



美捷滙控股有限公司*

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



2021

INTERIM REPORT

* For identification purposes only

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 director

Mr. Cheung Chun To (*Chairman and chief executive officer*)

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. 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
Shanghai Commercial Bank Limited
Standard Chartered Bank
(Hong Kong) Limited
China Construction Bank (Asia)
Corporation Limited

Auditor

ZHONGHUI ANDA CPA Limited
23/F, Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
Hong Kong

Hong Kong legal adviser

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

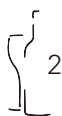
Stock code

1389

Financial Highlights

For the six months ended 30 September 2021, unaudited operating results of the Group were as follows:

- loss after taxation for the six months ended 30 September 2021 was approximately HK\$2.2 million, whereas loss after taxation for the six months ended 30 September 2020 amounted to approximately HK\$5.4 million.
- basic loss per share for the six months ended 30 September 2021 was 0.07 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 2020 was 0.16 HK cents, based on ordinary shares of 3,326,000,000 in issue.
- the Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021.



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 together with the unaudited comparative figures for the corresponding period in 2020 as follows:

		Six months ended 30 September	
		2021	2020
	Notes	(unaudited)	(unaudited)
		HK\$'000	HK\$'000
Revenue	3	53,574	37,983
Cost of sales		(45,281)	(32,067)
Gross profit		8,293	5,916
Other income		972	1,938
Other gains and losses, net		(3)	94
Promotion, selling and distribution expenses		(5,950)	(7,385)
Administrative expenses		(5,018)	(5,141)
Loss from operations		(1,706)	(4,578)
Finance costs	4	(307)	(695)
Loss before tax		(2,013)	(5,273)
Income tax expense	5	(171)	(139)
Loss and total comprehensive expense for the period attributable to owners of the Company	6	(2,184)	(5,412)
		HK cents	HK cents
Loss per share, basic and diluted	8	(0.07)	(0.16)

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	3,007	4,135
Right-of-use assets		1,705	4,622
Goodwill		2,254	2,254
Intangible assets		338	450
Deposits	11	53	642
		7,357	12,103
Current assets			
Inventories		85,188	83,609
Trade receivables	10	28,510	27,363
Prepayments, deposits and other receivables	11	33,348	38,230
Current tax assets		203	393
Pledged bank deposits		6,056	6,056
Bank and cash balances		8,250	6,898
		161,555	162,549
Current liabilities			
Trade payables	12	1,049	1,190
Contract liabilities		19,180	12,074
Other payables		1,398	1,462
Bank borrowings	13	5,334	12,786
Due to a director		5,000	5,000
Lease liabilities		3,879	5,610
		35,840	38,122
Net current assets		125,715	124,427
Total assets less current liabilities		133,072	136,530
Non-current liabilities			
Lease liabilities		79	1,335
Deferred tax liabilities		56	74
		135	1,409
NET ASSETS		132,937	135,121
Capital and reserves			
Share capital		4,158	4,158
Reserves		128,779	130,963
TOTAL EQUITY		132,937	135,121

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 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 2021 (audited)	4,158	197,993	(104,902)	30,483	7,389	135,121
Loss and total comprehensive expense for the period (unaudited)	-	-	-	-	(2,184)	(2,184)
At 30 September 2021 (unaudited)	4,158	197,993	(104,902)	30,483	5,205	132,937
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

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, a director and substantial shareholder of the Company, and Mr. Leung Chi Kin Joseph, a substantial shareholder of the Company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	12,035	14,487
Change in pledged bank deposits	–	(14)
Other investing cash flows (net)	(20)	(342)
Net cash used in investing activities	(20)	(356)
Repayment of bank borrowings	(27,138)	(8,545)
Bank borrowings raised	19,686	6,059
Repayment of lease liabilities	(2,989)	(3,217)
Other financing cash flows	(222)	(586)
Net cash used in financing activities	(10,663)	(6,289)
Net increase in cash and cash equivalents	1,352	7,842
Cash and cash equivalents at beginning of the period	6,898	5,717
Cash and cash equivalents at end of the period, represented by bank and cash balances	8,250	13,559

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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, 17-19 Canton Road, 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 2021. 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 2021.

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 2021 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 2021

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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Red wine	43,729	28,962
White wine	3,120	2,118
Sparkling wine	51	26
Spirits	5,872	6,591
Sake	169	126
Other products	633	160
	53,574	37,983

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\$3,007,000 (31 March 2021: approximately HK\$4,135,000) as at 30 September 2021 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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interests on:		
Bank borrowings	222	586
Leases liabilities	85	109
	307	695

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	190	26
Deferred tax	(19)	113
	171	139

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2020: 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:

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Directors' remuneration	203	34
Staff costs including directors' emoluments		
Salaries and other benefits	3,299	2,973
Sales commission	121	143
Retirement benefits scheme contributions	150	170
Total staff costs	3,570	3,286
Net allowance for inventories	969	–
Depreciation of property, plant and equipment	1,148	1,164
Depreciation of right-of-use assets	2,917	2,839

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss:		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(2,184)	(5,412)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares used in basic loss per share calculation	3,326,000	3,326,000

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 2021, the Group acquired property, plant and equipment of approximately HK\$20,000 (year ended 31 March 2021: approximately HK\$364,000).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

10. TRADE RECEIVABLES

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

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
0 to 30 days	3,644	4,557
31 to 60 days	454	3,698
61 to 90 days	275	2,022
91 to 120 days	87	–
121 to 180 days	3,818	911
181 to 365 days	7,339	12,896
Over 365 days	12,893	3,279
	28,510	27,363

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Trade deposits paid, rental, utilities and other deposits	32,385	37,872
Prepayments and other receivables	1,016	1,000
Total prepayments, deposits and other receivables	33,401	38,872
Analysed as:		
Current assets	33,348	38,230
Non-current assets	53	642
	33,401	38,872

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

12. TRADE PAYABLES

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

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
0 to 30 days	198	355
31 to 60 days	13	–
61 to 90 days	–	–
91 to 365 days	3	–
Over 365 days	835	835
	1,049	1,190

13. BANK BORROWINGS

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Secured import loans	4,341	12,786
Unsecured import loans	993	–
	5,334	12,786

As at 30 September 2021 and 31 March 2021, 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 2021

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:

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Sales to related parties		
– Mr. Cheung Chun To	255	10
– Mr. Leung Chi Kin Joseph	–	27
– Ms. Cheung Wing Shun (Note i)	9	1
	264	38
Lease payment in respect of warehouse paid or payable to Health Sunrise Limited (Note ii)	1,098	1,091

Notes:

- i) Ms. Cheung Wing Shun is the sister of director Mr. Cheung Chun To.
- ii) 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 2021

(b) 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 2021 and 2020 were as follows:

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Short-term benefits	920	986
Post-employment benefits	28	30
	948	1,016

15. APPROVAL OF FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 November 2021.

BUSINESS REVIEW AND OUTLOOK

According to the Report from Trading Economics in November 2021, retail sales in Hong Kong advanced 4.7 percent year-on-year in September of 2021, slowing markedly from a downwardly revised 10.0 percent increase in the previous month. Although the ongoing Covid-19 pandemic continued to hamper spending and tourism, it was the eighth straight month of expansion in the retail sector. As compared with the months in 2020, alcoholic drinks & tobacco dropped 0.1 percent in September 2021. Looking ahead, a Government spokesman said that the stable local epidemic, the growing employment and income conditions, coupled with the Consumption Voucher Scheme, should remain supportive to the retail sector. Retail Sales year-on-year in Hong Kong is expected to increase by 5.50 percent by the end of this quarter, and the Hong Kong Retail Sales is projected to increase by around 4.50 percent year-on-year in 2022.

As released by the “Report on Monthly Survey of Retail Sales” in September 2021 by the Census and Statistics Department, the value of total retail sales by type of retail outlet increased from approximately HK\$238.9 billion for the nine months ended 30 September 2020 to approximately HK\$258.1 billion for the nine months ended 30 September 2021, representing an increase of approximately 8.0%. During the six months ended 30 September 2021, the Group’s revenue increased by 41.1% to approximately HK\$53.6 million (2020: HK\$38.0 million). The increase was mainly due to the increase of the sales of red wine from approximately HK\$29.0 million for the six months ended 30 September 2020 to approximately HK\$43.7 million for the six months ended 30 September 2021.

Facing the unprecedented pandemic outbreak of COVID 19, the plunge in the cross-border flow of people, logistics and trading activities suspension, uncertain global economic outlook, the US-Sino Trade War challenge, the vulnerable Hong Kong retail market and intensified competition in premium wine industry, the overall business environment has been unstable and challenging for the six months ended 30 September 2021.

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 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 increased by approximately 41.1% from approximately HK\$38.0 million for the six months ended 30 September 2020 to approximately HK\$53.6 million for the six months ended 30 September 2021.

Gross profit

Gross profit of the Group increased by approximately 40.7% from approximately HK\$5.9 million for the six months ended 30 September 2020 to approximately HK\$8.3 million for the six months ended 30 September 2021. The change was mainly attributable to the increase of revenue of the Group for the six months ended 30 September 2021.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 18.9% from approximately HK\$7.4 million for the six months ended 30 September 2020 to approximately HK\$6.0 million for the six months ended 30 September 2021. The change was mainly attributable to the decrease in depreciation expenses.

Administrative expenses of the Group decreased by approximately 2% from approximately HK\$5.1 million for the six months ended 30 September 2020 to approximately HK\$5.0 million for the six months ended 30 September 2021.

Depreciation of property, plant and equipment

The depreciation on property, plant and equipment of the Group decreased by approximately 1.4% from approximately HK\$1,164,000 for the six months ended 30 September 2020 to approximately 1,148,000 for the six months ended 30 September 2021.

Finance costs

Finance costs of the Group decreased by approximately 55.8% from approximately HK\$695,000 for the six months ended 30 September 2020 to approximately HK\$307,000 for the six months ended 30 September 2021. It was mainly resulted from the decrease in bank borrowings for the six months ended 30 September 2021.

Income tax expense

Income tax expense for the Group increased from approximately HK\$139,000 for the six months ended 30 September 2020 to approximately HK\$171,000 for the six months ended 30 September 2021. The increase was mainly due to the increase of estimated assessable profit during the six months ended 30 September 2021 as compared to the corresponding period in 2020.

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\$5.4 million for the six months ended 30 September 2020, whereas loss and total comprehensive expense was approximately HK\$2.2 million for the six months ended 30 September 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 30 September 2021 (unaudited)	As at 31 March 2021 (audited)
Current assets	HK\$161,555,000	HK\$162,549,000
Current liabilities	HK\$35,840,000	HK\$38,122,000
Current ratio	4.51	4.26

The current ratio of the Group at 30 September 2021 was approximately 4.51 times as compared to that of approximately 4.26 times at 31 March 2021. It was mainly resulted from the approximately 58.3% decrease in bank borrowings as compared to that as at 31 March 2021. At 30 September 2021, the Group had total bank and cash balances and pledged bank deposits of approximately HK\$14.3 million (31 March 2021: approximately HK\$13.0 million). At 30 September 2021, the Group's gearing ratio (represented by the sum of amount due to a director, lease liabilities and bank borrowings divided by equity) amounted to approximately 10.8% (31 March 2021: approximately 18.3%). 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 2021 and 31 March 2021, the Group did not have any significant lease commitments and capital commitments.

PLEDGE OF ASSETS

As at 30 September 2021, the Group pledged its bank balance of approximately HK\$6.1 million (31 March 2021: approximately HK\$6.1 million) as securities for banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 26 full-time and 1 part-time employees (31 March 2021: 29 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK\$3.6 million for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$3.3 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 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 2021, 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 2021, 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)	975,859,600 shares	29.34%
Mr. Cheung Chun To	Interest of Spouse (Note 1)	11,140,000 shares	0.34%

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 975,859,600 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 986,999,600 shares in the Company.

Save as disclosed above, as at 30 September 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 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 2021, 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:

Name	Capacity/ Nature of Interest	Number of shares	Approximate percentage of shareholding
Silver Tycoon Limited	Beneficial Owner (Note 1)	975,859,600 shares	29.34%
High State Investments Limited	Beneficial Owner (Note 2)	524,640,400 shares	15.77%
Ms. Lin Shuk Shuen	Interest of Spouse and Beneficial Owner (Note 3)	986,999,600 shares	29.68%
Ms. Ma Pui Ying	Interest of Spouse (Note 4)	524,640,400 shares	15.77%
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 975,859,600 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 524,640,400 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 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.

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 2021 Annual Report. During the six months ended 30 September 2021, 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 2021.

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 2021 or at any time during the six months ended 30 September 2021.

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 2021.

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 2021.

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 2021 save for the deviation stated below:

According to the code provision A.2.1. of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As a result of the resignation of Mr. Leung Chi Kin Joseph in June 2021, Mr. Cheung Chun To was appointed the chief executive officer of the Group.

Given that Mr. Cheung is familiar with and has superior knowledge and experience of the Group's business, therefore the Board considers that vesting the roles of both Chairman of the Board and chief executive officer in Mr. Cheung has the benefit of ensuring consistent leadership with the Group and enables more effective and efficient overall strategic planning for the Group.

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 2021. The Group did not have other plans for material investments and capital assets as at 30 September 2021.

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 2021, 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.

REVIEW OF INTERNAL CONTROL PROCEDURES

To review and enhance the Group's internal control, we have engaged ZHONGHUI ANDA CPA Limited to review the internal control manual relating to the consignment service and storage service and to perform a stock count for consignment service and storage service on a sampling basis by agreed-upon procedures. No irregularity or adverse finding has been identified based on the procedures carried out by ZHONGHUI ANDA CPA Limited. The Group will continue to monitor and review its internal control procedures.

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 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of the Company (www.majorcellar.com) and the Stock Exchange (www.hkexnews.hk). The 2021 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, 26 November 2021

