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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 2018**

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018:

- Revenue increased by approximately 6.5% from approximately HK\$203.9 million for the year ended 31 March 2017 to approximately HK\$217.2 million for the year ended 31 March 2018
- Profit and total comprehensive income attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK\$6.6 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2017 was approximately HK\$2.5 million
- Basic earnings per share was HK0.28 cents for the year ended 31 March 2018, whereas basic loss per share was HK0.11 cents for the year ended 31 March 2017
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil)

* 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 2018 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 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Revenue	3	217,226	203,896
Cost of sales		<u>(173,530)</u>	<u>(163,775)</u>
Gross profit		43,696	40,121
Other income	4	969	173
Other gains and losses, net	5	(754)	(11,973)
Promotion, selling and distribution expenses		(16,649)	(12,973)
Administrative expenses		<u>(17,670)</u>	<u>(16,830)</u>
Profit/(loss) from operations		9,592	(1,482)
Finance costs	6	<u>(1,046)</u>	<u>(789)</u>
Profit/(loss) before taxation		8,546	(2,271)
Income tax expense	7	<u>(1,904)</u>	<u>(258)</u>
Profit/(loss) and total comprehensive income/ (expense) for the year attributable to owners of the Company	8	<u>6,642</u>	<u>(2,529)</u>
Earnings/(loss) per share	10		
– Basic and diluted (cents)		<u>0.28</u>	<u>(0.11)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment		12,953	13,951
Intangible assets		–	463
Trade and rental deposits paid	13	1,878	1,317
		<u>14,831</u>	<u>15,731</u>
Current assets			
Inventories	11	81,057	76,594
Trade receivables	12	14,215	15,894
Prepayments, deposits and other receivables	13	9,689	10,972
Due from a shareholder		–	311
Current tax assets		658	2,149
Pledged bank deposits		3,018	6,506
Bank and cash balances		19,355	11,584
		<u>127,992</u>	<u>124,010</u>
Current liabilities			
Trade payables	14	2,857	5,281
Other payables and deposits received	15	5,781	7,567
Bank borrowings	16	22,939	20,959
Finance lease payables	17	1,842	1,744
		<u>33,419</u>	<u>35,551</u>
Net current assets		<u>94,573</u>	<u>88,459</u>
Total assets less current liabilities		<u>109,404</u>	<u>104,190</u>
Non-current liabilities			
Finance lease payables	17	4,193	6,034
Deferred tax liabilities	18	857	444
		<u>5,050</u>	<u>6,478</u>
NET ASSETS		<u>104,354</u>	<u>97,712</u>
Capital and reserves			
Share capital	19	3,000	3,000
Reserves		101,354	94,712
TOTAL EQUITY		<u>104,354</u>	<u>97,712</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (note i)	Other reserve HK\$'000 (note ii)	Retained profits HK\$'000	
At 1 April 2016	1,200	131,534	(104,902)	30,483	41,926	100,241
Loss and total comprehensive expense for the year	-	-	-	-	(2,529)	(2,529)
Bonus issue (note 19)	1,800	(1,800)	-	-	-	-
At 31 March 2017	3,000	129,734	(104,902)	30,483	39,397	97,712
At 1 April 2017	3,000	129,734	(104,902)	30,483	39,397	97,712
Profit and total comprehensive income for the year	-	-	-	-	6,642	6,642
At 31 March 2018	3,000	129,734	(104,902)	30,483	46,039	104,354

Notes:

- (i) The capital reserve represents the difference between the nominal value of the share capital of Major Cellar Company Limited (“Major Cellar”) at the date on which it was acquired by Beyond Elite Limited and the deemed consideration of HK\$104,912,000 settled by issuance of 100 shares by the Company pursuant to the corporate reorganisation completed on 28 August 2013.
- (ii) The other reserve represents deemed contribution from Rouge & Blanc Wines Limited (“Rouge & Blanc”) regarding the waiver of amount due to Rouge & Blanc effective on 1 April 2012 which arose from the transfer of wine and spirits products and furniture and fixtures from Rouge & Blanc to Major Cellar on 31 March 2010. Rouge & Blanc is controlled by Mr. Cheung Chun To and Mr. Leung Chi Kin Joseph, the directors and also the shareholders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

Geographical information:

The Group's revenue are all derived from Hong Kong based on the location of goods delivered and all of the Group's non-current assets are located in Hong Kong by physical location of assets.

Revenue from major customers:

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

4. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest income	12	6
Storage fee income	118	117
Others	839	50
	969	173

5. OTHER GAINS AND LOSSES, NET

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

Note: During the year ended 31 March 2017, two overseas distributors were under liquidations and the Group has appointed overseas legal counsel to recover trade deposits paid by the Group to these two overseas distributors amounting to approximately HK\$11,575,000. Taking into account the discussion between the overseas legal counsel and the relevant trustee for these liquidations and its legal advice, the directors of the Company believes that the recoverable amounts of the trade deposits paid would be minimal and costs to be incurred would outweigh resulting benefits, if any. Therefore, full impairment loss had been made against these amounts during the year ended 31 March 2017.

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Finance lease charges	401	211
Interest on bank borrowings	645	578
	<u>1,046</u>	<u>789</u>

7. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	1,491	–
Over-provision in prior years	–	(19)
Deferred tax (<i>note 18</i>)	413	277
	<u>1,904</u>	<u>258</u>

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

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

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

8. PROFIT/(LOSS) FOR THE YEAR

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

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

9. DIVIDEND

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

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings/(loss) per share

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

11. INVENTORIES

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

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

12. TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	14,215	15,894
Less: provision for impairment	–	–
	14,215	15,894

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

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

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

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

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

14. TRADE PAYABLES

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

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

15. OTHER PAYABLES AND DEPOSITS RECEIVED

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade deposits received	3,644	4,247
Other payables	2,137	3,320
	5,781	7,567

16. BANK BORROWINGS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Secured import loans	12,997	14,141
Unsecured import loans	9,942	6,818
	22,939	20,959

The borrowings are repayable as follows:

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

The average interest rates at 31 March were as follows:

	2018	2017
Bank borrowings	<u>3.21%–3.87%</u>	<u>1.80%–3.75%</u>

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

17. FINANCE LEASE PAYABLES

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

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

All finance lease payables are denominated in Hong Kong dollar.

18. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016	167	–	167
Charge/(credit) to profit or loss (<i>note 7</i>)	453	(176)	277
	<hr/>	<hr/>	<hr/>
At 31 March 2017 and 1 April 2017	620	(176)	444
Charge to profit or loss (<i>note 7</i>)	237	176	413
	<hr/>	<hr/>	<hr/>
At 31 March 2018	857	–	857
	<hr/>	<hr/>	<hr/>

19. SHARE CAPITAL

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

Note:

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

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the years ended 31 March 2018 and 2017.

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

Gross profit

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

Other losses

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

Depreciation of property, plant and equipment

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

Promotion, selling and distribution expenses and administrative expenses

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

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

Income tax expense

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

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

For the reasons mentioned above, loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2017 was approximately HK\$2.5 million, whereas profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2018 was approximately HK\$6.6 million.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2018 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 7 August 2018 to Friday, 10 August 2018, 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 Monday, 6 August 2018.

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting of the Company will be held on Friday, 10 August 2018. A notice convening the meeting will be issued in due course.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

At 31 March 2018, the Group's gearing ratio (represented by amount due to a shareholder, obligations under finance leases and bank borrowings divided by equity) amounted to approximately 27.8% (2017: 29.4%). The Group currently does not enter into any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

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

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$7.5 million as at 31 March 2018 (2017: HK\$8.7 million). As at 31 March 2018, the Group did not have any significant capital commitments (2017: Nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 19 to this announcement.

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

Save for those disclosed in this report, there were no other significant investments held as at 31 March 2018. The Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the financial year ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2018 (2017: Nil).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2018, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 31 March 2018, the Group has pledged bank deposits of HK\$3.0 million (2017: 6.5 million) to secure the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 41 full-time and 1 part-time employees (2017: 38 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK\$16.5 million for the year ended 31 March 2018 (2017: HK\$13.9 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end and discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

LOOKING FORWARD

According to the Hong Kong Trade Development Council Research Report on 4 September 2017, which provided statistical data for the previous year of 2017, and data from Euromonitor International, in January to June 2017, imports of wine amounted to HK\$5.7 billion, more than three times of the value of HK\$1.6 billion in 2007. Wine sales in Hong Kong amounted to US\$1,543 million or 33.8 million liters in 2016, up 6.5% and 3.1%, respectively, per annum in the past five years. For 2016 to 2021, it is forecasted to grow 9.8% per annum in value terms and 5.4% per annum in volume terms.

Industry Trends

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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 2018.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2018. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability. The Board is pleased to report compliance with the code provisions of the CG Code for the year ended 31 March 2018. The Directors will continue to use their best endeavors to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors for the year ended 31 March 2018.

AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2018.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2018. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.majorcellar.com). The annual report of the Company for the year ended 31 March 2018 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, 22 June 2018

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. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak.