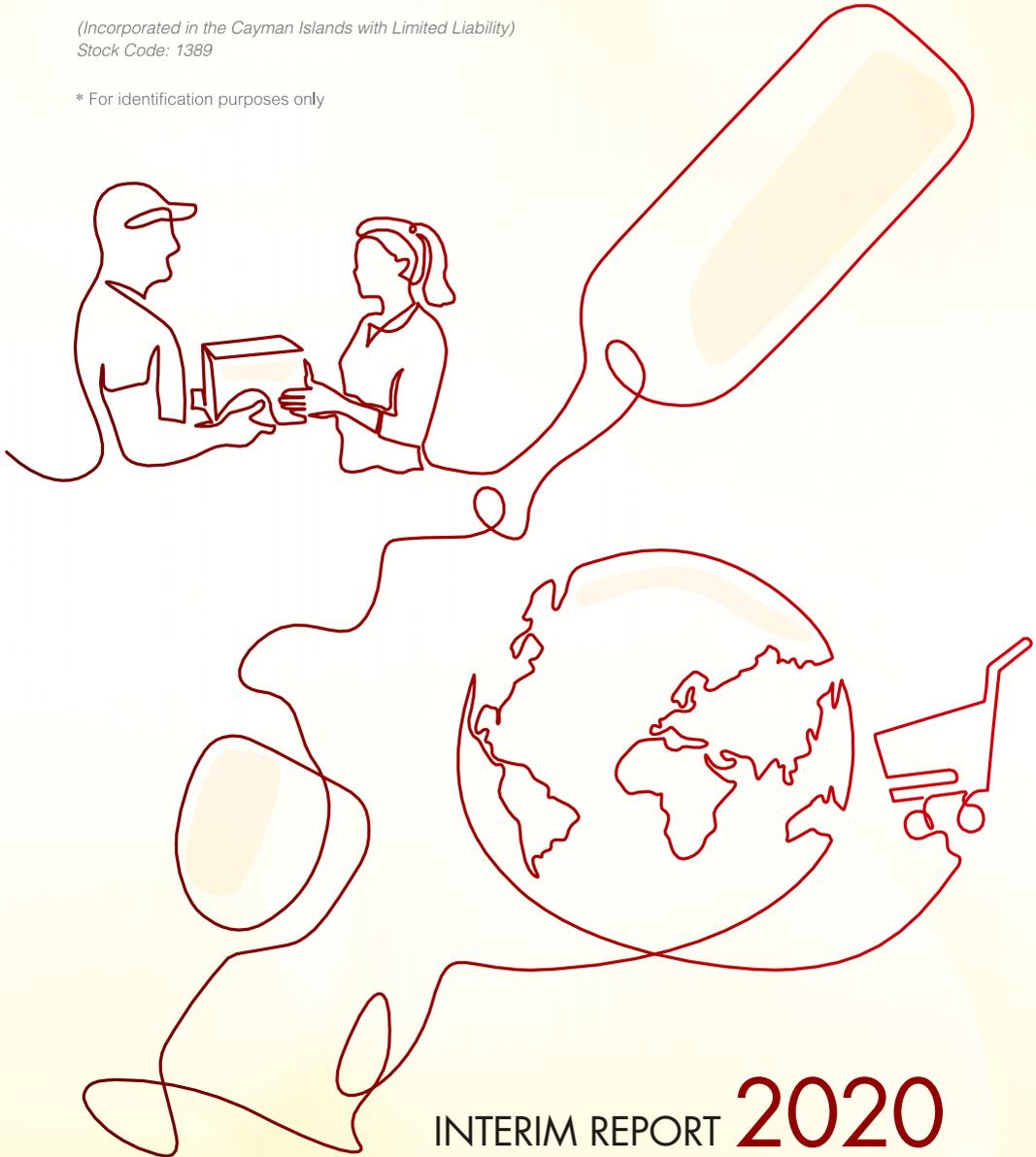




美捷滙控股有限公司\*

*(Incorporated in the Cayman Islands with Limited Liability)*  
Stock Code: 1389

\* For identification purposes only



INTERIM REPORT **2020**

## 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

<http://www.majorcellar.com>

## Executive directors

Mr. Cheung Chun To (*Chairman*)  
Mr. Leung Chi Kin Joseph

## 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. Leung Chi Kin Joseph

## 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. Ngai Hoi Ying  
Mr. Siu Shing Tak

## Nomination committee

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

## 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 bankers

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

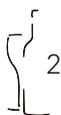
## Stock code

1389

# Financial Highlights

For the six months ended 30 September 2020, unaudited operating results of the Group were as follows:

- loss after taxation for the six months ended 30 September 2020 was approximately HK\$5.4 million, whereas loss after taxation for the six months ended 30 September 2019 amounted to approximately HK\$11.7 million.
- basic loss per share for the six months ended 30 September 2020 was 0.16 HK cents, based on ordinary shares of 3,326,000,000 in issue, whereas basic loss per share for the six months ended 30 September 2019 was 0.41 HK cents, based on ordinary shares of 2,880,000,000 in issue.
- the Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020.



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the "Board") of Major Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
	Notes	<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	HK\$'000
Revenue	3	<b>37,983</b>	68,341
Cost of sales		<b>(32,067)</b>	(58,670)
Gross profit		<b>5,916</b>	9,671
Other income		<b>1,938</b>	345
Other gains and losses, net		<b>94</b>	(2,212)
Promotion, selling and distribution expenses		<b>(7,385)</b>	(9,648)
Administrative expenses		<b>(5,141)</b>	(9,237)
Loss from operations		<b>(4,578)</b>	(11,081)
Finance costs	4	<b>(695)</b>	(652)
Loss before tax		<b>(5,273)</b>	(11,733)
Income tax expense	5	<b>(139)</b>	(5)
Loss and total comprehensive expense for the period attributable to owners of the Company	6	<b>(5,412)</b>	(11,738)
		<b>HK cents</b>	HK cents
Loss per share, basic and diluted	8	<b>(0.16)</b>	(0.41)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	5,287	6,095
Right-of-use assets		11,454	14,293
Goodwill		2,254	2,254
Intangible assets		563	675
Deposits	11	491	603
		<b>20,049</b>	23,920
Current assets			
Inventories		85,330	81,842
Trade receivables	10	27,542	36,698
Prepayments, deposits and other receivables	11	39,877	42,587
Current tax assets		377	403
Pledged bank deposits		6,050	6,036
Bank and cash balances		13,559	5,717
		<b>172,735</b>	173,283
Current liabilities			
Trade payables	12	1,708	2,901
Contract liabilities		13,291	6,087
Other payables		2,739	2,167
Bank borrowings	13	27,641	30,127
Due to a director		5,000	5,000
Lease liabilities		4,728	6,177
		<b>55,107</b>	52,459
Net current assets		<b>117,628</b>	120,824
Total assets less current liabilities		<b>137,677</b>	144,744
Non-current liabilities			
Lease liabilities		2,118	3,886
Deferred tax liabilities		815	702
		<b>2,933</b>	4,588
<b>NET ASSETS</b>		<b>134,744</b>	140,156
Capital and reserves			
Share capital		4,158	4,158
Reserves		130,586	135,998
<b>TOTAL EQUITY</b>		<b>134,744</b>	140,156

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	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 2020 (audited)	4,158	197,993	(104,902)	30,483	12,424	140,156
Loss and total comprehensive expense for the period (unaudited)	-	-	-	-	(5,412)	(5,412)
At 30 September 2020 (unaudited)	4,158	197,993	(104,902)	30,483	7,012	134,744
At 1 April 2019 (audited)	3,600	164,654	(104,902)	30,483	44,784	138,619
Loss and total comprehensive expense for the period (unaudited)	-	-	-	-	(11,738)	(11,738)
At 30 September 2019 (unaudited)	3,600	164,654	(104,902)	30,483	33,046	126,881

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, directors and substantial shareholders of the Company.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	<b>14,487</b>	(9,165)
Change in pledged bank deposits	<b>(14)</b>	(517)
Other investing cash flows (net)	<b>(342)</b>	(60)
Net cash used in investing activities	<b>(356)</b>	(577)
Repayment of bank borrowings	<b>(8,545)</b>	(29,615)
Bank borrowings raised	<b>6,059</b>	35,796
Repayment of lease liabilities	<b>(3,217)</b>	(2,972)
Other financing cash flows	<b>(586)</b>	(652)
Net cash (used in)/generated from financing activities	<b>(6,289)</b>	2,557
Net increase/(decrease) in cash and cash equivalents	<b>7,842</b>	(7,185)
Cash and cash equivalents at beginning of the period	<b>5,717</b>	8,877
Cash and cash equivalents at end of the period, represented by bank and cash balances	<b>13,559</b>	1,692

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 2 April 2013 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 January 2014 and subsequently transferred listing to Main Board of the Stock Exchange on 30 October 2015. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suite 509-510, South Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

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

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

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2020. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2020.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong for both periods. 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 notes to the consolidated financial statements for the year ended 31 March 2020 stated in note 2. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Red wine	<b>33,314</b>	62,188
White wine	–	1,403
Sparkling wine	–	1,294
Spirits	<b>4,501</b>	2,664
Sake	<b>126</b>	686
Wine accessory products	<b>30</b>	63
Other products	<b>12</b>	43
	<b>37,983</b>	68,341

## Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and the Group's property, plant and equipment amounting to approximately HK\$5,287,000 (31 March 2020: approximately HK\$6,095,000) as at 30 September 2020 are all located in Hong Kong by physical location of assets.

The Group's geographical market is in Hong Kong only. The revenue is recognised at a point of time for the both reporting periods.

## 4. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interests on:		
Bank borrowings	<b>586</b>	427
Leases liabilities	<b>109</b>	225
	<b>695</b>	652

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Current tax – Hong Kong Profits Tax	26	–
Deferred tax	113	5
	<b>139</b>	5

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2019: 16.5%) of the estimated assessable profits for the period.

## 6. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Directors' remuneration	34	1,785
Staff costs including directors' emoluments		
Salaries and other benefits	2,973	7,320
Sales commission	143	415
Retirement benefits scheme contributions	170	278
Total staff costs	<b>3,286</b>	8,013
Loss on disposals of property, plant and equipment	–	965
Reversal of allowance for inventories	–	(373)
Loss allowance provision for trade receivables	–	1,280
Depreciation of property, plant and equipment	1,164	1,871
Depreciation of right-of-use assets	2,839	2,867

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## 8. LOSS PER SHARE

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

	Six months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss:		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(5,412)	(11,738)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares used in basic loss per share calculation	3,326,000	2,880,000

No diluted loss per share is presented for both periods as the Company did not have any dilutive potential ordinary shares for both periods.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of approximately HK\$356,000 (year ended 31 March 2020: approximately HK\$755,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 10. TRADE RECEIVABLES

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

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
0 to 30 days	<b>3,543</b>	30,911
31 to 60 days	<b>267</b>	177
61 to 90 days	<b>70</b>	537
Over 90 days	<b>23,662</b>	5,073
	<b>27,542</b>	36,698

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
Trade deposits paid, rental, utilities and other deposits	<b>39,249</b>	42,045
Prepayments and other receivables	<b>1,119</b>	1,145
Total prepayments, deposits and other receivables	<b>40,368</b>	43,190
Analysed as:		
Current assets	<b>39,877</b>	42,587
Non-current assets	<b>491</b>	603
	<b>40,368</b>	43,190

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 12. TRADE PAYABLES

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

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
0 to 30 days	674	10
31 to 60 days	–	669
61 to 90 days	–	1,178
Over 90 days	1,034	1,044
	<b>1,708</b>	2,901

## 13. BANK BORROWINGS

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
Secured import loans	20,914	20,517
Unsecured import loans	6,727	9,610
	<b>27,641</b>	30,127

As at 30 September 2020 and 31 March 2020, the secured import loans were secured by pledged bank deposits of the Group. All the bank borrowings were guaranteed by the Company.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## 14. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

In addition to those related party transactions disclosed elsewhere in notes to the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	<b>Six months ended 30 September 2020 (unaudited) HK\$'000</b>	2019 (unaudited) HK\$'000
Sales to related parties		
– Mr. Cheung Chun To	<b>10</b>	327
– Mr. Leung Chi Kin Joseph	<b>27</b>	3
– Ms. Cheung Wing Shun	<b>1</b>	6
– Major Watch Company Limited (“Major Watch”) (Note i)	<b>–</b>	13
	<b>38</b>	349
Expenses related to short-term leases of warehouse paid or payable to Mr. Leung Chi Kin Joseph (Note ii)	<b>–</b>	200
Lease interests in respect of warehouse paid or payable to Health Sunrise Limited (Note iii)	<b>2</b>	42

Notes:

- i) Major Watch is a private limited company, which is non-wholly owned and controlled by Mr. Cheung Chun To, one of the controlling shareholders.
- ii) As at 30 September 2020, the Group has no commitments for future minimum lease payments in respect of warehouse to Mr. Leung Chi Kin Joseph, who is an executive director of the Company (31 March 2020: Nil).
- iii) Health Sunrise Limited is a company wholly owned by Ms. Lin Shuk Shuen, the spouse of Mr. Cheung Chun To, a director of the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

## (b) Related party balances

In addition to those related party balances disclosed elsewhere in notes to the condensed consolidated financial statements, the Group had the following balances with its related parties as at 30 September 2020:

	<b>30 September 2020 (unaudited) HK\$'000</b>	31 March 2020 (audited) HK\$'000
Lease liabilities payable to Health Sunrise Limited (Note i)	–	358

Note:

- i) Health Sunrise Limited is a company wholly owned by Ms. Lin Shuk Shuen, the spouse of Mr. Cheung Chun To, a director of the Company.

## (c) Compensation of key management personnel

The remuneration of the directors and other members of key management which were determined by reference to the Group's performance during the six months ended 30 September 2020 and 2019 were as follows:

	<b>Six months ended 30 September 2020 (unaudited) HK\$'000</b>	2019 (unaudited) HK\$'000
Short-term benefits	<b>986</b>	2,388
Post-employment benefits	<b>30</b>	48
	<b>1,016</b>	2,436

## 15. APPROVAL OF FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 November 2020.

## **BUSINESS REVIEW AND OUTLOOK**

According to the Report from Trading Economics in November 2020, retail sales in Hong Kong slumped 13.4 percent in September of 2020 over the same period in 2019, the same pace as in the previous month. It was the 20th consecutive month of falling retail activity, as the ongoing Covid-19 pandemic continued to hamper spending and tourism. As compared with the month of September 2019, alcoholic drinks & tobacco dropped 13.4 percent in September 2020. Retail Sales year-on-year in Hong Kong is expected to drop 30.0 percent by the end of this quarter.

As released by the “Report on Monthly Survey of Retail Sales” in September 2020 by the Census and Statistics Department, the value of total retail sales by type of retail outlet decreased from approximately HK\$334.9 billion for the nine months ended 30 September 2019 to approximately HK\$238.9 billion for the nine months ended 30 September 2020, representing a decrease of approximately 28.7%. During the six months ended 30 September 2020, the Group’s revenue decreased by 44.4% to approximately HK\$38.0 million (2019: HK\$68.3 million). The decrease was mainly due to the decrease of the sales of red wine from approximately HK\$62.2 million for the six months ended 30 September 2019 to approximately HK\$33.3 million for the six months ended 30 September 2020.

Facing the unprecedented pandemic outbreak of Covid-19 and uncertain global economic outlook, including the US-Sino trade disputes and the effects of Brexit in the EU, the vulnerable Hong Kong retail market and intensified competition in premium wine industry, the overall business environment has been extremely unstable and challenging for the six months ended 30 September 2020.

Red wine continued to be the Group’s core product type and main source of profit driver. In response to the challenging retail market in Hong Kong, the Group will continue to improve its sales and marketing channels, adjust its sales and marketing strategies and customize its inventory portfolio.

Looking forward, despite the uncertain worldwide economic environment, in light of the long term trend for growing demand for premium wine in Hong Kong and China, the Group is confident to position itself as one of the Hong Kong’s main premium wine retailers.

The Group will continue to seek for new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Group and its shareholders’ value.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group decreased by approximately 44.4% from approximately HK\$68.3 million for the six months ended 30 September 2019 to approximately HK\$38.0 million for the six months ended 30 September 2020.

### Gross profit

Gross profit of the Group decreased by approximately 39.2% from approximately HK\$9.7 million for the six months ended 30 September 2019 to approximately HK\$5.9 million for the six months ended 30 September 2020. The change was mainly attributable to the decrease of revenue of the Group for the six months ended 30 September 2020.

### Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 22.9% from approximately HK\$9.6 million for the six months ended 30 September 2019 to approximately HK\$7.4 million for the six months ended 30 September 2020. The change was mainly attributable to the decrease in staff salary and depreciation expenses.

Administrative expenses of the Group decreased by approximately 44.6% from approximately HK\$9.2 million for the six months ended 30 September 2019 to approximately HK\$5.1 million for the six months ended 30 September 2020. The decrease was mainly attributable to the decrease in staff salary and director remuneration expenses.

### Depreciation of property, plant and equipment

The depreciation on property, plant and equipment of the Group decreased by approximately 37.8% from approximately HK\$1,871,000 for the six months ended 30 September 2019 to approximately HK\$1,165,000 for the six months ended 30 September 2020. The decrease was mainly attributable to the adoption of HKFRS 16, pursuant to which the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under HKAS 17 “Leases”.

### Finance costs

Finance costs of the Group increased by approximately 6.6% from approximately HK\$652,000 for the six months ended 30 September 2019 to approximately HK\$695,000 for the six months ended 30 September 2020.

### Income tax expense

Income tax expense for the Group increased from approximately HK\$5,000 for the six months ended 30 September 2019 to approximately HK\$139,000 for the six months ended 30 September 2020. The increase was mainly due to the increase of estimated assessable profit during the six months ended 30 September 2020 as compared to the corresponding period in 2019.

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

For the reasons mentioned above, loss and total comprehensive expense for the period attributable to owners of the Company was approximately HK\$11.7 million for the six months ended 30 September 2019, whereas loss and total comprehensive expense was approximately HK\$5.4 million for the six months ended 30 September 2020.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	<b>As at 30 September 2020 (unaudited)</b>	As at 31 March 2020 (audited)
Current assets	<b>HK\$172,735,000</b>	HK\$173,283,000
Current liabilities	<b>HK\$55,107,000</b>	HK\$52,459,000
Current ratio	<b>3.13</b>	3.30

The current ratio of the Group at 30 September 2020 was approximately 3.13 times as compared to that of approximately 3.30 times at 31 March 2020. It was mainly resulted from the approximately 8.3% decrease in bank borrowings. At 30 September 2020, the Group had total bank and cash balances and pledged bank deposits of approximately HK\$19.6 million (31 March 2020: approximately HK\$11.8 million). At 30 September 2020, the Group's gearing ratio (represented by the sum of lease liabilities and bank borrowings divided by equity) amounted to approximately 25.6% (31 March 2020: approximately 28.7%). The Group's borrowings have not been hedged by any interest rate financial instruments. The Group's financial position is sound and strong. With available bank and cash balances and banking facilities, the Group has sufficient liquidity to satisfy its funding requirements.

## COMMITMENTS

As at 30 September 2020 and 31 March 2020, the Group did not have any significant lease commitments and capital commitments.

## PLEDGE OF ASSETS

As at 30 September 2020, the Group pledged its bank balance of approximately HK\$6.1 million (31 March 2020: approximately HK\$6.0 million) as securities for banking facilities granted to the Group.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2020 (31 March 2020: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed a total of 31 full-time and 3 part-time employees (31 March 2020: 35 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK\$3.3 million for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$8.0 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 bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2020, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## 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, and based on publicly available information as at 30 September 2020, the interests and short positions of our Directors and chief executive of the 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 the Stock Exchange 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%

# Management Discussion and Analysis

Notes:

1. 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.
2. 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 30 September 2020, 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 the Stock Exchange pursuant to the Model Code of the Listing Rules.

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

As at 30 September 2020, so far as it were known to the Directors or chief executive of the Company, and based on publicly available information, the following persons (other than a director or chief executive of the Company) have 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:

<b>Name</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
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:

1. 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.
2. 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.
3. Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To, by virtue of the SFO, 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.
4. 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 30 September 2020, 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.

## **SHARE OPTION SCHEME**

The Company operates a share option scheme (the “Share Option Scheme”) providing incentives or rewards to eligible persons of the Group for their contribution to the Group. Details of the Share Option Scheme have been set out in the Company’s 2020 Annual Report. During the six months ended 30 September 2020, no option was granted under the Share Option Scheme.

## **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 six months ended 30 September 2020.

## **DIRECTOR’S INTERESTS IN CONTRACTS**

No contract of significance, to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 30 September 2020 or at any time during the six months ended 30 September 2020.

## **DIRECTOR'S INTEREST IN COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors, the controlling shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the six months ended 30 September 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has confirmed, having made specific enquiry to the Directors, all the Directors have complied with the Model Code during the six months ended 30 September 2020.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rule during the six months ended 30 September 2020.

The Directors will use their best endeavours to procure the Company to comply with such code and provisions in accordance with the Listing Rules.

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

There were no significant investments held as at 30 September 2020. The Group did not have other plans for material investments and capital assets as at 30 September 2020.

## **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.

## **FOREIGN EXCHANGE EXPOSURE**

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

As at 30 September 2020, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

## **AUDIT COMMITTEE**

The primary duties of the Audit Committee are to review the financial systems of the Group; to review the accounting policy, financial position and financial reporting procedures of the Group, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel; and to assess the internal controls of the Group. 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 interim financial information has not been audited by the auditor of the Company. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2020.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the website of the Company ([www.majorcellar.com](http://www.majorcellar.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2020 interim report will be dispatched to shareholders and available on the above websites in due course.

By Order of the Board  
**Major Holdings Limited**  
**CHEUNG Chun To**  
*Chairman*

Hong Kong, 27 November 2020