



**MAJOR**  
HOLDINGS LIMITED

美捷滙控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

STOCK CODE : 8209

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# 1<sup>ST</sup> QUARTERLY REPORT 2014

*\* for identification purposes only*

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Major Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## Financial Highlights

For the three months ended 30 June 2014, unaudited operating results of the Group were as follows:

- profit after taxation for the three months ended 30 June 2014 amounted to approximately HK\$3.4 million, representing an increase of approximately 5 times from the corresponding period of the previous financial year;
- basic earnings per share for the three months ended 30 June 2014 based on ordinary shares of 120,000,000 in issue was 2.87 HK cents;
- no dividend was declared for the three months ended 30 June 2014.

### RESULTS

The board of directors (the “Board”) of Major Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2014 together with the unaudited comparative figures for the corresponding period in 2013 as follows:

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

For the Three Months ended 30 June 2014

	NOTES	Three months ended 30 June	
		2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Revenue	4	54,172	63,455
Cost of sales		(42,366)	(49,563)
Gross profit		11,806	13,892
Other income		213	33
Other gains and losses, net		(165)	87
Promotion, selling and distribution expenses		(3,305)	(3,255)
Administrative expenses		(4,239)	(4,103)
Other expenses	5	–	(4,672)
Finance costs		(81)	(453)
Profit before taxation		4,229	1,529
Income tax expense	6	(781)	(870)
Profit and total comprehensive income for the period attributable to owners of the Company		3,448	659
		<b>HK cents</b>	HK cents
Earnings per share, basic	8	2.87	0.73



## Condensed Consolidated Statement of Changes in Equity

For the Three Months ended 30 June 2014

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	1,200	131,534	(104,902)	30,483	63,626	121,941
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	3,448	3,448
At 30 June 2014 (unaudited)	1,200	131,534	(104,902)	30,483	67,074	125,389
At 1 April 2013 (audited)	10	-	-	30,483	73,383	103,876
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	659	659
At 30 June 2013 (unaudited)	10	-	-	30,483	74,042	104,535

# Notes to the Condensed Consolidated Financial Statements

For the Three Months ended 30 June 2014

## 1. CORPORATE INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### (A) Statement of Compliance

These unaudited condensed consolidated financial statements for the three months ended 30 June 2014 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance. The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2014 are consistent with those followed in the preparation of the Group’s annual financial statements for the preceding year ended 31 March 2014.

### (B) Basis of Measurement

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

### (C) Functional and Presentation Currency

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is the same as the functional currency of the Company.

# Notes to the Condensed Consolidated Financial Statements

For the Three Months ended 30 June 2014

## 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2014. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipates that the application of these new standard, amendments and interpretation will have no material impact on the unaudited condensed consolidated financial statements.

## 4. REVENUE

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to customers, less discount. The Group's operation solely derived from sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong for both periods.

## 5. OTHER EXPENSES

	Three months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Listing expenses	–	4,593
Others	–	79
	–	4,672

# Notes to the Condensed Consolidated Financial Statements

For the Three Months ended 30 June 2014

## 6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Hong Kong Profits Tax	696	824
Deferred tax	85	46
	<b>781</b>	870

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

No provision for the People's Republic of China ("PRC") Enterprise Income Tax has been made as the subsidiary operating in the PRC did not have any assessable profits prior to its disposal on 31 May 2013.

## 7. DIVIDEND

The Directors did not recommend the payment of any dividend for the three months ended 30 June 2014.

No dividend has been paid or declared during the three months ended 30 June 2013.



# Notes to the Condensed Consolidated Financial Statements

For the Three Months ended 30 June 2014

## 8. EARNINGS PER SHARE

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

	<b>Three months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<b>3,448</b>	659
<b>Number of shares:</b>	<b>'000</b>	'000
Number of ordinary shares for the purpose of calculating basic earnings per share	<b>120,000</b>	90,000

The number of ordinary shares for the purpose of calculating basic earnings per share outstanding for both periods have been adjusted for the effect of the Reorganisation and Capitalisation Issue. (As defined in the Company's Annual Report 2014).

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

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue of the Group decreased by approximately 14.6% from approximately HK\$63.5 million for the three months ended 30 June 2013 to approximately HK\$54.2 million for the three months ended 30 June 2014. The decrease was mainly due to the shift of demand from high-end fine red wine to value red wine during the three months ended 30 June 2014.

### Gross Profit

Gross profit of the Group decreased by approximately 15.0% from approximately HK\$13.9 million for the three months ended 30 June 2013 to approximately HK\$11.8 million for the three months ended 30 June 2014. The decrease in gross profit was mainly due to the decrease in revenue during the three months ended 30 June 2014.

### Promotion, Selling and Distribution Expenses, Administrative Expenses and Finance Costs

Promotion, selling and distribution expenses of the Group remained at approximately HK\$3.3 million for the three months ended 30 June 2013 and 2014.

Administrative expenses of the Group increased by approximately 3.3% from approximately HK\$4.1 million for the three months ended 30 June 2013 to approximately HK\$4.2 million for the three months ended 30 June 2014. The increase was due to the increment in rent and rates of the Group's rented premises during the three months ended 30 June 2014.

Finance costs of the Group decreased by approximately 82.1% from approximately HK\$0.5 million for the three months ended 30 June 2013 to approximately HK\$0.1 million for the three months ended 30 June 2014. Such decrement was due to the Group's effort to enhance its cash flow control and lowered the average borrowings during the three months ended 30 June 2014.

# Management Discussion and Analysis

## **Other Expenses**

Other expenses of the Group decreased from approximately HK\$4.7 million for the three months ended 30 June 2013 to nil for the three months ended 30 June 2014. The significant decrease was attributable to the one-off listing expenses incurred by the Group for its listing exercise during the three months ended 30 June 2013 which was non-recurrent in the three months ended 30 June 2014.

## **Income Tax Expense**

Income tax expense for the Group decreased by approximately 10.2% from approximately HK\$0.9 million for the three months ended 30 June 2013 to approximately HK\$0.8 million for the three months ended 30 June 2014. The decrement, despite the increase in profit before tax, was mainly due to the shares of the Company were listed on the GEM board of the Stock Exchange on 10 January 2014 and the Company incurred exceptional listing expenses of approximately HK\$4.6 million during the three months ended 30 June 2013, of which the amount was non-deductible for the calculation of estimated assessable profits.

## **Profit and Total Comprehensive Income for the Period Attributable to Owners of the Company**

Profit and total comprehensive income for the period attributable to owners of the Company increased by approximately 5 times from approximately HK\$0.7 million for the three months ended 30 June 2013 to approximately HK\$3.4 million for the three months ended 30 June 2014. Such change was primarily attributable to the one-off listing expenses incurred by the Company for its listing exercise during the three months ended 30 June 2013 which was non-recurrent in the three months ended 30 June 2014.

## **Dividend**

The Directors did not recommend the payment of any dividend for the three months ended 30 June 2014.

## **BUSINESS REVIEW AND OUTLOOK**

According to the VINEXPO market study conducted by the International Wine and Spirit Research, it is estimated that there will be a 22.84% rise in wine consumption across Asian markets between 2013 to 2017. Despite the fact that wine sales declined and that buying habits of the consumers have changed, the PRC is still the fastest growing country among the Asia Pacific and global wine markets. Indeed, PRC market opportunities remain wide open due to connoisseurs' enthusiasm for new experiences. The consumers in the PRC have developed a taste for premium brands and are now broadening an appreciation for what the world has to offer.

## Management Discussion and Analysis

To cope with this expected growth and the change of trends, the Group has launched a new retail outlet on Hysan Road in May 2014, a luxury shopping precinct in Causeway Bay, with easy access for both tourists and local Hong Kong customers. New broadcasting channels and shopping methods will be implemented by the Group to reach out to a wider market, at the same time we will ensure that wine appreciation will be even more accessible to our valued customers. We will also establish new collaborations with a variety of different partners to expand our client base.

In terms of inventory, we carefully select wine brands for promotion and sale to ensure the highest quality in our collections. With our sentient observation of trends, our adaption to the market coupled with dynamic services, the Group is confident in its position as a world class enterprise.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

None of the Company or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of shares or debt securities (including debentures) of the Company or any of its subsidiaries.

### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiries with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions during the period under review.

# Management Discussion and Analysis

## DISCLOSURE OF INTERESTS

### (A) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM 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)	45,900,000 Shares	38.25%
Mr. Leung Chi Kin Joseph	Interest in controlled corporation (Note 2)	44,100,000 Shares	36.75%

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 45,900,000 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 44,100,000 Shares held by High State Investments Limited.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

# Management Discussion and Analysis

## **(B) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

As at 30 June 2014, so far as it is known to the Directors, chief executive, or supervisors of the Company, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register 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)	45,900,000 Shares	38.25%
High State Investments Limited	Beneficial Owner (Note 2)	44,100,000 Shares	36.75%
Ms. Lin Shuk Shuen	Family Interest (Note 3)	45,900,000 Shares	38.25%
Ms. Ma Pui Ying	Family Interest (Note 4)	44,100,000 Shares	36.75%

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 45,900,000 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 44,100,000 Shares held by High State Investments Limited.
3. 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) by virtue of the SFO.
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 June 2014, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

# Management Discussion and Analysis

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and advise on financial reporting procedures; and oversee internal control procedures of the Company. The audit committee comprises all independent non-executive Directors, namely, Mr. Wong Siu Ki, Mr. Ngai Hoi Ying and Mr. Yue Kwai Wa Ken. Mr. Wong Siu Ki is the chairperson of the audit committee.

The audit committee has reviewed the unaudited financial statements of the Group for the three months ended 30 June 2014, and it is of the opinion that the preparation of such statements comply with the applicable accounting standards and that adequate disclosure in accordance with the GEM Listing Rules has been made in respect thereof.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules as its own code and had complied with the CG Code during the period under review except the following deviation:

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Cheung Chun To, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not practicable.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

# Management Discussion and Analysis

## **COMPETING INTEREST**

None of the Directors, the controlling shareholders or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in any business which competed or may compete with the business of the Group during the period under review.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the compliance adviser of the Company, Ample Capital Limited, save for the compliance adviser agreement dated 10 December 2013 entered into between the Company and Ample Capital Limited, neither Ample Capital Limited, its directors, employees or associates had any interest in relation to the Group as at 30 June 2014.

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

Hong Kong, 6 August 2014

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

