



美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1389



ANNUAL REPORT

2021

* For identification purposes only

CORPORATE INFORMATION

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarter, head office and principal place of business in Hong Kong

509-510, South Tower
World Finance Centre
Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

Company's website

www.majorcellar.com

Executive directors

Mr. Cheung Chun To (*Chairman*)
Mr. Leung Chi Kin Joseph (*resigned on 10 June 2021*)

Independent non-executive directors

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

Company secretary

Mr. Sin Chi Keung

Authorised representatives

Mr. Cheung Chun To
Mr. Ngai Hoi Ying

Audit committee

Mr. Siu Shing Tak (*Chairman*)
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying

Remuneration committee

Mr. Yue Kwai Wa Ken (*Chairman*)
Mr. Siu Shing Tak
Mr. Ngai Hoi Ying

Nomination committee

Mr. Ngai Hoi Ying (*Chairman*)
Mr. Siu Shing Tak
Mr. Yue Kwai Wa Ken

Principal share registrar and transfer office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Principal banker

DBS Bank (Hong Kong) Limited
United Overseas Bank Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

Auditor

ZHONGHUI ANDA CPA LIMITED
Unit 701, 7/F
Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Hong Kong legal adviser

Robertsons
57/F., The Center
99 Queen's Road Central
Hong Kong

Stock code

1389

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Major Holdings Limited (the "Company", together with its subsidiaries, the "Group"), it is my pleasure to present the Group's Annual Report for the year ended 31 March 2021.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2021:

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

BUSINESS ENVIRONMENT

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

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

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

Based on the Group's experience, we strive to develop our product mix to different tier of customer levels, ensure our quality product portfolios can satisfy the customer needs. Although the market trends change constantly, our professional wine consultants through various sales channels and marketing activities, can provide prompt knowledge and expertise to our esteem customers, to suit their different tastes. Although the market situation is tough, the Group is confident to develop actively in the premium wine and spirit market.

CHAIRMAN'S STATEMENT

A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, business partners, suppliers and customers who remain faithful to and confident in the Group. I would also like to express my sincere gratitude to the management and staff for their commitment and contribution throughout the years.

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 18 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

FINANCIAL REVIEW

Revenue

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

Gross profit

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

Other income

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

Depreciation of property, plant and equipment

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

Promotion, selling and distribution expenses and administrative expenses

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax (credit) or expense

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

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

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

Final dividend

The Board does not recommend the payment of a final dividend to shareholders of the Company for the year ended 31 March 2021 (2020: Nil).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

At 31 March 2021, the Group had total bank balances and cash of approximately HK\$6.9 million (2019: HK\$5.7 million) and pledged bank deposits of HK\$6.0 million (2020: HK\$6.0 million).

At 31 March 2021, the Group's gearing ratio (represented by the aggregate sum of amount due to a director, lease liabilities and bank borrowings divided by equity) amounted to approximately 18.3% (2020: 32.2%). The Group currently have not entered into any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 30 to the consolidated financial statements.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2021 (2020: Nil).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2021, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 March 2021, the Group has pledged bank deposits of HK\$6.0 million (2020: HK\$6.0 million) to secure the banking facilities granted to the Group.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 30 December 2013 which became effective on 10 January 2014. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

(b) Participants of the Share Option Scheme and Eligibility Criteria

The eligible persons of the Share Option Scheme to whom options may be granted by the Board shall include any directors, employee, consultants or advisers, or any other person, who at the sole discretion of the Board, has contributed to the Group ("Eligible Person").

(c) Maximum number of Shares available for Subscription

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme unless the Company obtains a fresh approval.

(d) Maximum entitlement of each Eligible Person

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve month period must not exceed 1% of the issued share capital of the Company.

(e) Time of exercise of Option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to the grantee which the Board may in its absolute discretion determine, saved for as that such period shall not be more than ten years from the date of acceptance of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme).

MANAGEMENT DISCUSSION AND ANALYSIS

(f) Subscription Price

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

- (i) the closing price per Share as stated in The Stock Exchange of Hong Kong Limited's ("Stock Exchange") daily quotation sheet on the offer date;
- (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or
- (iii) the nominal value of the Share.

(g) Life of the Share Option Scheme

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

During the year ended 31 March 2021, no option under the Share Option Scheme has been granted by the Company (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed a total of 29 full-time and 1 part-time employees (2020: 35 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK\$7.2 million for the year ended 31 March 2021 (2020: HK\$14.3 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end and discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Global

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

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

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

1. The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated at –3.5 percent, 0.9 percentage point higher than projected in the previous forecast (reflecting stronger-than-expected momentum in the second half of 2020).
2. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.
3. Policy actions should ensure effective support until the recovery is firmly underway, with an emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all, and accelerating the transition to lower carbon dependence. As noted in the October 2020 World Economic Outlook (WEO), a green investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession.
4. Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding for the COVAX facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines, and facilitating access to therapeutics at affordable prices for all. Many countries, particularly low-income developing economies, entered the crisis with high debt that is set to rise further during the pandemic. The global community will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20.

MANAGEMENT DISCUSSION AND ANALYSIS

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

PRC

According to the “Global Economy and China’s Economy in 2021”, by Liqing Zhang, the Chief Economist of PricewaterhouseCoopers China and Professor of the Central University of Finance and Economics in December 2020:

1. China’s economy managed to realize a V-shaped rebound in 2020, and china is the only major economy for which GDP is projected to rise:
 - There was a 6.8% shrinkage in Q1, and a 3.2% and 4.9% growth in Q2 and Q3 respectively on a year-on-year basis. If there will be a 5.5% increase in Q4, the yearly growth is expected to be 2.1%. In 2021, the growth rate may be up to 8% or above due to the lower base; in 2022, the growth rate may return to normal, reaching approximately between 5.5% and 5.7%;
 - Investment increase in fixed assets made major contribution to such improvement and the growth rate is expected to be 3.5% accumulated growth rate. Total retail sales of consumer goods may reduce by 4.4% for the year. Exports are doing better than expectations, growing by about 1.8%.

2. Outlook on China’s economic policies in 2021:
 - Implement the Proposals of the 14th Five-year Plan and accelerate the establishment of a “dual circulation”, as a long-term strategy;
 - Retain most of the economic stimulus policies,
 - Fiscal policies are likely to remain relatively lenient and the fiscal deficit-to-GDP ratio may remain above 3%;
 - Monetary policies may return to normal (the growth rate of M2 may decrease from 10.4% to 9% this year, social financing may be reduced from 13.5% to 12%);
 - Strengthen supervision to prevent systematic financial risks;
 - Maintain a relatively high investment growth rate, and continue to push ahead with the “new infrastructure and new urbanization initiatives and major projects”;
 - Deepen reform, energise the market and continue to improve the business environment to enhance the confidence of domestic and overseas investors;
 - Support expansion of high-quality opening-up to avoid “decoupling” from the developed countries; remain committed to promoting reform through opening-up;

MANAGEMENT DISCUSSION AND ANALYSIS

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

HK

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

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

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

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

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

Industry Trends

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Company's tactics

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

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

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

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

Based on the Group's experience, we strive to develop our product mix to different tier of customer levels, ensure our quality product portfolios can satisfy the customer needs. Although the market trends change constantly, our professional wine consultants through various sales channels and marketing activities, can provide prompt knowledge and expertise to our esteem customers, to suit their different tastes. Although the market situation is tough, the Group is confident to develop actively in the premium wine and spirit market.

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

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

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW AND PERFORMANCE

The review of the business of the Group for the year ended 31 March 2021 and the potential future development of the Group's business and the performance analysis using financial key performance indicators are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" on page 2, pages 4 to 12, pages 13 to 20, pages 61 to 107 and page 108 respectively. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report.

PARTICULARS OF IMPORTANT EVENTS

Save as disclosed in this annual report, since 31 March 2021, being the end of the financial year under review, no important event has occurred affecting the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 March 2021.

ENVIRONMENTAL POLICY

The Group emphasizes the importance of energy conservation and environmental protection as part of its corporate culture and encourages its employees to minimize the use of paper by promoting digitalization of documents and better use of waste paper.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes employees as valuable assets of the Group. In order to motivate the employees, the Group provides reasonable remuneration package, implements annual appraisal system, provides intra-group career development opportunities, offers employee benefits, insurance, education and training sponsorship.

The Group treasures the long-term relationships developed with its customers and suppliers. The Group puts emphasis on efficient communication, response and feedback actions, which are crucial to build relationship with business partners. During the year ended 31 March 2021, there was no material dispute or argument between the Group and its business partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities, by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the year ended 31 March 2021 to promote work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasizes a code of conduct which forms part of the staff working manual. Employees are required to act with integrity and to report any suspected bribery cases. Whistle-blowing procedures are in place which allows direct reporting to the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duty.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 30 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2021.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2021. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BANK BORROWINGS

The Company and its subsidiaries obtained banking facilities during the year. The bank borrowings as at 31 March 2021 amounted to approximately HK\$12.8 million and the details are set out in note 26 to the consolidated financial statements. Save as disclosed herein, there is no other outstanding balance of bank loans and other borrowings as at 31 March 2021.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2021, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$131.1 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's transactions with its major suppliers and customers during the year are set out as below:

During the year ended 31 March 2021, our largest supplier accounted for approximately 11.3% of our total purchases (2020: 4.5%). The aggregate purchases from our five largest suppliers contributed approximately 39.9% of our total purchases in the current year (2020: 21.3%).

During the year ended 31 March 2021, our largest customer accounted for approximately 13.2% of turnover (2020: 10.2%). The aggregate sales to our five largest customers contributed approximately 31.2% of our total sales in the current year (2020: 30.7%).

At no time during the year ended 31 March 2021 did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Cheung Chun To (*Chairman*)

Mr. Leung Chi Kin Joseph (*resigned on 10 June 2021*)

Independent non-executive Directors

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

Mr. Siu Shing Tak

Pursuant to Article 84 of the Articles, at each general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring director shall be eligible for re-election.

Pursuant to the Articles, Mr. Cheung Chun To, and Mr. Yue Kwai Wa Ken shall retire from office as Directors at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

Biographical information of the Directors of the Company and the senior management of the Group are set out on pages 55 to 56.

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated in accordance with the terms of the agreement.

Independent non-executive Directors are appointed for a term of one year and will continue thereafter unless terminated by either party giving at least one month's notice in writing.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company, or any of its subsidiaries, and any of the controlling shareholders or any of their subsidiaries during the year ended 31 March 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors of the Company are set out in note 12 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remunerations of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market conditions, the responsibilities and duties assumed by each Director as well as their individual performance.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

In order to protect the Group's interest in its business activities, each of the controlling shareholders of the Company has given a non-competition undertaking in favour of the Company, pursuant to which each of them undertakes and covenants with the Company that, for so long as he/it and/or his/its associates, directly or indirectly, whether individually or taken together, remains to be a controlling shareholder, he/it will not and will procure his/its associates not to directly or indirectly carry on, participate, engage or otherwise be interested in any business which is or may be in competition with the business of any members of the Group from time to time.

Details of the undertaking has been set out in the section headed "Relationship with Our Controlling Shareholders" of the prospectus of the Company dated 6 January 2014.

During the year ended 31 March 2021 and up to the date of this report, none of the Directors or any of their respective associates, has been engaged or otherwise interested in any business which is or may be in competition with the business of any members of the Group.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save as the share option scheme disclosed in section head “Management Discussion and Analysis”, during the year ended 31 March 2021, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors’ Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

THE INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

(a) Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures

So far as were known to the Directors or chief executive of the Company, as at 31 March 2021, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the securities and futures ordinance (“SFO”)) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and pursuant to the Model Code of the Listing Rules, were as follows:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of shareholding
Mr. Cheung Chun To	Interest in controlled corporation (Note 1)	761,000,000 shares	22.88%
Mr. Cheung Chun To	Interest of spouse (Note 1)	11,140,000 shares	0.34%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	739,500,000 shares	22.23%

Notes:

- Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 761,000,000 shares held by Silver Tycoon Limited. Ms. Lin Shuk Shuen, being the spouse of Mr. Cheung Chun To, beneficially owns 11,140,000 shares in the Company. As a consequence, Mr. Cheung Chun To is deemed to be interested in 772,140,000 shares in the Company.
- Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 739,500,000 shares held by High State Investments Limited.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and pursuant to the Model Code of the Listing Rules.

REPORT OF THE DIRECTORS

(b) Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 March 2021, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a director or chief executive of the Company) has interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage of shareholding
Silver Tycoon Limited	Beneficial Owner (Note 1)	761,000,000 shares	22.88%
High State Investments Limited	Beneficial Owner (Note 2)	739,500,000 shares	22.23%
Ms. Lin Shuk Shuen	Interest of spouse and Beneficial Owner (Note 3)	772,140,000 shares	23.22%
Ms. Ma Pui Ying	Interest of spouse (Note 4)	739,500,000 shares	22.23%
Mr. Zheng Huanming	Beneficial Owner	480,000,000 shares	14.43%
Ms. Lai Wai Kong	Beneficial Owner	446,000,000 shares	13.41%

Notes:

- Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 761,000,000 shares held by Silver Tycoon Limited.
- Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 739,500,000 shares held by High State Investments Limited.
- Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To and is therefore deemed to be interested in all the shares held/owned by Mr. Cheung Chun To (by himself and through Silver Tycoon Limited), and together with the 11,140,000 shares beneficially owned by her.
- Ms. Ma Pui Ying is the spouse of Mr. Leung Chi Kin Joseph and is therefore deemed to be interested in all the shares held/owned by Mr. Leung Chi Kin Joseph (by himself and through High State Investments Limited) by virtue of the SFO.

Save as disclosed above, as at 31 March 2021, the Directors or chief executive of the Company were not aware of any person (other than a director or chief executive of the Company) who has an interest or short position in the securities in the Company that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2021.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2021 are set out in note 35 to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

EVENT AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

AUDITOR

ZHONGHUI ANDA CPA Limited was appointed by the Directors as the auditor of the Company. ZHONGHUI ANDA CPA Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 March 2021 have been audited by ZHONGHUI ANDA CPA Limited.

The consolidated financial statements for each of the two years ended 31 March 2020 and 2021 were audited by ZHONGHUI ANDA CPA Limited.

By Order of the Board

Cheung Chun To

Chairman

18 June 2021

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the year ended 31 March 2021. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability. The Directors will continue to use their best endeavors to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors for the year ended 31 March 2021.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board comprises:

Executive Directors

Mr. Cheung Chun To (*Chairman*)

Mr. Leung Chi Kin Joseph (resigned on 10 June 2021)

Independent non-executive Directors

Mr. Yue Kwai Wa Ken

Mr. Ngai Hoi Ying

Mr. Siu Shing Tak

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2021, a total of 7 Board meetings were held. For all other Board meetings, notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda that are required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the “**Company Secretary**”) with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings’ minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors’ inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings. The attendance record of each Director at the Board meetings is set out in the table below:

Name of Director	Number of meetings attended	
	Board Meetings	General Meetings
Mr. Cheung Chun To	6/7	1/1
Mr. Leung Chi Kin Joseph (resigned on 10 June 2021)	7/7	1/1
Mr. Yue Kwai Wa Ken	7/7	1/1
Mr. Ngai Hoi Ying	7/7	1/1
Mr. Siu Shing Tak	7/7	1/1

CORPORATE GOVERNANCE

RESPONSIBILITIES OF THE BOARD

The Board is responsible for overseeing and supervising the management of the business affairs and overall performance of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorizing the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days notices of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

BOARD DIVERSITY POLICY

On 4 February 2019, the Board adopted a policy of the Board diversity (the "Board Diversity Policy") and discussed measurable objectives set for implementing the Board Diversity Policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Cheung Chun To is the chairman of the Board who is primarily responsible for managing the Board. Mr. Cheung also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. During the year, Mr. Leung Chi Kin Joseph assumed the position of chief executive officer (the "CEO") primarily responsible for the day-to-day management of the Group's business. On 10 June 2021, Mr. Leung resigned as executive director and CEO of the Company, Mr. Cheung Chun To being chairman and executive director of the Company, was appointed as the CEO of the Company.

Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. As a result of the resignation of Mr. Leung Chi Kin Joseph on 10 June 2021, Mr. Cheung Chun To has assumed the position of Chief Executive Officer. The Board will be looking for a suitable chief executive officer to fulfil the CG Code.

The chairman of the Board held meetings at least annually with the non-executive Directors (including independent non-executive Directors) without other executive Directors present.

During the year ended 31 March 2021, all Directors attended the general meetings.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "Articles") provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence and each of the independent non-executive Directors has provided an annual confirmation of his independency to the Company pursuant to Rule 3.13 of the Listing Rules and the Company considers these independent non-executive Directors to be independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the revised CG Code which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2021, all Directors confirmed that they have complied with such requirement.

CORPORATE GOVERNANCE

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors during the year are summarised as follows:

Name of Directors	Type of trainings
Mr. Cheung Chun To	A, B
Mr. Leung Chi Kin Joseph (resigned on 10 June 2021)	A, B
Mr. Yue Kwai Wa Ken	A, B
Mr. Ngai Hoi Ying	A, B
Mr. Siu Shing Tak	A, B

A. attending seminars/conference forums/training courses

B. reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

AUDIT COMMITTEE

The major roles and functions of the audit committee of the Company (the "Audit Committee") are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Company and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment.

During the year, the Company adopted a whistleblowing policy in order to allow our employees or other stakeholders (e.g. suppliers and customers) of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Audit committee was established on 30 December 2013 currently comprising of three independent non-executive Directors, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying. Mr. Siu Shing Tak is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

CORPORATE GOVERNANCE

During the year ended 31 March 2021, two Audit Committee meetings were held. In the meetings during the year ended 31 March 2021, the Audit Committee has reviewed the consolidated audited annual results of the Group and the unaudited condensed consolidated interim results of the Group and reviewed the internal control system of the Group. The attendance record of each member of the Audit Committee for the meetings is set out as follows:

Name of members of the Audit Committee	Number of meetings attended
Mr. Siu Shing Tak (<i>Chairman</i>)	2/2
Mr. Yue Kwai Wa Ken	2/2
Mr. Ngai Hoi Ying	2/2

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 30 December 2013 comprising three independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Siu Shing Tak and Mr. Ngai Hoi Ying. Mr. Yue Kwai Wa Ken is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange. The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management and the Remuneration Committee has adopted the approach under B.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 12 to the consolidated financial statements.

During the year ended 31 March 2021, the Remuneration Committee held two meeting and the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members and senior management of the Company. The attendance record of each member of the Remuneration Committee for the meetings is set out as follows:

Name of members of the Remuneration Committee	Number of meetings attended
Mr. Yue Kwai Wa Ken	2/2
Mr. Siu Shing Tak	2/2
Mr. Ngai Hoi Ying	2/2

CORPORATE GOVERNANCE

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 30 December 2013 comprising the three independent non-executive Directors, namely Mr. Ngai Hoi Ying, Mr. Yue Kwai Wa Ken and Mr. Siu Shing Tak. Mr. Ngai Hoi Ying is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executives. In considering the nomination of new Directors, the Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, culture, educational background, qualification, ability, leadership, professional ethics, skills and knowledge, especially their professional experience.

During the year ended 31 March 2021, the Nomination Committee held one meeting and the Nomination Committee has performed its duties to determine and make recommendation to the reappointment of the Directors and review the independence of the independent non-executive Directors. The attendance record of each member of the Nomination Committee for the meeting is set out as follows:

Name of members of the Nomination Committee	Meeting attended
Mr. Ngai Hoi Ying	1/1
Mr. Siu Shing Tak	1/1
Mr. Yue Kwai Wa Ken	1/1

CORPORATE GOVERNANCE

DIRECTORS' AND AUDITORS RESPONSIBILITIES FOR THE ACCOUNTS

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle C.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the year ended 31 March 2021, no significant risk was identified.

CORPORATE GOVERNANCE

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- **Control Environment:** A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- **Risk Assessment:** A dynamic and iterative process for identifying and analyzing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.
- **Information and Communication:** Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- **Monitoring:** Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group’s system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the year ended 31 March 2021, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit (“IA”) function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group’s daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

CORPORATE GOVERNANCE

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

Audit Committee

The Board is responsible for overseeing the Group's internal control system and ensuring that a sound and effective internal control system is maintained. The Company has engaged professional staff with relevant expertise to conduct review and make recommendations for the improvement and strengthening of the internal control system. The professional staff with relevant expertise has reviewed the major internal controls and measures, including financial, operational and compliance as well as risk management and has made relevant recommendations for improvement of the internal control system to the Board. Any material non-compliance or failures in internal controls maintained by the Group and relevant recommendations for improvements are reported to the Audit Committee.

The Board has to be fully responsible for the stability and effectiveness of the systems of internal control and with management of the Group. It is also responsible for ensuring that recommendations made by the internal audit function and professional staff with relevant expertise are properly implemented. The Board recognizes that the Group's internal control system plays a key role in the management of risks, and the assurance of continued compliance with laws and regulations by the Group.

The Audit Committee has kept under review the system of internal control. Based on review undertaken together with reports submitted by the management and professional staff with relevant expertise, the Audit Committee will provide the Board with advice on the adequacy of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, in order to ensure that an effective internal control system is put in place. During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the CG Code. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

CORPORATE GOVERNANCE

AUDITOR'S REMUNERATION

The audit committee of the Board is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors.

During the financial year ended 31 March 2021, the fees paid/payable to the Company's auditor are set out as follows:

Services rendered	Fees paid/ payable HK\$'000
Audit services	360

During the financial year ended 31 March 2021, the fees paid/payable to the internal control consultant are set out as follows:

Services rendered	Fees paid/ payable HK\$'000
Non-audit services	
Other services – Internal control	45

COMPANY SECRETARY

Mr. Sin Chi Keung was appointed as the Company Secretary of the Company and chief financial officer of the Group on 26 April 2017. The biography of Mr. Sin is set out under the section headed "Biographical Details of Directors and Senior Management". Mr. Sin has day-to-day knowledge of the Company's affairs. As the Company Secretary, Mr. Sin supports the Board by ensuring board procedures and all applicable law, rules and regulations are followed. He is responsible for advising the Board on governance matters and facilitates induction and professional development of the Directors. The appointment and dismissal of the company secretary are subject to the Board approval in accordance with the Bye-Laws. Whilst the Company Secretary reports to the chief executive officer on the Group's company secretarial and corporate governance matters, all Directors have access to the advice and services of the Company Secretary. Pursuant to Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training in the year under review.

CORPORATE GOVERNANCE

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Suite 509-510, South Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- (a) At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;
- (b) At least 21 clear days' notice in writing (and not less than 20 business days) if calling for an annual general meeting or the proposal constitutes a special resolution of the Company in EGM.

CORPORATE GOVERNANCE

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to info@majorcellar.com for the attention of the company secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. matters within the Board's purview to the executive Directors;
2. matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and consumer complaints, to the appropriate management of the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.majorcellar.com.

For the year ended 31 March 2021, there had been no significant change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Major Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “We”) is engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products, etc. The Group offers products through its retail showrooms, network of distributors, retail organizations, five-star hotels, and private clubs.

The Group is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the financial year ended 31 March 2021 (the “Year” or “2021”). The ESG Report summarises the initiatives, programmes and performance of the Group as well as demonstrates its commitment to sustainability. The preparation of the ESG Report, which was supported by employees across various departments of the Group, enables the Group to have a better understanding of its current environmental and social development. The information that the ESG Report gathered is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also forms the basis for the Group to map out short and long-term strategies for sustainable development.

The Group believes sustainability is a key to achieve continuous success and has integrated this key concept into its business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating environmental, social and governance (“ESG”) aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

The ESG Governance Structure

The Group conducts a top-down management approach regarding our ESG issues. The board of directors (the “Board”) oversees and sets out ESG strategy for the Group. It is also responsible for ensuring the effectiveness of the Group’s risk management and internal controls.

In order to have a systematic management of the Group’s ESG issues, we have set up an ESG working taskforce (the “Taskforce”) composed of staff from relevant departments during the Year. The Taskforce is responsible to collect relevant ESG data and compile the ESG Report. It would periodically report to the Board, assist the assessment and identification of the Group’s ESG risk management, evaluate the implementation and effectiveness of internal control system. It also reviews the Group’s ESG performance, including environmental, labour practices and other ESG aspects.

SCOPE OF REPORTING

Unless specified otherwise, the ESG Report covers the Group’s seven operating segments, which are also reported in the Group’s 2021 annual report, which include the sales of red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. We will continue to expand the scope of disclosure in the future after the Group’s data collection system is more matured and the sustainable development work is enhanced.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) as set out in the Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report in this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the Year.

STAKEHOLDER ENGAGEMENT

Opinions and feedback from the Group's stakeholders regarding its businesses and ESG aspects are greatly valued by the Group, as their expectations and concerns steer the Group towards sustainability, allowing the Group to formulate business and ESG strategies accordingly and appropriately. Throughout the Year, the Group has maintained close communication with key stakeholders, including investors and shareholders, employees, customers as well as suppliers and distributors, by utilising a variety of engagement methods, which are shown as below.

Stakeholders	Expectations and Concerns	Communication Channels
Investors and Shareholders	<ul style="list-style-type: none"> Return on investment Corporate governance Business compliance 	<ul style="list-style-type: none"> Financial reports Announcements, circulars and notices Annual general meetings
Employees	<ul style="list-style-type: none"> Employees' compensation and benefits Career development Health and safety work environment 	<ul style="list-style-type: none"> Trainings, seminars and briefing sessions Regular employees performance reviews
Customers	<ul style="list-style-type: none"> High quality products and services Protect the rights of customers After-sales customer services 	<ul style="list-style-type: none"> Sales and marketing team (introduction of wine appreciation) Customer support hotline and email
Suppliers and distributors	<ul style="list-style-type: none"> Fair and open procurement 	<ul style="list-style-type: none"> Supplier management meetings Training

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

MATERIALITY ASSESSMENT

In preparation for the ESG Report, the management and staff of the Group’s respective major functions have assisted the Group in reviewing its operations, identifying relevant ESG issues, and assessing the importance of related matters to its businesses and stakeholders. The Group has compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units and stakeholders of the Group.

The following table is a summary of the Group’s material ESG issues:

Environmental	Social
<ul style="list-style-type: none"> • Greenhouse Gas (“GHG”) Emissions • Waste Management • Paper Management • Indoor Air Quality • Energy Management • Water Consumption • Use of Packaging Material 	<ul style="list-style-type: none"> • Recruitment, Promotion and Dismissal • Remuneration • Welfare and Benefits • Diversity, Equal Opportunity and Anti-discrimination • Training Programmes • Supply Chain Management • Quality Assurance • Customer Service • Anti-corruption • Protection of Whistle-blower • Community Investment

During the Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG Report or our performances in sustainable development by email at www.majorcellar.com.

Key Performance Indicators

Environmental Indicators	Unit	2021	2020
GHG			
Scope 1 – Direct Emissions	tonnes CO ₂ e	–	–
Scope 2 – Indirect Energy Emissions	tonnes CO ₂ e	94.84	155.38
Total GHG Emissions	tonnes CO ₂ e	94.84	155.38
Total GHG Emissions Intensity ¹	tonnes CO ₂ e/employee	3.16	4.32
Waste			
Paper	kg	140.41	143.23
Waste wooden pallets	kg	850.00	1,700.00
Total Non-hazardous Waste	kg	990.41	1,843.23
Total Non-hazardous Waste Intensity	kg/employee	33.01	51.20
Total Hazardous Waste	piece	–	–
Total Hazardous Waste Intensity ¹	piece/employee	–	–
Energy Consumption			
Electricity	MWh	250.01	292.10
Total energy consumption	MWh	250.01	292.10
Total energy consumption intensity ¹	MWh/employee	8.33	8.11
Water Consumption			
Water Consumption	m ³	441.00	185.00
Water Consumption Intensity ¹	m ³ /employee	14.70	5.14
Packaging Material			
Total Packaging Material Consumption	kg	1,300.54	135.90
Total Packaging Material Consumption Intensity ²	kg/bottle	0.03	0.002

Remarks:

- The number of employees was 30 (2020: 36) at of 31 March 2021.
- The number of bottles of product sold in the Year was 47,805 (2020: 70,455) bottles.
- GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factor of Hong Kong Electric and CLP, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by The Stock Exchange of Hong Kong Limited, “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

A. ENVIRONMENTAL

A1. Emissions

The Group understands the importance of addressing any potential direct or indirect environmental impact caused by its business operations, and is committed towards minimizing pollution and conserving resources where possible.

In order to continue developing an environmentally sustainable business model, the Group has integrated environmental consideration into our decision-making processes, and has embraced the challenge of addressing our most material ESG issues. This is achieved through innovating and implementing measures that promote energy conservation, waste reduction and any other green initiatives with respects to the life cycle of our products and services. In efforts to create a culture of environmental sustainability, the Group also endeavors to raise employee's awareness on environmental protection and stress the importance of compliance on relevant environmental laws and regulations.

In order to enhance our environmental governance practice and mitigate the environmental impact produced by the Group's operations, we have adopted and implemented relevant environmental policies and have communicated such policies to our employees. These policies apply the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation principle, with an objective of minimizing the adverse environmental impacts and ensure the waste disposed and emission generated are conducted in an environmentally responsible manner.

In the long run, the Group will enhance its energy saving management in minimising the use of lighting, air conditioning and electronic appliances, and track its energy consumption regularly in the coming years.

Within our policy framework, we continually look for different opportunities to pursue environmental friendly initiatives, enhance our environmental performance by reducing energy and use of other resources.

During the Year, the Group was not aware of any material non-compliance with relevant local environmental laws and regulations including but not limited to the Environmental Protection and Management Ordinance, the Environmental Public Health Ordinance, and the Environmental Public Health (General Waste Collection) Regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that would have a significant impact on the Group.

Exhaust Gas Emissions

The Group does not have any company-owned vehicles, it considers that exhaust gas emissions generated were insignificant during the Year.

GHG Emissions

The GHG emissions of the Group were mainly generated from the purchased electricity (Scope 2). The Group actively adopts electricity conservation and energy saving measures as well as other measures to reduce GHG emissions, including:

- Actively adopt environmental protection, energy conservation, and water saving measures. Relevant measures are described in "Energy Management" and "Water Consumption" under aspect A2; and
- Actively adopt paper saving measures in offices. The relevant measures are described in "Waste Management" under this aspect.

During the Year, the GHG emissions of the Group has decreased by approximately 38.96% from 155.38 tonnes CO₂e in 2020 to 94.84 tonnes CO₂e in 2021. This was mainly due to the work from home arrangement as a result of the pandemic outbreak of COVID-19.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Sewage Management

Due to the Group's business nature, the discharges into land were insignificant. Similarly, discharges into water were insignificant; sewage discharge is covered by the water bill.

Waste Management

Hazardous waste handling method

Due to the Group's business nature, it does not generate significant amount of hazardous waste during the Year. Nevertheless, the Group has established guidelines to better govern the management and disposal of hazardous wastes. When there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is in compliance with the relevant environmental rules and regulations.

Non-hazardous waste handling method

Seeing as the generation of non-hazardous waste such as office paper and wood pellets are unavoidable. The Group's environmental policy places emphasis on carbon reduction and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilization of environmental resources. The Group is committed to promoting an environmental-friendly mindset among its employees.

With the aim of minimising the environmental impacts of non-hazardous wastes generated from its business operations, our staff and the assigned administrative staff in the workplace collectively take the responsibilities for the waste management in our retail showrooms, offices and warehouse, in reference to the established environmental policies, the Group has implemented measures to handle such wastes and launched different reduction initiatives including but not limited to:

- Utilise electronic communication where applicable, such as e-leave system, e-cards for festival greetings, medical e-claims and e-brochures for distributing to customers;
- Promote, recycling of paper and the use of recycled paper and toner or environmentally friendly materials;
- Redeploy office furniture within the Group where possible to reduce the amount of material going to landfill;
- Minimise waste wherever feasible; and
- Sort recycled waste into appropriate receptacles, educating employees on sorting methods if needed.

During the Year, the non-hazardous waste generated of the Group has significantly decreased from approximately 1,843.23 kg in 2020 to approximately 990.41 kg in 2021. This was mainly due to the disposal of waste wooden pallets as a result of the closure of a retail shop.

Paper Management

Measures aiming at minimizing paper consumption are also implemented, which include using paper on both sides, replacing paper-based office administration system with the Office Automation ("OA") system, installing the Electronic Point of Sale ("EPOS") system to monitor the level of inventories electronically, employing electronic communication, etc.

At the same time, the Group has adopted the following practices to reduce paper waste at source in order to reduce paper consumption:

- Minimise paper usage at our workplace by recycling used papers regularly and use double-sided printing;
- Redeploy computer and notebook within the Group where possible;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

- Use high performance and all-in-one multi-function printers that incorporate printer, scanner and copier functions into single device which were shared among different departments. This can reduce the number of different kinds of devices so as to minimise power consumption and carbon footprint as well as maintenance;
- Encourage our staff to utilise electronic directories, forms, reports and storage when possible;
- Recycle and reuse papers, carton boxes, envelopes and folders; and
- Explore the opportunity of using Forest Stewardship Council certified paper.

During the Year, the paper consumption of the Group has decreased approximately 1.97% from approximately 143.23 kg in 2020 to approximately 140.41 kg in 2021. This was mainly due to the decrease in business activities.

A2. Use of Resources

The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the use of resources in all of its business operations.

During the operations, fuel, electricity and water are frequently consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources with reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Management

The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures in our operations. Related policies and initiatives on energy conservation have been developed to show our concern on energy efficiency. Regular reviews are conducted on our energy objectives and targets in order to seek continuous improvement in the Group's energy performance. The Group has adopted the following energy conservation measures:

- Utilise light-emitting diode ("LED") lights;
- Separate indoor areas into different light zones with independent switches;
- Improve the work efficiencies of air conditioners by cleaning the filters and fans regularly;
- Remind employees to switch off printers during non-working hours
- Set computers to automatic sleeping mode when idle; and
- Allow employees to dress casual wear in hot weather so as to reduce the use of air conditioners.

During the Year, the electricity consumption of the Group has decreased by approximately 14.41% from 292.10 MWh in 2020 to 250.01 MWh in 2021. This was mainly due to the work from home arrangement as a result of the pandemic outbreak of COVID-19.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Water Consumption

Water is one of the most precious resources on the planet, and therefore the Group pays great attention to conserve water in its daily operation. Since the water supply and discharge of the head office, majority of the retail stores and warehouse located in leased office premises are solely controlled by property owner or building management, there was only water consumption data of the Kwai Chung warehouse being collected. The Group has implemented various measures such as using appliances with water-efficient label to raise our employees' awareness of water saving. During the Year, the water consumption of the Group has increased from 185.00 m³ in 2020 to 441.00 m³ in 2021. This was mainly due to the increased water usage to combat the spread of COVID-19.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Use of Packaging Material

When packaging the wine and spirit products, carton boxes, plastic bags and plastic films are mostly consumed by the Group's operation. Employees are instructed to use only appropriate amount of packaging material so as to avoid over packaging and hence reduce the use of packaging material. During the Year, the use of the packaging material of the Group has significantly increased from 135.90 kg in 2020 to 1,300.54 kg in 2021. This was mainly due to the increased plastics films usage for the closure of one of the retail shops.

A3. The Environment and Natural Resources

Although the core business of the Group has remote impact on the environment and natural resources, we recognise our responsibility in minimizing the negative environmental impact of our business operations, as an ongoing commitment to good corporate social responsibility.

The Group works tirelessly to mitigate the environmental impact of its business activities through adopting industrial best practices targeted at reducing natural resources consumption and effective emission management. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. The Group adopts air purifying equipment in the workplaces as well as conducts regular cleaning of air conditioning system, which help to maintain indoor air quality and filter out pollutants, contaminants and dust particles.

B. SOCIAL

B1. Employment

The Group believes in creating an inclusive working environment, providing employees with equal opportunities in all matters and strives to ensure that employees are treated fairly regardless of their sex, marital status, pregnancy, disability, family or race. Employment policies and procedures are all in strict compliance with the Employment Ordinance as well as the laws and regulations on anti-discrimination.

During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations including but not limited to the Employment Ordinance that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Recruitment, Promotion and Dismissal

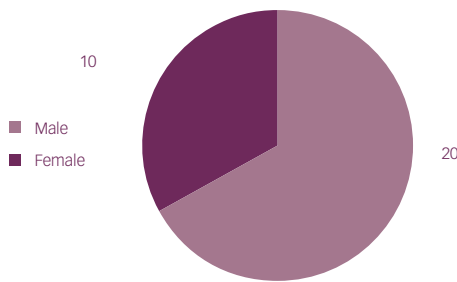
We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and potential to fulfil the Group’s current and future needs.

The promotion of the Group’s employees is subject to review regularly. In case of a vacancy in higher positions, priority is given to internal promotion of employees based on determinants like their performance, education background, ability, conduct and attendance record.

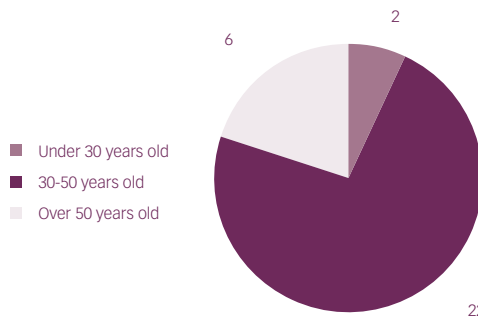
Unreasonable dismissal under any circumstances is forbidden in the Group. Dismissal process will only be proceeded with a reasonable basis and sufficient communication on the problems is ensured prior to the official dismissal.

As of 31 March 2021, the Group had a total of 30 employees. All employees are located in Hong Kong. The employee composition by gender, age group, employee category and employment type are as follows:

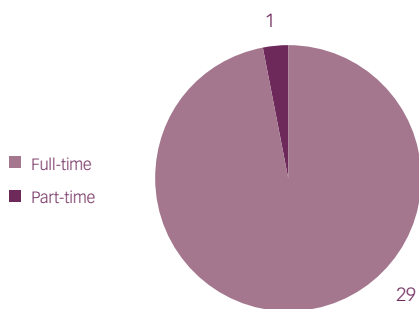
EMPLOYEE DATA BY GENDER



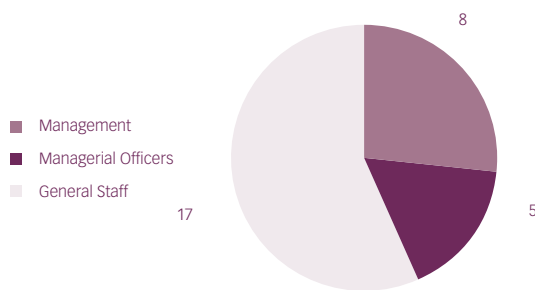
EMPLOYEE DATA BY AGE GROUP



EMPLOYEE DATA BY EMPLOYMENT TYPE



EMPLOYEE DATA BY EMPLOYEE CATEGORY



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Remuneration

Employee's remuneration package, including basic salary, discretionary bonuses, sales commission and medical insurance, is determined in light of his or her qualification, position and seniority. To ensure the level of remuneration remains competitive, the Group conducts annual assessment on remuneration package with the adjustment range subjects to each employee's performance, efficiency, behaviour and discipline, degree of loyalty and contribution to the Group for the Year, together with the Group's financial situation and changes of market wage.

Welfare and Benefits

In line with the Employment Ordinance, employees are entitled to at least one day off per week and public holidays. Employees are also eligible for annual leave, maternity leave, marriage leave, paternity leave, sick leave, compassionate leave, special leave and jury service leave. The normal working hours for employees are eight hours per day. Shift work and different working hours systems may apply depending on the job nature and arrangement of the department.

The Group also remits contributions to the Mandatory Provident Fund Retirement Benefit Scheme (the "MPF Scheme") under the Hong Kong's Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong.

Diversity, Equal Opportunity, Anti-discrimination

As an equal opportunity employer, we recognise the value of a diverse and skilled workforce and are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive.

We are dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation.

The Group's equal opportunities code specified under the Staff Handbook allows zero tolerance to any workplace discrimination, harassment or victimization in accordance to relevant government legislation, ordinances and regulations. Employees are encouraged to report any incidents involving discrimination to the Audit Committee of the Board of the Group. We strive to ensure that complaints, grievances and concerns, including whistle blowing, are dealt in a prompt and confidential manner.



Certification of The Racial Diversity & Inclusion Charter for Employers

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

B2. Health and Safety

The Group highly values the health and safety of all our employees, distributors, customers and others who visit or work on our premises and preventing work-related accidents, injuries and illnesses, and looks to maintain a hazard-free working environment. We believe that employees are the valuable assets of an enterprise and regard human resources as our corporate wealth. The Group has established a section of health and safety under the Staff Handbook to prevent and remediate of safety accidents in workplace so as to maintain a safe working environment. We review, and if necessary revise, this section and our health and safety practices at least annually to ensure continuous improvements of our health and safety standards.

The Group follows the occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council, and regularly encourages employees to attend related workshops or training courses. The Human Resources and Administration Department also takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

Different sets of safety manuals covering fire prevention, safety knowledge and handling procedures of accidents in workplace have been formulated for the retail showrooms, offices and warehouse, to maintain and ensure a safe working environment for employees.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Workplace Safety and Health Ordinance that would have a significant impact on the Group.

Occupational Health and Safety Training

The managers of different workplaces are responsible to provide new employees with trainings on fire prevention and safety induction on the first working day. For specific posts (such as electricians), employees are required to acquire qualification certificates prior to employment. To reduce injuries and health problems caused by cargo handling and prolonged use of computers, detailed guidelines and safety notes are delivered to employees for their reference.

Preventative Measures of COVID-19

In view of the outbreak of COVID-19, the Group has taken various measures to safeguard its employees and customers to ensure their health and safety. Apart from complying with public health and safety measures followed by the local government in preventing the spread of the virus, the Group has also required the employees and customers to wear surgical masks wherever in its premises. The Group has also strengthened the sanitation in its operations by putting in place precautionary measures such as temperature screening before entering office, shops and warehouse, and ensuring sufficient provision of disinfection supplies like face masks and hand sanitisers in its premises. All goods shipped from Europe are required to spray disinfectant before conduct checking.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

B3. Development and Training

The Group recognises that our success greatly depends on the valuable contribution our talents. Therefore, we are committed towards continue developing and inspiring our employees to achieve excellence. This is achieved by implementing development of training strategies that focus on creating value and serving the needs of our customers, our talents and the society.

Training Programmes

The Group is committed to enhancing employees' industrial, technical and product knowledge as well as their understanding of work safety standards through the provision of induction programs and continuous professional trainings. To maintain a high quality of service to customers, the Group does not only attach importance to the trainings of its wine consultants, but also arranges training sessions with suppliers to further enhance employees' knowledge on the selection of wine and spirits products. For employees in different positions, such as logistics, procurement and clerical, different trainings are also arranged to improve their working efficiency and performance.

Furthermore, the Group has set up an education program to subsidize employees at maximum of HK\$10,000 and management of HK\$20,000 to take courses related to their work organized by various institutions and professional organizations. The management will assess the relativity of the course to the employee's work and determine the amount of subsidy accordingly. Employees can also apply for allowance to obtain qualification certificates on relevant skills.

During the Year, about 6.67% of the Group's employees participated in training. All employees receiving training were male general staff. The average training hours was 0.10. The following is a summary of the training performance of the Group during the Year:

Development and Training Indicators	Unit	2021
Total number of hours of internal training received by employees	hours	3.00
Total number of employees trained	number	2
Percentage of employees trained by gender		
Male	percentage	15.00
Female	percentage	–
Percentage of employees trained by employee category		
Management	percentage	–
Managerial officers	percentage	–
General staff	percentage	17.76
Average hours of training per employee by gender		
Male	hours	0.15
Female	hours	–
Average hours of training per employee by employee category		
Management	hours	–
Managerial officers	hours	–
General staff	hours	0.18

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

B4. Labour Standards

Prevention of Child Labour and Forced Labour

The Group does not tolerate any form of forced labour and child labour. Child and forced labour are strictly prohibited as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources and Administration Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations including but not limited to the Employment Ordinance that would have a significant impact on the Group.

B5. Supply Chain Management

Supply Chain Management Structure

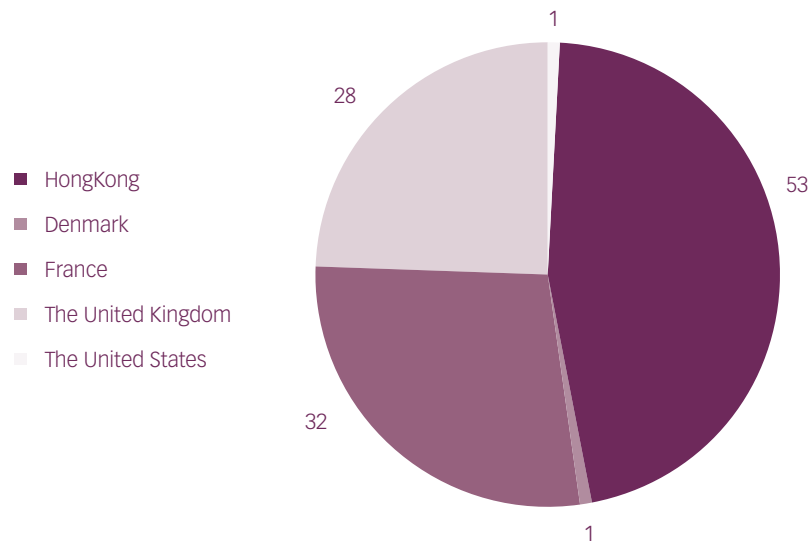
With supply chain management being a core procedure for quality control, the Group has established strict guidelines in the selection of suppliers, including background assessment on new suppliers. Suppliers of wine and spirits products are selected based on their reputation and industrial recognition for product quality and supply reliability, operation history, business size, delivery performance, products portfolio, stock inventories, market demand of the products. Generally, a product procured from supplier does not only subject to the applicable laws and standards of its country of origin, but also the certifications issued by the local's wine association. A meeting with suppliers is held annually, which facilitates the Group's understanding of their supplies. Furthermore, the EPOS system further enables the Group to track the sources of products.

When selecting suppliers for other products such as packaging materials for the wine and spirit products, the Group takes into account the geographical location of the suppliers in hopes of reducing the GHG emissions from the product delivery process. During the Year, all suppliers of packaging material and other appliances are located within Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

During the Year, totally 115 approved suppliers have been engaged by the Group. The following is a summary of the suppliers by geographical region of the Group:

NUMBER OF SUPPLIERS BY GEOGRAPHICAL REGION



Environmental and Social Responsibility of Suppliers

In view of the increasing awareness of environmental and social issues in today’s society, the Group has taken both environmental and social risks into considerations in the procurement and supplier selection process, to avoid being associated with suppliers that does not fit our long term vision for sustainable development. The Group endeavors to keep constant communication with suppliers and will continue to monitor its supply chain regarding the environmental and social standards.

During the Year, the Group was not aware of any key suppliers that had any actions or practices which have a significant negative impact on business ethics, environmental protection, human rights and labour practices.

Fair and Open Procurement

We have also formed rules to ensure that the suppliers could participate in an open and fair manner. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

B6. Product Responsibility

The Group takes pride in ensuring customer satisfaction with our products and services, and has always taken a customer-centric business philosophy in our operation at all levels of the Group. Therefore, we strive to optimize and improve the quality of our products and services so as to satisfy and meet our customers' expectation.

During the Year, the Group was not aware of any material non-compliance with advertising, labelling and privacy matters relating to products and services provided and methods of redress-related laws and regulations including but not limited to the Trade Descriptions Ordinance that would have a significant impact on the Group.

Quality Assurance

The Group has engaged independent third-party logistics companies with good reputation and rich experience in the shipment of wine and spirits products to pick up and deliver the products procured from suppliers to the warehouse. During the transportation process, the products are stored in temperature-controlled containers.

Upon the arrival of the wine and spirits products in the warehouse, the Group's logistics team will conduct careful inspection by examining the products' labeling, wine level, sealing and overall packaging. In order to ascertain the authenticity of a suspected product, a wine inspector with solid wine knowledge and academic background will examine the product, including but not limited to the wooden case, exterior design, carving, label, capsule and special design on the bottle. In the event that a product is found defective after quality control inspection, the Group's purchasing team will liaise with the corresponding supplier and inform them of such defects with supporting photograph images, and subsequently arrange for return of the defective product.

To ensure the inventories are free from contamination and properly stored, the temperature and relative humidity level of the warehouse are strictly controlled at 17 to 19 degree Celsius and 55% to 70%, respectively. The Group's warehouse and logistics team monitor and record the storage conditions of the warehouse on a daily basis.

Customer Privacy Protection

Newly-recruited employees are required to sign a confidentiality agreement which contains the Group's requirements for privacy protection and non-competition clause. It is also explicitly stipulated in the staff Handbook that when authorized to deal with the Group's information, employees shall take security measures so as to avoid abuse, misuse or loss of such information. Without the written approval of the management, employees are not allowed to disclose any information regarding the Group's business, financial trading and other aspects to third parties.

Customer Service

Customer service has always been a major focus for the Group to achieve continuous development. In order to enhance customers' overall shopping experience, the Group provides complimentary wine appreciation consultation services and wine storage consultation services as part of its after-sales customer services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

The Group's sales and marketing team consists of 14 wine consultants, most of whom possess certificates ranging from Level 1 Award in wine (foundation certificate) to Level 3 Award in wine and spirits (advanced certificate) awarded by the Wine and Spirit Education Trust (WSET). After the conclusion of a transaction, the sales and marketing team will give customers brief introduction and guidance of wine appreciation (such as breathing time and storage requirements) to enable the full enjoyment of their purchases, minimize the risk of damage due to improper storage and reduce the possibility of returning products.

The Group has also formulated a relevant complaint handling policy. All of the complaints lodged by customers will be handled in a timely and courteous manner. Once appropriate remedial actions have been determined, a member of sales and marketing team will follow up with the relevant customer in respect of remedial arrangements, including arranging for refund of the product in dispute.

Advertisement and Labelling

The Group has launched various publicity campaigns such as advertising in magazines, organizing wine tasting events, and participating in wine and spirits fairs and other promotional activities to boost sales of its products as well as strengthen relationships with customers. Brochures and promotional leaflets are also distributed to customers at times for promoting the Group's corporate image and brand. It is the Group's commitment to ensure the compliance of its advertisement and promotional strategies with the Trade Description Ordinance and other relevant laws and regulations. False, misleading or incomplete information and misstatements with respect to products are all strictly prohibited.

B7. Anti-corruption

The Group has always upheld integrity, honesty and fairness as the principles of how we operate. Therefore, the Group is firm on not tolerating any corruptions, frauds and all other behaviours that could compromise our reputation as an ethical corporate.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Corruption Ordinance that would have a significant impact on the Group. The Group also did not have any concluded legal cases regarding corrupt practices brought against the Group or our employees.

Anti-corruption

With the recognition of the importance of a corruption-free business operation, the Group strictly observes the Prevention of Bribery Ordinance and other laws and regulations. As stated in the disciplinary code under Staff Handbook, employees are forbidden to solicit or accept any benefits, gifts and hospitality from customers, suppliers and other third parties engaged in business operation with the Group. Taking advantage of one's position and power to commit crimes is also unequivocally prohibited and will be severely punished. Employees also have the responsibility to avoid any conflict of interest between the Group and their family, relatives, or friends.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Protection of Whistle-blower

In order to further achieve and maintain the highest standards of openness, probity and accountability, the Group has also implemented Whistleblowing Policy. This policy allows all employees of the Group as well as independent third parties (e.g. customers and suppliers or distributors) who deal with any employees to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Audit Committee of the Board or the anonymously. Reports and complaints received will be handled in a prompt and fair manner. In some cases, the Group might need to refer the case to the competent authorities. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions. The identity of the whistle-blower will be kept confidential where possible. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions.

B8. Community Investment

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen. We aim to promote the stability of the society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

Raising Awareness of Employees

The Group also encourages its employees to suggest areas of contribution based on their personal experiences in the community, so that the Group can allocate resources according to maximise its social impact.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions (Not applicable – Explained), GHG Emissions, Sewage Management (Not applicable – Explained), Waste Management, Paper Management
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Sewage Management (Not applicable – Explained), Waste Management (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of reduction initiatives and results achieved.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Training
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Programmes

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Aspects, General Disclosures and KPIs

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Supply Chain Management Structure
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Supply Chain Management Structure, Environmental and Social Responsibility of Suppliers, Fair and Open Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020/2021

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Protection of Whistle-blower
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheung Chun To (張俊濤), aged 42, our chairman and an executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang (a former executive Director) and Ms. Cheung Wing Shun (an executive Director). Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001 with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai. From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恆隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc Wines Limited ("Rouge & Blanc"). In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar Company Limited ("Major Cellar") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ngai Hoi Ying (魏海鷹), aged 64, an Independent Non-Executive Director, was appointed to the Board on 30 December 2013. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資(集團)有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and Macau (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009. During the years 2014-2019, he was also appointed as Central Advisory Board Member of the Senior Police Call Central Advisory Board. In 2020, he was awarded the Medal of Honor by the Hong Kong Special Administrative Region Government.

Mr. Yue Kwai Wa Ken (余季華), aged 55, has been appointed as an Independent Non-Executive Director of the Company since 30 December 2013. Mr. Yue has approximately 24 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005, a member of the Chartered Global Management Accountant in 2012 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited ("Roma Group"), a company listed on the GEM of the Stock Exchange (Stock code: 8072), since 18 March 2011 and company secretary and compliance officer of Roma Group since 26 September 2011. Also, Mr. Yue has been redesignated as the chief executive officer of Roma Group since 1 October 2017 and appointed as the chairman of Roma Group since 18 December 2017. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3838), since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (stock code: 1561) since 6 November 2015 until 31 December 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Siu Shing Tak (蕭承德), aged 37, graduated from Walter A. Haas School of Business of the University of California, Berkeley, with a Bachelor degree in Science in Business Administration. He was appointed to the Board as an independent non-executive Director on 22 March 2018. He is a certified public accountant of Hong Kong Institute of Certified Public Accountant. He has over ten years of experience in accounting, auditing and internal control. He held various senior management positions in companies listed in the United States and Hong Kong, where he was responsible for internal audit and daily financial operation and he assisted in their transactions and compliance with applicable rules and regulations. He also worked in PricewaterhouseCoopers in its United States and Hong Kong offices during which he engaged in auditing work of listed companies and initial public offering projects.

SENIOR MANAGEMENT

Mr. Lau Cho Yiu (劉佐堯), aged 37, is the Director of Major Cellar Company Limited (“Major Cellar”), being one of the subsidiary company of Major Holdings Limited. In 2007, Mr. Lau obtained a double major degree from University of Houston, major in Accounting and Finance. Mr. Lau worked in Finance Industry for 4 years. He joined Major Cellar in 2011 as our retail operation supervisor, and promoted to the position of Director in April 2019. Mr. Lau is experienced in the Fine Wine Market in Hong Kong, and is responsible for procurement and sales pricing strategies, maintain close communication with suppliers and overseeing the wholesale and retail operation of Major Cellar.

Ms. Yiu Wai Man (饒慧文), aged 44, is a director of The Wine Cave Company Limited (“Wine Cave”), one of the subsidiary of the Company. In 2008, Ms. Yiu joined Topsy Trading Company Limited as personal and marketing assistant to begin her career in wine industry. In 2010 Ms. Yiu joined Bordeaux Index Limited as sales assistant. In 2011, Ms. Yiu established Wine Cave, which provided trading, storage and consignment services in the premium wine market in Hong Kong. In November 2018, Wine Cave was acquired by the Company. Ms. Yiu continued to work as a director, and is responsible for the daily operations of Wine Cave.

COMPANY SECRETARY

Mr. Sin Chi Keung (冼志強), age 59, joined the Company as Company Secretary and the Group as the chief financial officer since 2017. Mr. Sin is a fellow member with the Hong Kong Institute of Certified Public Accountants and holds a Master degree in Business Administration from the Oklahoma City University USA. Mr. Sin has more than 20 years of solid working experiences in corporate management, capital markets and financial management in Hong Kong and the People’s Republic of China.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF MAJOR HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Major Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 107, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

INVENTORIES

Refer to note 20 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of HK\$83,609,000 as at 31 March 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventories;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventories;
- Assessing the ageing of the inventories;
- Assessing the net realisable values of the inventories; and
- Checking subsequent sales of the inventories.

We consider that the Group's impairment test for inventories is supported by the available evidence.

TRADE RECEIVABLES

Refer to note 21 to the consolidated financial statements

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK\$27,363,000 as at 31 March 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;

INDEPENDENT AUDITOR'S REPORT

TRADE RECEIVABLES (continued)

Refer to note 21 to the consolidated financial statements (continued)

- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Audit Engagement Director

Practising Certificate Number P07374

Hong Kong, 18 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	6	114,587	155,206
Cost of sales		(97,230)	(148,410)
Gross profit		17,357	6,796
Interest revenue		20	13
Other income	7	1,907	2,617
Other gains and losses, net	8	171	(5,327)
Promotion, selling and distribution expenses		(13,163)	(16,030)
Administrative expenses		(10,616)	(19,007)
Loss from operations		(4,324)	(30,938)
Finance costs	9	(1,254)	(1,395)
Loss before tax		(5,578)	(32,333)
Income tax credit/(expense)	10	543	(27)
Loss and total comprehensive expense for the year attributable to owners of the Company	11	(5,035)	(32,360)
Loss per share	14		
– Basic and diluted (cents)		(0.15)	(1.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	31 March 2021 HK\$'000	31 March 2020 HK\$'000
Non-current assets			
Property, plant and equipment	15	4,135	6,095
Right-of-use assets	16	4,622	14,293
Goodwill	17	2,254	2,254
Intangible assets	18	450	675
Deposits	22	642	603
		12,103	23,920
Current assets			
Inventories	20	83,609	81,842
Trade receivables	21	27,363	36,698
Prepayments, deposits and other receivables	22	38,230	42,587
Current tax assets		393	403
Pledged bank deposits	23	6,056	6,036
Bank and cash balances	23	6,898	5,717
		162,549	173,283
Current liabilities			
Trade payables	24	1,190	2,901
Contract liabilities	25	12,074	6,087
Other payables		1,462	2,167
Bank borrowings	26	12,786	30,127
Due to a director	27	5,000	5,000
Lease liabilities	28	5,610	6,177
		38,122	52,459
Net current assets		124,427	120,824
Total assets less current liabilities		136,530	144,744

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	31 March 2021 HK\$'000	31 March 2020 HK\$'000
Non-current liabilities			
Lease liabilities	28	1,335	3,886
Deferred tax liabilities	29	74	702
		1,409	4,588
NET ASSETS			
		135,121	140,156
Capital and reserves			
Share capital	30	4,158	4,158
Reserves	32	130,963	135,998
TOTAL EQUITY			
		135,121	140,156

The consolidated financial statements on pages 61 to 107 were approved and authorised for issue by the board of directors on 18 June 2021 and signed on its behalf by:

Cheung Chun To
Director

Ngai Hoi Ying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

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

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(5,578)	(32,333)
Adjustments for:			
Interest on bank borrowings		981	1,117
Lease interest expenses		273	278
Interest revenue		(20)	(13)
Change on fair value of derivative financial instrument		–	300
Depreciation of property, plant and equipment		2,323	2,453
Depreciation of right-of-use assets		6,868	7,821
Amortization of intangible assets		225	225
Gain on disposal of property, plant and equipment		–	(34)
Gain on disposal of right-of-use assets		(136)	–
Gain on disposal of a subsidiary		(10)	–
Allowance/(reversal of allowance) for inventories		1,526	(1,576)
Impairment loss on property, plant and equipment		–	813
Impairment loss on right-of-use assets		–	2,091
Loss allowance provision for trade receivables		–	1,280
Write off of inventories		2	14
Write off of property, plant and equipment		1	966
Operating profit/(loss) before working capital change		6,455	(16,598)
Change in inventories		(3,295)	41,845
Change in trade receivables		9,335	(24,994)
Change in prepayments, deposits and other receivables		4,406	(5,253)
Change in trade payables		(1,711)	(487)
Change in contract liabilities		5,987	2,083
Change in other payables		(705)	(4,234)
Cash generated from/(used in) operating activities		20,472	(7,638)
Lease interest expenses		(273)	(278)
Income tax paid		(75)	(273)
Net cash generated from/(used in) operating activity		20,124	(8,189)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in pledged bank deposits		(20)	(1,502)
Disposal of a subsidiary	33(a)	44	–
Interest received		20	13
Proceeds from disposal of right-of-use assets		7,840	–
Proceeds from disposal of property, plant and equipment		–	130
Purchases of property, plant and equipment		(364)	(755)
Net cash generated from/(used in) investing activity		7,520	(2,114)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES	33(b)		
Repayment of bank borrowings		(46,312)	(55,190)
Bank borrowings raised		28,971	71,811
Repayment of lease liabilities		(8,141)	(8,361)
Interest paid		(981)	(1,117)
Net cash (used in)/generated from financing activities		(26,463)	7,143
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,181	(3,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,717	8,877
CASH AND CASH EQUIVALENTS AT END OF YEAR		6,898	5,717
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		6,898	5,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

1. GENERAL INFORMATION

Major Holdings Limited (the “Company”) was incorporated in Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Suite 509-10, 5th Floor, South Tower, World Finance Centre, Harbour City, 5 Canton Road, Kowloon, Hong Kong. The Company’s shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 January 2014 and subsequently transferred listing to the Main Board of the Stock Exchange on 30 October 2015.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a nonmonetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Shorter of 20% and over the lease terms
Office computers	20%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	12.5%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	over the lease term of 1 year to 3 years
Yacht and watercraft	10%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000 (equivalent to approximately HK\$39,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Customer relationship

Customer relationship is stated at cost (fair value at date of acquisition) less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over its estimated useful life of 4 years. Impairment is reviewed when there is any indication that customer relationship has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under financial assets at amortised cost.

(i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Consignment commission is recognised when the products held on consignment has transferred, being when the products held on consignment are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products held on consignment and the customer has obtained legal titles to the products held on consignment.

Wine storage income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, deposits and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables, deposits and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(d) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

The carrying amount of the trade and other receivables, trade deposits paid, pledged bank deposits and bank and cash balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank and cash balances and pledged bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2021 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables and trade deposits paid. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
At 31 March 2021				
Trade payables	1,190	–	–	–
Other payables	1,462	–	–	–
Bank borrowings	13,081	–	–	–
Due to a director	5,000	–	–	–
Lease liabilities	5,734	1,343	–	–
At 31 March 2020				
Trade payables	2,901	–	–	–
Other payables	2,167	–	–	–
Bank borrowings	31,433	–	–	–
Due to a director	5,000	–	–	–
Lease liabilities	6,434	3,220	739	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to interest-rate risk arises from its pledged bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

(e) Categories of financial instruments at 31 March

	2021 HK\$'000	2020 HK\$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	40,347	48,484
Financial liabilities:		
Financial liabilities at amortised cost	27,383	50,258

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

6. REVENUE AND SEGMENT INFORMATION

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

Disaggregation of revenue from contracts with customers:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

6. REVENUE AND SEGMENT INFORMATION (continued)

Sales of goods

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

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

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

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

The Group's operating segment is sale and distribution of premium wine and spirits products and wine accessory products. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3 to the consolidated financial statements. Since this is the only operating segment of the Group, no further analysis thereof is presented.

Geographical information:

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

Revenue from major customers:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

7. OTHER INCOME

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

8. OTHER GAINS AND LOSSES, NET

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

9. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

10. INCOME TAX (CREDIT)/EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	85	416
Over-provision in prior year	–	(185)
	85	231
Deferred tax (note 29)	(628)	(204)
	(543)	27

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

11. LOSS FOR THE YEAR

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

	2021 HK\$'000	2020 HK\$'000
Depreciation of property, plant and equipment	2,323	2,453
Depreciation of right-of-use assets	6,868	7,821
Amortisation of intangible assets	225	225
Directors' emoluments (note 12)		
– Directors' fees	216	363
– Salaries, bonuses and other emoluments	44	2,600
– Retirement benefit scheme contributions	2	45
	262	3,008
Auditor's remuneration	360	400
Cost of inventories sold	97,230	148,410
Allowance/(reversal of allowance) for inventories (included in cost of inventories sold)	1,526	(1,576)
Staff costs including directors' emoluments		
– Salaries, bonuses and allowances	6,418	13,176
– Sale commission	473	580
– Retirement benefit scheme contributions	341	494
	7,232	14,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments of each director were as follows:

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>					
Mr. Cheung Chun To	-	7	-	-	7
Mr. Leung Chi Kin Joseph (note a)	-	7	-	-	7
Ms. Cheung Wing Shun (note b)	-	30	-	2	32
<i>Independent non-executive director:</i>					
Mr. Ngai Hoi Ying	72	-	-	-	72
Mr. Yue Kwai Wa Ken	72	-	-	-	72
Mr. Siu Shing Tak	72	-	-	-	72
Total for 2021	216	44	-	2	262
<i>Executive directors:</i>					
Mr. Cheung Chun To	-	1,000	-	15	1,015
Mr. Leung Chi Kin Joseph (note a)	-	1,000	-	15	1,015
Ms. Cheung Wing Shun (note b)	-	600	-	15	615
<i>Independent non-executive director:</i>					
Mr. Ngai Hoi Ying	121	-	-	-	121
Mr. Yue Kwai Wa Ken	121	-	-	-	121
Mr. Siu Shing Tak	121	-	-	-	121
Total for 2020	363	2,600	-	45	3,008

Notes: (a) Mr. Leung Chi Kin Joseph is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer. Mr. Leung Chi Kin Joseph resigned as an executive director on 10 June 2021.

(b) Ms. Cheung Wing Shun resigned as an executive director on 2 July 2020.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group during the year included nil (2020: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 5 (2020: 3) individuals are set out below:

	2021 HK\$'000	2020 HK\$'000
Salaries, bonuses and allowances	2,536	2,435
Retirement benefit scheme contributions	89	54
	2,625	2,489

The emoluments fell within the following band:

	Number of individuals	
	2021	2020
Nil to HK\$1,000,000	5	3

- (c) During the year, no emoluments (2020: Nil) were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

14. LOSS PER SHARE

(a) Basic loss per share

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

	2021 HK\$'000	2020 HK\$'000
Loss		
Loss for the purpose of calculating basic loss per share	(5,035)	(32,360)
	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	3,326,000	3,066,443

(b) Diluted loss per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

15. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2021 HK\$'000	2020 HK\$'000
At 31 March:		
Right-of-use assets		
– Land and buildings	4,622	5,437
– Yacht and watercraft	–	8,856
	4,622	14,293
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	5,734	6,256
– Between 1 and 2 years	1,343	4,138
	7,077	10,394
Year ended 31 March:		
Depreciation charge of right-of-use assets		
– Land and buildings	5,716	6,441
– Yacht and watercraft	1,152	1,380
	6,868	7,821
Impairment loss on right-of-use assets	–	2,091
Lease interest expenses	273	278
Total cash outflow for leases	8,414	8,639
Additions to right-of-use assets	5,023	7,492

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

16. RIGHT-OF-USE ASSETS (continued)

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

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

17. GOODWILL

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

Impairment testing of goodwill

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

The carrying amount of goodwill had been allocated as follows:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

18. INTANGIBLE ASSETS

	Customer relationship HK\$'000	Money lenders license HK\$'000	Total HK\$'000
Cost			
At 1 April 2019, 31 March 2020, 1 April 2020	900	463	1,363
Disposal of a subsidiary (note 33(a))	–	(463)	(463)
At 31 March 2021	900	–	900
Accumulated amortisation and impairment losses			
At 1 April 2019	–	463	463
Amortisation	225	–	225
At 31 March 2020 and 1 April 2020	225	463	688
Amortisation	225	–	225
Disposal of a subsidiary (note 33(a))	–	(463)	(463)
At 31 March 2021	450	–	450
Carrying amount			
At 31 March 2021	450	–	450
At 31 March 2020	675	–	675

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

19. SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms.

Particulars of the subsidiaries as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration	Place of operation	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing				Principal activities
				2021		2020		
				Direct	Indirect	Direct	Indirect	
Beyond Elite Limited	British Virgin Islands	Hong Kong	Ordinary USD1	100%	–	100%	–	Investment holding
Major Cellar Company Limited	Hong Kong	Hong Kong	Ordinary HK\$10,000	–	100%	–	100%	Sale and distribution of premium wine and spirits products
Major Industrial Development Limited	Hong Kong	Hong Kong	Ordinary HK\$10,000	–	100%	–	100%	Inactive
Major Holdings HK Limited	Hong Kong	Hong Kong	Ordinary HK\$10,000	–	100%	–	100%	Inactive
Shenzhen Major Industrial Development Limited	The People's Republic of China (the "PRC")	The PRC	Ordinary RMB10,000,000	–	100%	–	100%	Inactive
The Wine Cave Company Limited	Hong Kong	Hong Kong	Ordinary HK\$20,700,000	–	100%	–	100%	Trading of wine, wine storage and wine consignment services

Shenzhen Major Industrial Development Limited is a wholly owned foreign enterprise established in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

20. INVENTORIES

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

21. TRADE RECEIVABLES

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

21. TRADE RECEIVABLES (continued)

Reconciliation of loss allowance for trade receivables:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Prepayments and other receivables	1,000	1,145
Trade deposits paid	36,519	39,993
Rental and utilities deposits	1,194	2,011
Other deposits	159	41
	38,872	43,190
	2021 HK\$'000	2020 HK\$'000
Analysed as:		
Current assets	38,230	42,587
Non-current assets	642	603
	38,872	43,190

23. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure short-term banking facilities granted to the Group as set out in note 26 to the consolidated financial statements. The deposits are in Hong Kong dollars and at prevailing market rates of 0.4% p.a. (2020: 0.4% p.a.).

24. TRADE PAYABLES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

25. CONTRACT LIABILITIES

Disclosures of revenue-related item:

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

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

– year ended 31 March 2021	N/A	6,087
– year ended 31 March 2022	12,074	N/A
	12,074	6,087
Year ended 31 March	2021	2020
	HK\$'000	HK\$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	3,238	3,258

Significant changes in contract liabilities during the year:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

26. BANK BORROWINGS

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

The borrowings are repayable as follows:

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

The average interest rates at 31 March were as follows:

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

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

27. DUE TO A DIRECTOR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

28. LEASE LIABILITIES

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

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

29. DEFERRED TAX LIABILITIES

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

	Fair value adjustment of intangible assets HK\$'000	Accelerated tax depreciation HK\$'000	Other HK\$'000	Total HK\$'000
At 1 April 2019	148	815	(57)	906
(Credit)/debit to profit or loss (note 10)	(37)	(224)	57	(204)
At 31 March 2020 and 1 April 2020	111	591	–	702
Credit to profit or loss (note 10)	(37)	(591)	–	(628)
At 31 March 2021	74	–	–	74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

29. DEFERRED TAX LIABILITIES (continued)

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

30. SHARE CAPITAL

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

Note:

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

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the years ended 31 March 2021 and 2020.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank borrowings and lease liabilities as disclosed in notes 26 and 28 to the consolidated financial statements, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and retained profits.

The directors of the Company review the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investments in subsidiaries	19	107,325	107,325
Current assets			
Prepayments and other receivables		267	313
Amounts due from subsidiaries	19	27,446	32,478
Bank and cash balances	23	200	94
		27,913	32,885
Current liabilities			
Other payables		12	54
Amount due to a subsidiary		105	–
		117	54
Net current assets		27,796	32,831
Net assets		135,121	140,156
Capital and reserves			
Share capital	30	4,158	4,158
Reserves	32(b)	130,963	135,998
Total equity		135,121	140,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2019	164,654	(6,283)	158,371
Loss and total comprehensive expense for the year	–	(55,712)	(55,712)
Issue of shares for acquisition of wine stocks	33,339	–	33,339
At 31 March 2020 and 1 April 2020	197,993	(61,995)	135,998
Loss and total comprehensive expense for the year	–	(5,035)	(5,035)
At 31 March 2021	197,993	(67,030)	130,963

(c) Nature and purpose of reserves of the Group and the Company

Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a subsidiary

On 25 March 2021, Beyond Elite Limited disposed 100% of the issued share capital of Major Galaxy Limited, at cash consideration of HK\$105,000.

	HK\$'000
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Net assets at the date of disposal were as follows:	
Right-of-use assets	122
Prepayments, deposits and other receivables	34
Bank and cash balances	61
Lease liabilities	(122)
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Net assets disposed of	95
Gain on disposal of Major Galaxy Limited	10
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Total consideration – satisfied by cash	105
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Net cash inflow arising on disposal:	
Cash consideration received	105
Cash and cash equivalents disposed of	(61)
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	44
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
At 31 March 2019	13,506	10,932	24,438
Changes in cash flows	15,504	(8,639)	6,865
Non-cash changes			
– interest charged	1,117	278	1,395
– additions of lease liabilities	–	7,492	7,492
At 31 March 2020 and 1 April 2020	30,127	10,063	40,190
Changes in cash flows	(18,322)	(8,414)	(26,736)
Non-cash changes			
– interest charged	981	273	1,254
– additions of lease liabilities	–	5,023	5,023
At 31 March 2021	12,786	6,945	19,731

(c) Major non-cash transaction

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

34. CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

35. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2021 HK\$'000	2020 HK\$'000
Disposal a subsidiary to Mr. Cheung Chun To	105	–
Sales to Mr. Cheung Chun To	800	519
Sales to Mr. Leung Chi Kin Joseph	296	59
Sales to Ms. Cheung Wing Shun	5	7
Sales to Major Watch Company Limited (note i)	–	27
Rental paid in respect of warehouse paid or payable to Mr. Leung Chi Kin Joseph (note ii)	–	200
Rental paid in respect of warehouse paid or payable to Health Sunrise Limited (note iii)	2,009	2,160
Legal and professional fee paid or payable to Roma Risk Advisory Limited (note iv)	45	52

Notes:

- (i) Major Watch Company Limited is a private limited company, which is non-wholly owned and controlled by Mr. Cheung Chun To.
- (ii) As at 31 March 2021, the Group did not have commitments for future minimum lease payments in respective of warehouse to Mr. Leung Chi Kin Joseph (2020: Nil).
- (iii) Health Sunrise Limited is a private limited company which is wholly owned and controlled by Ms. Lin Shuk Shuen, spouse of Mr. Cheung Chun To.
- (iv) Pursuant to an Internal Control and Environmental Social Governance Audit Service Agreement dated 19 February 2020 between the Company and Roma Risk Advisory Limited (a subsidiary of Roma Group Limited with Stock Code 8072), Roma Risk Advisory Limited provided advisory services to the Group for HK\$45,000 (2020: HK\$52,000) for the year ended 31 March 2021. Mr. Yue Kwai Wa Ken, an independent non-executive director of the Company, is an executive director of Roma Group Limited but does not hold any position in the Roma Risk Advisory Limited. Notwithstanding Mr. Yue's relationship with Roma Risk Advisory Limited, Mr. Yue has confirmed his independency having regard to Listing Rule 3.13 (3) and the transactions contemplated under the said agreement would in any event be a de minimis transaction under Listing Rule 14A.76 if such transaction is a connected transaction within the meanings of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 March 2021

35. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

	2021 HK\$'000	2020 HK\$'000
Directors' fees	216	363
Salaries, allowances and benefits in kind	2,186	5,228
Retirement benefit scheme contributions	72	109
	2,474	5,700

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 18 June 2021.

FINANCIAL SUMMARY

For the year ended 31 March 2021

RESULTS

	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Revenue	203,896	217,226	170,980	155,206	114,587
(Loss)/profit before tax	(2,271)	8,546	(906)	(32,333)	(5,578)
Income tax (expense)/credit	(258)	(1,904)	(197)	(27)	543
(Loss)/profit for the year	(2,529)	6,642	(1,103)	(32,360)	(5,035)

ASSETS AND LIABILITIES

	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Total assets	139,741	142,823	182,756	197,203	174,652
Total liabilities	(42,029)	(38,469)	(44,137)	(57,047)	(39,531)
Total equity	97,712	104,354	138,619	140,156	135,121