Current	**48,276**	28,885
Non-current	**–**	2,067
	48,276	30,952

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 doubtful debts presented based on the delivery date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**15,446**	4,176
31 to 60 days	**6,179**	10,153
61 to 90 days	**521**	31
Over 90 days	**818**	167
	22,964	14,527

All the 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$3,451,000 (2015: HK$934,000), 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 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

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**2,087**	560
31 to 60 days	**602**	176
61 to 90 days	**447**	31
Over 90 days	**315**	167
	3,451	934

14. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**4,573**	8,426
Trade deposits received	**9,089**	5,125
Other payables	**1,984**	1,244
	15,646	14,795

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:

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**1,508**	3,101
31 to 60 days	**337**	929
61 to 90 days	**635**	1,641
Over 90 days	**2,093**	2,755
	4,573	8,426

15. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**427**	559	**416**	519
In the second to fifth year inclusive	**13**	440	**13**	429
	440	999	**429**	948
Less: Future finance charges	**(11)**	(51)	**–**	–
Present value of lease obligations	**429**	948	**429**	948
Less: Amounts due for settlement within one year (shown as current liabilities)			**(416)**	(519)
Amounts due for settlement after one year			**13**	429

The Group leased certain of its motor vehicles under finance leases. The lease term was ranged from 3 to 5 years (2015: 3 to 5 years). The average borrowing rate was 3.42% (2015: 3.43%) per annum as at 31 March 2016. 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

	2016	2015
	HK$'000	*HK$'000*
Secured import loans	**–**	1,370
Unsecured import loans	**12,185**	7,785
Unsecured bank loans	**6,490**	5,566
	18,675	14,721
Carrying amount repayable*:		
Within one year	**18,675**	14,721

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

As at 31 March 2016 and 2015, all the bank borrowings contain a repayment on demand clause.

As at 31 March 2016 and 31 March 2015, the unsecured bank borrowings were guaranteed by the Company.

Borrowings comprise:

	2016	2015
	HK$'000	*HK$'000*
Floating-rate borrowings	**18,675**	14,721

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

	2016	2015
Effective interest rate (per annum):		
Floating-rate borrowings	**2.25% – 3.75%**	3.0% – 4.25%

17. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation *HK$'000*
At 1 April 2014	158
Debit to profit or loss *(note 8)*	46
At 31 March 2015	204
Credit to profit or loss *(note 8)*	(37)
At 31 March 2016	167

18. ISSUED CAPITAL

	Par value per ordinary share *HK$*	**Number of shares**	**Share capital** *HK$'000*
Authorised:			
At 1 April 2014	0.01	1,000,000,000	10,000
Increase upon share subdivision *(Note)*		7,000,000,000	–
At 31 March 2015 and 31 March 2016	0.00125	8,000,000,000	10,000
Issued:			
At 1 April 2014	0.01	120,000,000	1,200
Increase upon share subdivision *(Note)*		840,000,000	–
At 31 March 2015 and 31 March 2016	0.00125	960,000,000	1,200

Note:

On 14 January 2015, the shareholders of the Company passed an ordinary resolution to approve the subdivision of each of the existing issued and unissued shares of HK$0.01 each in the capital of the Company into 8 subdivided shares of HK$0.00125 each with effect from 15 January 2015.

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 2016.

19. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement and the circular dated 25 May 2016 and 6 June 2016 respectively, the Company proposed to carry out a bonus issue on the basis of three bonus shares for every two existing shares held by shareholders. The proposal for the bonus issue was approved by shareholders in a special general meeting held on 23 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Hong Kong's retail markets remain challenging. The value of total retail sales by type of retail outlet in March 2015 decreased from approximately HK$490.1 billion in March 2015 to approximately HK$458.8 billion in March 2016, representing a year-on-year decrease by approximately 6.4%, as released by the Census and Statistics Department. During the year ended 31 March 2016, the Group's revenue decreased by approximately 16.6% to approximately HK$223.9 million (2015: HK$268.4 million). The decrease was mainly due to the decrease of the sales of red wine from approximately HK$239.3 million for the year ended 31 March 2015 to approximately HK$196.1 million for the year ended 31 March 2016.

The Group had implemented a special offer campaign to reinforce our customers' purchasing habit and broaden our customer base and increased investment in marketing and promotion exercises in response to the challenging retail market in Hong Kong.

The Group's long-term success is attributable to the efforts of front-line professional wine consultants, most of whom possess various levels of certificates in wines and spirits awarded by the Wine & Spirit Education Trust ranging from level one foundation certificate in wines to level three advance certificate in wines and spirits. The Group recognises these precious assets and encourage continuous studies and continues to deploy resources in training to ensure the provision of valuable consumption experience to our customers despite the rising staff costs.

Red wine continued to be the Group's core product type and main source of profit driver. In response to the challenging retail market in Hong Kong, the Group will continue to improve its sales by offering and implementing new marketing channels and shopping methods, adjusting its sales and marketing strategies and optimizing its inventory level. The Group is confident in its position as one of Hong Kong's main premium wine retailers.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 16.6% from approximately HK$268.4 million for the year ended 31 March 2015 to approximately HK$223.9 million for the year ended 31 March 2016. The decrease was mainly due to the decrease of the sales of red wine from approximately HK$239.3 million for the year ended 31 March 2015 to approximately HK$196.1 million for the year ended 31 March 2016.

Gross profit

Gross profit of the Group decreased by approximately 20.8% from approximately HK$60.5 million for the year ended 31 March 2015 to approximately HK$47.9 million for the year ended 31 March 2016. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2016. The gross profit margin slightly decreased from approximately 22.5% for the year ended 31 March 2015 to approximately 21.4% for the year ended 31 March 2016. The decrease was mainly attributable to the implementation of a special offer campaign to reinforce our customers' buying habit and broaden our customer base in response to the challenging retail market in Hong Kong.

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 2015 and 2016 respectively.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group increased by approximately 20.8% from approximately HK$15.4 million for the year ended 31 March 2015 to approximately HK$18.6 million for the year ended 31 March 2016. The change was mainly attributable to the increase in advertising and promotion expenses, staff costs and operating lease payment in respect of warehouses and retails shops for the year ended 31 March 2016.

Administrative expenses of the Group increased by approximately 19.5% from approximately HK$16.4 million for the year ended 31 March 2015 to approximately HK$19.6 million for the year ended 31 March 2016. The increase was mainly attributable to the increase of legal and professional fees, staff costs and donations, which was slightly offset by the decrease of operating lease payment of the office premises, depreciation of property, plant and equipment, bank charges and motor vehicles expenses.

Income tax expense

Income tax expense for the Group decreased by approximately 59.6% from approximately HK$5.2 million for the year ended 31 March 2015 to approximately HK$2.1 million for the year ended 31 March 2016. The decrement was mainly due to the decrease of estimated assessable profit for the year ended 31 March 2016 compared to the corresponding period in 2015.

Profit and total comprehensive income for the year attributable to owners of the Company

For the reasons mentioned above, profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 69.3% from approximately HK$24.1 million for the year ended 31 March 2015 to approximately HK$7.4 million for the year ended 31 March 2016.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to shareholders of the Company for the year ended 31 March 2016 (2015: HK1 cent).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2016 Annual General Meeting, the register of members of the Company will be closed from Wednesday, 17 August 2016 to Friday, 19 August 2016, 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 Tuesday, 16 August 2016.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of the Company will be held on Friday, 19 August 2016. A notice convening the meeting will be issued in due course.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current assets	**133,202**	141,763
Current liabilities	**35,217**	31,640
Current ratio	**3.78**	4.48

The current ratio of the Group at 31 March 2016 was approximately 3.78 times as compared to that of approximately 4.48 times at 31 March 2015. It was mainly resulted from a decrease in current assets which arose out of the lowered business volume during the year.

At 31 March 2016, the Group had total bank balances and cash of approximately HK$9.3 million (2015: HK$32.9 million).

At 31 March 2016, 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 19.5% (2015: 14.2%). The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$2.8 million as at 31 March 2016 (2015: HK$10.6 million). As at 31 March 2016, the Group did not have any significant capital commitments (2015: Nil).

CAPITAL STRUCTURE

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

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

Save for those disclosed in this announcement, these were no other significant investments held as at 31 March 2016. 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 2016, 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 2016 (2015: 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, pledged bank deposits 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 2016, 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 2015, the Group has pledged bank deposits of HK$5.0 million to secure the banking facilities granted to the Group. Such pledged bank deposits are released during the year ended 31 March 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group employed a total of 35 full-time and 2 part-time employees (2015: 35 full-time and 2 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$15.6 million for the year ended 31 March 2016 (2015: HK$12.5 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

Hong Kong remains as one of the largest and important wine auction centres in the world. Its vibrant local market and prime geographical location serve as a platform for growing wine trade in other Asian market.

Looking forward, the worldwide economic environment will continue to be uncertain. The Group will increase its efforts to enhance the Group's profile through participation in exhibitions and fairs, tasting events and expand its product portfolio to keep abreast of market trends. Furthermore, given that the Group has successfully transferred its listing from GEM to the Main Board of the Stock Exchange under the new stock code 1389 on 30 October 2015, the Directors believe that such transfer can strengthen the Group's growth momentum and enhance its corporate image and share liquidity.

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 2016.

DIRECTOR'S INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 March 2016 or at any time during the year ended 31 March 2016.

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 2016.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 17 June 2015, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares in issue from GEM to the Main Board of the Stock Exchange. The approval-in-principle and the listing approval have been granted by the Stock Exchange on 19 October 2015 and on 29 October 2015 respectively, for the Shares to be listed on the Main Board and de-listed from GEM, according to Rule 9A.09(6) of the Listing Rules. Accordingly the Group commenced to comply with the Main Board Listing Rules starting from 30 October 2015.

The last day of dealings in the Shares on GEM (Stock code: 8209) was 29 October 2015. Dealings in the Shares on the Main Board (Stock code: 1389) commenced at 9:00 a.m. on 30 October 2015.

Please also refer to the announcement of the Company dated 19 October 2015.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules as its code of corporate governance during the period from 1 April 2015 to 29 October 2015 (as the Company was only transferred to list on Main Board since 30 October 2015, the GEM Listing Rules was still applicable to relevant disclosure requirements for the period from 1 April 2015 to 29 October 2015) except the following deviations: Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Cheung Chun To, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not applicable and Code provision A.6.7 of the Code stipulates that the independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company. Mr. Wong Siu Ki was unable to attend the annual general meeting of the Company held on 19 June 2015 as he had other business engagement.

The Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during relevant periods and the Directors will use their best endeavours to procure the Company to comply with such code and from 30 October 2015 onwards, the provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules 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 Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings") from 1 April 2015 to 29 October 2015 (as the Company was only transferred to list on Main Board since 30 October 2015, the GEM Listing Rules was still applicable to relevant disclosure requirements as at and during the period from 1 April 2015 to 29 October 2015) and The Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules from 30 October 2015 and onwards as the code of conduct regarding Directors' securities transactions in securities of the Company. The Company has confirmed, having made specific enquiry to the Directors, all the Directors have complied with the Required Standard of Dealings during the relevant period.

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 2016.

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 2016 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 2016 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, 24 June 2016

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.