MAJOR HOLDINGS LIMITED

美捷滙控股有限公司*

# ANNUAL REPORT 2024

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

*Stock Code: 1389*

* For identification purposes only

# CONTENTS



# Corporate Information

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

**Headquarter, head office and principal place of business in Hong Kong**
Suite 1507, Tower 2
Silvercord
30 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

**Company's website**
www.majorcellar.com

**Executive director**
Mr. Cheung Chun To *(Chairman)*

**Independent non-executive directors**
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying *(resigned on 1st May 2024)*
Mr. Siu Shing Tak
Ms. Li Bo *(appointed on 1st May 2024)*

**Company secretary**
Mr. Sin Chi Keung

**Authorised representatives**
Mr. Cheung Chun To
Mr. Sin Chi Keung

**Audit committee**
Mr. Siu Shing Tak *(Chairman)*
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying *(resigned on 1st May 2024)*
Ms. Li Bo *(appointed on 1st May 2024)*

**Remuneration committee**
Mr. Yue Kwai Wa Ken *(Chairman)*
Mr. Siu Shing Tak
Mr. Ngai Hoi Ying *(resigned on 1st May 2024)*
Ms. Li Bo *(appointed on 1st May 2024)*

**Nomination committee**
Mr. Ngai Hoi Ying *(Chairman) (resigned on 1st May 2024)*
Ms. Li Bo *(appointed on 1st May 2024)*
Mr. Siu Shing Tak
Mr. Yue Kwai Wa Ken

**Principal share registrar and transfer office in the Cayman Islands**
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Hong Kong branch share registrar and transfer office**
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

**Principal banker**
DBS Bank (Hong Kong) 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
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**Hong Kong legal adviser**
Robertsons
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99 Queen's Road Central
Hong Kong

**Stock code**
1389

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Major Holdings Limited (the "Company", together with its subsidiaries, the "Group"), it is my pleasure to present the Group's Annual Report for the year ended 31 March 2024.

## FINANCIAL HIGHLIGHTS

For the year ended 31 March 2024:

- Revenue decreased by 15.3% from HK$74.4 million for the year ended 31 March 2023 to HK$63.0 million for the year ended 31 March 2024
- Loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2023 was HK$16.6 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2024 was HK$15.7 million
- Basic loss per share restated was HK4.29 cent for the year ended 31 March 2023, whereas basic loss per share was HK3.96 cent for the year ended 31 March 2024
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil)

## BUSINESS ENVIRONMENT

According to the Report on Monthly Survey of Retail Sales March 2024 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales in March 2024 decreased by 7%, the volume of Hong Kong Total Retail Sales in March 2024 decreased by 8.6%, and the value index of Sales of food, alcoholic drinks and tobacco increased by 47.4% for the 3 months ended 31 March 2024. On the other hand, the value of online retail sales was HK$31.7 billion for the year ended 31 March 2024, which was decreased by 2.7% as compared with that in March 2023.

During the year of 2024, Hong Kong has returned to normalcy after the epidemic. The society and the daily lives of our people are back to normal as they have longed for. Visitors are returning, and our economy is regaining positive growth. A series of mega events have helped to restore a buoyant mood in the community.

Meanwhile, geopolitical uncertainties and high interest rates have impacted capital flows. Resumption of outbound travel, changes in consumption patterns and a shift in inbound visitors' preferences, along with competition from other economies and so forth have all weighed down economic confidence.

Amid a complicated and ever-changing international environment, and with our economy and society constantly evolving, more strenuous efforts are required to strengthen momentum of our economic recovery. While the uneven pace of recovery across industries merits our attention, certain constraints also need to be unravelled in a gradual manner.

# Chairman's Statement

In view of the economic situation, management have adopted various contingency measures, including developing the online shop platform with customers; reducing costs to preserve working capital; improving both the staff organizational structure and cost structure; streamlining processes and automating works to raise the operational efficiency, in order to maintain the Group's strength for its long term development and enable the Group to get through difficult time and recover its profitability as soon as possible.

To cope with the wine market in Hong Kong, the Group implemented certain strategical sales and marketing activities, such as organizing different sales campaigns, wine tasting, events and functions, to share plenty of wine inspiration and knowhow. Based on the Group's experience, we strive to broaden our customer base and product mix to different tiers of customer levels, ensuring that our quality product portfolios can satisfy the customer needs. Although the market trends change constantly, our professional wine consultants through various sales channels and marketing activities, can provide prompt knowledge and expertise to our esteem customers, to suit their different tastes.

## A NOTE OF APPRECIATION

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

**Major Holdings Limited**
**Cheung Chun To**
*Chairman*

Hong Kong, 14 June 2024

# Management Discussion and Analysis

## BUSINESS REVIEW

According to the Report on Monthly Survey of Retail Sales March 2024 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales in March 2024 decreased by 7%, the volume of Hong Kong Total Retail Sales in March 2024 decreased by 8.6%, and the value index of Sales of food, alcoholic drinks and tobacco increased by 47.4% for the 3 months ended 31 March 2024. On the other hand, the value of online retail sales was HK$31.7 billion for the year ended 31 March 2024, which was decreased by 2.7% as compared with that in March 2023.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group decreased by 15.3% from HK$74.4 million for the year ended 31 March 2023 to HK$63.0 million for the year ended 31 March 2024. The decrease was mainly due to the decrease of the sales of red wine from HK$54.7 million for the year ended 31 March 2023 to HK$47.6 million for the year ended 31 March 2024.

### Gross profit

Gross profit of the Group decreased by 30.5% from HK$7.9 million for the year ended 31 March 2023 to HK$5.5 million for the year ended 31 March 2024. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2024. The gross profit margin decreased from 10.6% for the year ended 31 March 2023 to 8.7% for the year ended 31 March 2024 which was mainly due to discounts offered to customers for the year ended 31 March 2024.

### Other income

Other income of the Group for the year ended 31 March 2023 was HK$2.9 million, whereas other income of the Group for the year ended 31 March 2024 was HK$3.8 million.

### Depreciation of property, plant and equipment and right-of-use assets

Depreciation on property, plant and equipment of the Group for the year ended 31 March 2023 was HK$2.0 million, whereas depreciation on property, plant and equipment of the Group for the year ended 31 March 2024 was HK$1.7 million. Depreciation on right-of-use assets for the year ended 31 March 2023 was HK$2.6 million, whereas depreciation on right-of-use assets for the year ended 31 March 2024 was HK$3.4 million.

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

Promotion, selling and distribution expenses and administrative expenses of the Group decreased by 4.0% from HK$20.3 million for the year ended 31 March 2023 to HK$19.5 million for the year ended 31 March 2024 which was mainly attributable to the decrease in salary expenses for the year ended 31 March 2024.

# Management Discussion and Analysis

**Income tax credit**

Income tax credit of the Group was HK$37 thousand for the year ended 31 March 2023, whereas income tax credit of the Group was HK$ nil for the year ended 31 March 2024.

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

For the reasons mentioned above, loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2023 was HK$16.6 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2024 was HK$15.7 million.

**Final dividend**

The Board does not recommend the payment of a final dividend to shareholders of the Company ("Shareholders") for the year ended 31 March 2024 (2023: Nil).

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

| | As at 31 March | |
|---|---|---|
| | **2024** | 2023 |
| Current assets | **HK$131,799,000** | HK$122,587,000 |
| Current liabilities | **HK$11,719,000** | HK$17,755,000 |
| Current ratio | **11.25** | 6.90 |

The current ratio of the Group at 31 March 2023 was 6.90 times, whereas the current ratio of the Group at 31 March 2024 was 11.25 times. It was mainly attributed to the increase in bank balances and decrease in bank loans for the year ended 31 March 2024.

At 31 March 2024, the Group had total bank and cash balances of HK$26.5 million (2023: HK$5.9 million).

At 31 March 2024, the Group's gearing ratio (represented by the aggregate sum of amount due to a director, lease liabilities and bank borrowings divided by equity) amounted to 3.9% (2023: 12.9%). The Group currently have not entered into any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

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

# Management Discussion and Analysis

## CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 26 to the consolidated financial statements.

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

Save as disclosed in this report, these were no other significant investments held as at 31 March 2024. The Group does not have other plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, the company did not have any other material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2024.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2024 (2023: Nil).

## FOREIGN EXCHANGE EXPOSURE

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

As at 31 March 2024, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

## TREASURY POLICIES

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

# Management Discussion and Analysis

## SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 30 December 2013 which became effective on 10 January 2014 and further reiterated by the AGM on 11 August 2023 for another 10 years. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

**(a) Purpose of the Share Option Scheme**

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

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

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

**(c) Maximum number of Shares available for Subscription**

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

**(d) Maximum entitlement of each Eligible Person**

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

**(e) Time of exercise of Option**

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

**(f) Subscription Price**

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

(i) the closing price per Share as stated in The Stock Exchange of Hong Kong Limited's ("Stock Exchange") daily quotation sheet on the offer date;

(ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or

(iii) the nominal value of the Share.

# Management Discussion and Analysis

**(g) Life of the Share Option Scheme**

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

During the year ended 31 March 2024, no option under the Share Option Scheme has been granted by the Company (2023: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 22 full-time and 1 part-time employees (2023: 23 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were HK$7.5 million for the year ended 31 March 2024 (2023: HK$8.4 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end and discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

During the years ended 31 March 2023 and 2024, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 March 2023 and 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

## OUTLOOK

### Global

According to the World Economic Outlook in April 2024 – "Steady but Slow: Resilience amid Divergence" in April 2024, by the International Monetary Fund, the forecast is as follows:–

1. The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies – where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025 – will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now – at 3.1 percent – is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

2. The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability.

# Management Discussion and Analysis

3. Global Prospects and Policies

   Economic activity was surprisingly resilient through the global disinflation of 2022–2023. As global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. However, the pace of expansion is expected to be low by historical standards and the speed of convergence toward higher living-standards for middle – and lower-income countries has slowed, implying persistent global disparities. With inflationary pressures abating more swiftly than expected in many countries, risks to the global outlook are now broadly balanced compared with last year. Monetary policy should ensure that inflation touches down smoothly. A renewed focus on fiscal consolidation is needed to rebuild room for budgetary maneuver and priority investments, and to ensure debt sustainability. Intensifying supply-enhancing reforms are crucial to increase growth towards the higher prepandemic era average and accelerate income convergence. Multilateral cooperation is needed to limit the costs and risks of geoeconomic fragmentation and climate change, speed the transition to green energy, and facilitate debt restructuring.

4. Changes in mortgage and housing markets over the prepandemic decade of low interest rates moderated the near-term impact of policy rate hikes. On investigating the effects of monetary policy across countries and over time through the lens of mortgage and housing markets, monetary policy has greater effects where (1) fixed-rate mortgages are not common, (2) home buyers are more leveraged, (3) household debt is high, (4) housing supply is restricted, and (5) house prices are overvalued. These characteristics vary significantly across countries, and thus the effects of monetary policy are strong in some and weak in others. Moreover, recent shifts in mortgage and housing markets may have limited the drag of higher policy rates up to now in several countries. The risk that households may still feel the pinch should be taken seriously where fixed-rate mortgages have short fixation periods, especially if households are heavily indebted.

5. Medium-term prospects and shows that the lower predicted growth in output per person stems, notably, from persistent structural frictions preventing capital and labor from moving to productive firms, resulting in slowdown in Global Medium-Term Growth.

   The world economy's growth engine is losing steam, prompting questions about its medium-term prospects. The drivers behind the growth decline and identifies a significant and widespread slowdown in total factor productivity as a key factor, partly driven by increased misallocation of capital and labor between firms within sectors. Demographic pressures and a slowdown in private capital formation further precipitated the growth slowdown. Absent policy action or technological advances, medium-term growth is projected to fall well below prepandemic levels. To bolster growth, urgent reforms are necessary to improve resource allocation to productive firms, boost labor force participation, and leverage artificial intelligence for productivity gains. Addressing these issues is critical, given the additional constraints high public debt and geoeconomic fragmentation may impose on future growth.

# Management Discussion and Analysis

6. Real Spillovers from G20 Emerging Markets. Prospects for growth in China and other large emerging market economies will weigh on trading partners.

   As G20 emerging markets account for almost one-third of world GDP and about one-quarter of global trade, spillovers from shocks originating in these economies can have important ramifications for global activity. Since 2000, spillovers from shocks in G20 emerging markets – particularly China – have increased and are now comparable in size to those from shocks in advanced economies. Trade, notably through global value chains, is a key propagation channel. Spillovers generate a reallocation of economic activity across firms and sectors in other countries. Looking ahead, a plausible growth acceleration in G20 emerging markets, even excluding China, could support global growth over the medium term and spill over to other countries. Policymakers in recipient economies should maintain sufficient buffers and strengthen policy frameworks to manage the possibility of larger shocks from G20 emerging markets.

**China**

According to the "China Economic Quarterly Q4 2023 and economic outlook for 2024", by the PricewaterhouseCoopers China:

1. China's GDP grew 5.2% in 2023, surpassing the official target.

2. Economic recovery was uneven in the fourth quarter, with industrial output and fixed asset investment accelerating but retail sales slowing in December.

3. High-tech sectors continued to shine, with related industrial production, fixed asset investments, bank lending, foreign direct investment and exports growing at a faster pace than the broader economy.

4. Anaemic consumer spending, sluggish consumer prices, and slowing imports consistently underscore the imperative for boosting domestic demand.

5. In terms of investment, China's pivot towards the high-tech sector is expected to continue, with recent policy highlighting the green energy sector.

6. Policymakers will likely up their game to put a floor under the real estate sector by rolling out further supportive measures.

7. With global demand unlikely to bounce back sharply, policymakers will need to step up economic stimulus to prop up growth.

8. Domestic demand will pick up steam in 2024 if policymakers roll out larger-scale, more coordinated policy measures to shore up household and business confidence.

# Management Discussion and Analysis

**China Economic outlook 2024**

Looking ahead, China's economic recovery is expected to continue in 2024, driven by stabilizing exports and a continuing pivot towards high-tech investments. This year will also mark China's transition into a new normal – a slower but more balanced trajectory of economic growth. To further accelerate the economic recovery, it will be crucial for the government to roll out larger-scale support measures to stimulate domestic demand. Particularly, six key areas are expected to be essential picked up by the Chinese Government in 2024:

1. GDP – Shifting gears towards more sustainable and balanced growth

2. China's property sector – Less of a drag on economic growth

3. Pivot towards high-tech and green sectors

4. Consumer spending – Weak confidence still clouds the horizon

5. Light at the end of the export tunnel

6. Economic stimulus – From a piecemeal approach to bringing out the big guns

**Hong Kong**

According to the "Hong Kong Budget Summary 2024-2025", by the KPMG on February 2024 Report,

1 2024-2025 Government revenue and expenditure (estimated)

Total government revenue for 2024-25 is estimated to be HKD633.0 billion (2023-24: HKD554.6 billion) within which tax revenues (i.e., Profits Tax, Stamp Duty, Salaries Tax) account for 53.5%, followed by investment income at 14.2% and land premiums at 5.2%. Total government expenditure is estimated at HKD776.9 billion (2023-24: HKD727.9 billion). Education, social welfare and healthcare account for about 48.9% of total government expenditure. The government forecasts an overall consolidated deficit of HKD48.1 billion for 2024-25. Hong Kong's fiscal reserves are predicted to remain healthy at about HKD685.1 billion as at 31 March 2025. Fiscal reserves are estimated to stand at HKD832.2 billion by the end of March 2029, which is equivalent to roughly 12 months of government expenditures.

2 Real Gross Domestic Product growth rate

Overall, the Hong Kong economy showed a growth of 3.2% year-on-year, predominantly as a result of the strong growth in local private consumption and a sharp rise in inbound visitors. With the continuous global economic growth, the local private consumption and fixed asset investments are anticipated to increase. With various measures rolled out by the government to attract enterprises, capital and talent, Hong Kong's economy is expected to remain stable in the foreseeable future.

3 Underlying inflation rate

The underlying inflation rate in 2023 is estimated to be 1.7%, which is the same as the year before. Looking ahead, the inflation outlook for 2024 will be heavily impacted by the increasing domestic cost as a result of economic recovery and external price pressures mainly driven by geopolitical tensions. The inflation pressure in Hong Kong should remain moderate in overall terms.

# Management Discussion and Analysis

4 Unemployment rate

The unemployment rate as at January 2024 in Hong Kong is 2.9%. Looking ahead, it is anticipated that the unemployment rate will largely remain at similar level.

5 Key measures by the HK Government

- HKD100 million to promote sustainable development of financial services
- Issue HKD50 billion of Silver Bond and HKD20 billion of retail green bonds and infrastructure bonds
- Inject HKD500 million to launch "E-commerce Easy", and provide up to HKD1 million per enterprise for implementing e-commerce projects in the Chinese Mainland
- Stamp duties payable on the transfer of real estate investment trust (REIT) units and the jobbing business of option market-makers will be waived
- Allocate over HKD1.09 billion to strengthen tourism development and organize events
- Earmark HKD100 million to boost mega-event promotions for the next 3 years
- Allocate HKD65 million to concessionary measures for Hong Kong-registered ships that have attained a high rating under international standards of decarbonization

6 Key proposals in Innovation and Technology

- HKD3 billion earmarked to launch a Frontier Technology Research Infrastructure Support Scheme
- HKD2 billion to support the presence of the InnoHK research cluster in Hetao
- Allocate HKD3 billion to support local universities, R&D institutes and enterprises to leverage its computing power
- HKD6 billion to expedite establishment of life and health technology research institutes for universities
- Launch the New Industrialization Acceleration Scheme and provide enterprises with up to HKD200 million on a matching basis
- Allocate HKD300 million to launch business version of "iAM Smart"
- An additional fund of HKD100 million on providing digital training courses and technical support to the elderly

# Management Discussion and Analysis

**Industry Trend Report**

According to the Statista.com Spirit HK Reports, which provided statistical data for the year of 2024.

1. Revenue, at home (e.g., revenue generated in supermarkets and convenience stores) in the Spirits market amounts to US$354.1 million in 2024.

2. Revenue, out-of-home (e.g., revenue generated in restaurants and bars) amounts to US$201.8 million in 2024.

3. Revenue, combined amounts to US$556.0 million in 2024.

4. The revenue, at home is expected to grow annually by 3.61% (Compound Annual Growth Rate, CAGR 2024-2028).

5. In global comparison, most revenue, at home is generated in China (US$150,400 million in 2024).

The analyst of the Statista.com had the opinion that:

1. Customer preferences: In recent years, there has been a shift in consumer preferences towards premium and craft spirits in Hong Kong. Consumers are increasingly seeking unique and high-quality products, and are willing to pay a premium for them. This trend is driven by a growing appreciation for craftsmanship and a desire for more personalized and exclusive experiences. As a result, there has been an increase in the demand for small-batch and artisanal spirits, as well as a rise in the popularity of cocktail culture.

2. Trends in the market: One of the key trends in the spirits market in Hong Kong is the rise of locally produced spirits. Hong Kong has seen a surge in the number of craft distilleries, producing a wide range of spirits including gin, vodka, and whisky. These local distilleries have gained popularity among consumers who value locally sourced and produced products. In addition, there has been an increase in the number of bars and restaurants that specialize in craft cocktails, further driving the demand for locally produced spirits. Another trend in the market is the growing interest in premium and aged spirits. Consumers in Hong Kong are increasingly willing to invest in high-quality and aged spirits, particularly whisky. This trend is driven by a desire for exclusivity and the perception that aged spirits are of higher quality. As a result, there has been a rise in the demand for premium and limited-edition whiskies, as well as a growing interest in whisky tasting events and education.

3. Local special circumstances: Hong Kong's status as a global financial hub and its thriving tourism industry contribute to the growth of the spirits market. The city attracts a large number of international visitors, many of whom are interested in experiencing the local food and beverage scene. This has led to an increase in the demand for premium spirits, as well as a growing interest in cocktail culture. In addition, Hong Kong's cosmopolitan nature and diverse population create a vibrant and dynamic market for spirits, with consumers from different backgrounds and cultures contributing to the demand for a wide range of products.

4. Underlying macroeconomic factors: The strong economy and high disposable income levels in Hong Kong have also played a role in the growth of the spirits market. With a high standard of living and a culture that values luxury and indulgence, consumers in Hong Kong are willing to spend more on premium and high-quality products. In addition, the city's favorable tax policies and free trade agreements make it an attractive market for international spirits brands. These factors, combined with changing consumer preferences and local special circumstances, have created a positive environment for the growth of the spirits market in Hong Kong.

# Management Discussion and Analysis

According to Statista, wine industry revenue in Hong Kong is expected to reach US$622 million in 2022. The performance of wine industry is expected to return to its pre-pandemic levels (2019) in 2023.

Statista estimates that global revenue in the industry will amount to US$310.6 billion in 2022, with the market expected to grow 11.75% annually between 2022 and 2025.

Statista forecasts that the revenue of the mainland China wine sector will reach US$25.7 billion in 2022 and grow annually between 2022 and 2025 by 6.76%.

**Company's tactics**

As an open economy, Hong Kong is particularly vulnerable to the impact of the global situation. Currently it is affected by war, inflation, oil price, high interest rates, it will be facing a challenging external environment in 2024 and 2025. The management of the Group remains cautiously optimistic about future economic recovery. However, in face of the complex and volatile global economy and geopolitics, the outlook is full of uncertainties.

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

To cope with the wine market in Hong Kong, the Group implemented certain strategical sales and marketing activities, such as organizing different sales campaigns, wine tasting, events and functions, to share plenty of wine inspiration and knowhow. Based on the Group's experience, we strive to broadening customer base, and product mix, to different tier of customer levels, ensure our quality product portfolios can satisfy the customer needs. Although the market trends change constantly, our professional wine consultants through various sales channels and marketing activities, can provide prompt knowledge and expertise to our esteem customers, to suit their different tastes.

Management have adopted various contingency measures, including developing the online shop platform with customers, reducing costs to preserve working capital, improving both the staff organizational structure and cost structure, streamlining processes and automating works to raise the operational efficiency, in order to maintain the Group's strengths for its long term development and enable the Group to develop and grow as soon as possible.

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

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

# Management Discussion and Analysis

## RIGHTS ISSUE

On 14 December 2023, the Board put forward a proposal to the shareholders to effect the consolidation of every ten (10) issued and unissued Shares of HK$0.00125 each into one (1) Share of HK$0.0125.

The Share Consolidation has become effective and the Consolidated Shares rank pari passu in all respects with each other in accordance with the Company's articles of association.

The Board also put forward to offer for subscription of the Consolidated Shares to be allotted and issued on the basis of two (2) Rights Shares for every three (3) Consolidated Shares at the subscription price of HK$0.136 per Rights Share, to raise gross proceeds of approximately HK$30.2 million before expenses, by way of the Rights Issue of up to 221,733,332 Rights Share.

On 14 December 2023, the Company and the Placing Agent, Lego Securities Limited, entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, placees to subscribe for the number of unsubscribed Rights Shares(s) not taken up by the shareholders whose name(s) appeared on the register of members of the Company on the Record Date other than the overseas shareholders whom the Board considered necessary or expedient to exclude ("NQS") from the Rights Issue ("Unsold Shares") and/or the NQS Unsold Share(s) during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement. If all the Right Shares are already fully taken up in the Rights Issue through the provisional allotment letter(s), the Placing will not proceed.

Pursuant to an extraordinary general meeting on 31 January 2024, the proposed Share Consolidation and the Rights Issue have been duly passed by the shareholders by way of poll. The proposed Share Consolidation has taken effect on 31 January 2024.

On 29 February 2024, the Company announced that a total of six valid applications and acceptance under the provisional allotment letter had been received for a total of 86,284,083 Rights Shares, representing approximately 38.9% of the total number of Rights Shares offered under the Rights Issue.

On 11 March 2024, the Company announced that none of the unsubscribed Rights Shares were successfully placed as at 4:00 p.m. on 5 March 2024. Accordingly, no Net Gain was realised and available to be distributed to the No Action Shareholders under the Unsubscribed Arrangements. As a result, a total of 135,449,249 Unsubscribed Shares not successfully placed out, have been taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

For details, please refer to the announcements of the Company dated 14 December 2023, 3 January 2024, 17 January 2024, 24 January 2024, 29 January 2024, 29 February 2024 and 11 March 2024 respectively, and the prospectus of the Company regarding the Rights Issue dated 14 February 2024 (Collectively, the "Announcements and Prospectus"). Unless otherwise defined herein, capitalised terms used in this annual report shall have the same meanings as those defined in the Announcements and Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS

The proposed use of net proceeds from the Rights Issue, and details of the original allocation of the net proceeds, and the utilisation of the net proceeds up to 31 March 2024 had been applied as below:

| Use of proceeds | Intended use as stated in the prospectus of the Company dated 14 February 2024 Approximately HK$(million) | Utilised amount for the year ended 31 March 2024 | Utilised amount as at 31 March 2024 |
|---|---|---|---|
| The net proceeds from the Rights Issue are intended to be used for:– | | | |
| (i) setting up of a new retail shop in the PRC, in particular, | | | |
| (a) approximately HK$3.0 million as startup cost for such shop, including renovation cost, rental expense and staff cost; and | 3.0 | 0 | 0 |
| (b) approximately HK$14.5 million for procurements of premium liquor for such PRC shop; | 14.5 | 0 | 0 |
| (ii) procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and | 9.7 | 6.7 | 6.7 |
| (iii) approximately HK$1.8 million for improvement of the online shop and IT infrastructure of the Group. | 1.8 | 0 | 0 |
| (iv) relevant expenses | 1.2 | 0.5 | 0.5 |
| | 30.2 | 7.2 | 7.2 |

As at 31 March 2024, the proceeds of HK$30.2 million raised, after deducting the relevant expenses, net proceeds of HK$29 million was raised, HK$6.7 million have been utilised as intended for the year ended 31 March 2024. There is no material change between the intended use of proceeds and actual use of proceeds.

# Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## BUSINESS REVIEW AND PERFORMANCE

The review of the business of the Group for the year ended 31 March 2024 and the potential future development of the Group's business and the performance analysis using financial key performance indicators are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" on pages 3 to 4, pages 5 to 17, pages 18 to 25, pages 79 to 119 and page 120 respectively. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report.

## PARTICULARS OF IMPORTANT EVENTS

Save as disclosed in this annual report, since 31 March 2024, being the end of the financial year under review, no important event has occurred affecting the Group.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 March 2024.

## ENVIRONMENTAL POLICY

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

# Report of the Directors

## RELATIONSHIPS WITH STAKEHOLDERS

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

The Group treasures the long-term relationships developed with its customers and suppliers. The Group puts emphasis on efficient communication, response and feedback actions, which are crucial to build relationship with business partners. During the year ended 31 March 2024, there was no material dispute or argument between the Group and its business partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities, by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the year ended 31 March 2024 to promote work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasizes a code of conduct which forms part of the staff working manual. Employees are required to act with integrity and to report any suspected bribery cases. Whistle-blowing procedures are in place which allows direct reporting to the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duty.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 79.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 26 to the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2024.

# REPORT OF THE DIRECTORS

## PRE-EMPTIVE RIGHTS

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

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2024. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands ("Companies Act"), amounted to approximately HK$116.0 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## MAJOR CUSTOMERS AND SUPPLIERS

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

During the year ended 31 March 2024, our largest supplier accounted for approximately 21.3% of our total purchases (2023: 12.6%). The aggregate purchases from our five largest suppliers contributed approximately 56.4% of our total purchases in the current year (2023: 40.7%).

During the year ended 31 March 2024, our largest customer accounted for approximately 13.6% of turnover (2023: 6.2%). The aggregate sales to our five largest customers contributed approximately 29.8% of our total sales in the current year (2023: 25.0%).

At no time during the year ended 31 March 2024 did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

# REPORT OF THE DIRECTORS

## DIRECTORS

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

**Executive Director**
Mr. Cheung Chun To *(Chairman)*

**Independent non-executive Directors**
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying *(resigned on 1st May 2024)*
Mr. Siu Shing Tak
Ms. Li Bo *(appointed on 1st May 2024)*

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

Pursuant to the Articles, Mr. Siu Shing Tak, Ms. Li Bo and Mr. Yue Kwai Wa Ken shall retire from office as Directors at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

Biographical information of the Directors and the senior management of the Group are set out on pages 73 to 74.

## DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving at least three months' notice in writing or otherwise in accordance with the terms of the agreement.

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

Save as disclosed above, no Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

# Report of the Directors

## DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance, in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2024 or at any time during that year.

## CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company, or any of its subsidiaries, and any of the controlling shareholders or any of their subsidiaries during the year ended 31 March 2024.

## MANAGEMENT CONTRACTS

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

## REMUNERATION OF THE DIRECTORS

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

## EMOLUMENT POLICY

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

## COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

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

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

During the year ended 31 March 2024 and up to the date of this report, none of the Directors or any of their respective associates, has been engaged or otherwise interested in any business which is or may be in competition with the business of any members of the Group.

# REPORT OF THE DIRECTORS

## EQUITY-LINKED AGREEMENTS

Save as the share option scheme disclosed in section head "Management Discussion and Analysis", during the year ended 31 March 2024, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

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

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

So far as were known to the Directors or chief executive of the Company, as at 31 March 2024, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"), 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) | 298,092,515 shares | 53.77% |
| Mr. Cheung Chun To | Interest of spouse (Note 1) | 1,856,667 shares | 0.33% |

Note:

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 298,092,515 shares held by Silver Tycoon Limited. Ms. Lin Shuk Shuen. Being the spouse of Mr. Cheung Chun To, beneficially owns 1,856,667 shares in the Company. As a consequence, Mr. Cheung Chun To is deemed to be interested in 299,949,182 shares in the Company.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and pursuant to the Model Code.

# Report of the Directors

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

As at 31 March 2024, so far as it were known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) has interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company under the provisions of 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:

| Name | Capacity/ Nature of Interest | Number of Shares | Approximate Percentage of Shareholding |
|---|---|---|---|
| Silver Tycoon Limited | Beneficial Owner (Note 1) | 298,092,515 shares | 53.77% |
| Ms. Lin Shuk Shuen | Interest of spouse and Beneficial Owner (Note 2) | 299,949,182 shares | 54.10% |
| Mr. Zheng Huanming | Beneficial Owner | 48,000,000 shares | 8.66% |
| Mr. Zhang Guangyuan | Beneficial Owner | 47,714,040 shares | 8.61% |
| Mr. Zhang Guozhong | Beneficial Owner | 44,600,000 shares | 8.05% |

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. Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To and is therefore deemed to be interested in all the shares held/owned by Mr. Cheung Chun To (by himself and through Silver Tycoon Limited), and together with the 11,140,000 shares beneficially owned by her.

Save as disclosed above, as at 31 March 2024, 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.

## AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying (resigned on 1st May 2024) and Ms. Li Bo (appointed on 1st May 2024), all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2024.

# REPORT OF THE DIRECTORS

## SUFFICIENCY OF PUBLIC FLOAT

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

## TAX RELIEF AND EXEMPTION

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

## EVENT AFTER THE REPORTING PERIOD

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

## USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 5 March 2024, the Company completed the rights issue on the basis of two (2) Rights Shares for every three (3) Shares of the Company at the subscription price of HK$0.136 per Rights Share, the gross proceeds raised from the Rights Issue are approximately HK$30.2 million and the net proceeds from the Rights Issue after deducting the relevant expenses are approximately HK$29.0 million. The Company intends to apply the net proceeds from the Rights issue by 31 March 2025 of (i) approximately HK$17.5 million for the setting up of a new retail shop in the PRC, in particular, (a) approximately HK$3.0 million as startup cost for such shop, including renovation cost, rental expense and staff cost; and (b) approximately HK$14.5 million for procurements of premium liquor for such PRC shop; (ii) approximately HK$9.7 million for procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and (iii) approximately HK$1.8 million for improvement of the online shop and IT infrastructure of the Group. As of 31 March 2024, the said net proceeds have not been fully utilised.

## AUDITOR

ZHONGHUI ANDA CPA Limited was re-appointed by the Shareholders as the auditor of the Company at the annual general meeting of the Company held on 11 August 2023. ZHONGHUI ANDA CPA Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company. The consolidated financial statements for the year ended 31 March 2024 have been audited by ZHONGHUI ANDA CPA Limited.

The consolidated financial statements for each of the years ended 31 March 2023 and 2022 were audited by ZHONGHUI ANDA CPA Limited.

By Order of the Board
**Cheung Chun To**
*Chairman*
14 June 2024

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value. The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules for the year ended 31 March 2024. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability. The Board reports that save as disclosed under the paragraph headed "Chairman and Chief Executive" in this Corporate Governance Report, the Company has complied with the code provisions of the CG Code for the year ended 31 March 2024. The Directors will continue to use their best endeavors to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors for the year ended 31 March 2024.

# Corporate Governance Report

## BOARD OF DIRECTORS

The Board comprises:

**Executive Director**
Mr. Cheung Chun To *(Chairman)*

**Independent non-executive Directors**
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying *(resigned on 1st May 2024)*
Mr. Siu Shing Tak
Ms. Li Bo *(appointed on 1st May 2024)*

During the year ended 31 March 2024, a total of 4 Board meetings were held. For all Board meetings, notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda that are required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings. The attendance record of each Director at the Board meetings is set out in the table below:

| | Number of meetings attended | |
|---|---|---|
| **Name of Director** | **Board Meetings** | **General Meetings** |
| Mr. Cheung Chun To | 4/4 | 1/2 |
| Mr. Yue Kwai Wa Ken | 4/4 | 2/2 |
| Mr. Ngai Hoi Ying *(resigned on 1st May 2024)* | 3/4 | 2/2 |
| Mr. Siu Shing Tak | 4/4 | 2/2 |
| Ms. Li Bo *(appointed on 1st May 2024)* | 0/4 | 0/2 |

# Corporate Governance Report

## RESPONSIBILITIES OF THE BOARD

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

## CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, reviewing and monitoring the Company's risk management policies and standards, internal control system and the environmental, social and governance ("ESG") policies and guidelines and the compliance thereof, developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors of the members of the Group, monitoring each of the Company's audit committee, the remuneration committee and the nomination committee (or such other Board committee from time to time established) to ensure that each has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any applicable laws and regulations, and reviewing the Company's compliance with the CG Code (Appendix C1 to the Listing Rules) and the ESG Reporting Guide (Appendix C2 to the Listing Rules) and disclosure in the Company's Corporate Governance Report and the ESG Report as required under the Listing Rules. The Board held meetings from time to time whenever necessary. At least 14 days notices of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least three days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

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

# Corporate Governance Report

## MECHANISMS TO ENSURE INDEPENDENT VIEWS IN THE BOARD

The Board has established mechanisms to ensure independent views are available to the Board in the Company's Director nomination policy and board diversity policy. The respective policies are available on the Company's website and a summary of the mechanism is set out below:

### Composition

The Board shall ensure the appointment of at least three independent non-executive Directors ("INED(s)") and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).

### Independence Assessment

The Nomination Committee shall adhere to the Director nomination policy with regard to the nomination and appointment of INEDs. The INED candidate must satisfy the independence requirements under Rule 3.13 of the Listing Rules. Each INED is also required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may materially affect his or her independence and provide an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules.

### Channel for Communication

The Company is committed to ensuring that the INEDs will be given the opportunity and channel for Directors to communicate and express their independent views and inputs to the Board and its committees. The Company has established channels through formal and informal means whereby INEDs can express their views in an open, candid as well as confidential manner, should circumstances require, these include meetings with the Chairman of the Company without the presence of the other Directors to discuss major issues and any concerns, and dedicated meeting sessions with the Chairman of the Company and interaction with management and other Board members including the Chairman of the Company outside the boardroom.

## CHAIRMAN AND CHIEF EXECUTIVE

Mr. Cheung Chun To ("Mr. Cheung") is the Chairman of the Board who is primarily responsible for managing the Board. Mr. Cheung also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. During the year, Mr. Cheung Chun To being Chairman, executive director, and chief executive officer ("CEO") of the Company, was primarily responsible for the day-to-day management of the Group's business.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheung being the Chairman and CEO of the Company, nevertheless, the Board considers that having the same person to perform the roles of both the Chairman and the CEO provides the Company with strong and consistent leadership, and allows effective and efficient planning and implementation of business decisions and strategies. Such structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high-caliber individuals and having meeting regularly to discuss issues affecting the operations of the Group.

# Corporate Governance Report

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

During the year ended 31 March 2024, all Directors attended the general meetings.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

Pursuant to the Articles, Mr. Yue Kwai Wa Ken, Mr. Siu Shing Tak and Ms. Li Bo will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Mr. Yue Kwai Wa Ken has been appointed as independent non-executive Director for more than ten years. The Company has received confirmation of independence from Mr. Yue according to Rule 3.13 of the Listing Rules. Mr. Yue has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in the past years, the Directors consider Mr. Yue to be independent under the Listing Rules despite the fact that he has served the Company for more than ten years. Mr. Yue has confirmed that he will continue to devote sufficient time for the discharge of his functions and responsibilities as an independent non-executive Director. With his background and experience, Mr. Yue is fully aware of the responsibilities and expected time involvements in the Company. Based on the foregoing, the Board believes that the position of Mr. Yue outside the Company will not affect him in maintaining his current role in, and his functions and responsibilities for, the Company. The Board also believes that the continued tenure of Mr. Yue brings considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Yue who has over time gained valuable insight into the Group.

Based on the abovementioned and in accordance with code provision B.2.3 of the CG Code, the re-election of Mr. Yue Kwai Wa Ken will be subject to a separate resolution to be approved by the Shareholders at the forthcoming annual general meeting for the year ended 31 March 2024.

Pursuant to the Articles, Mr. Yue Kwai Wa Ken, who was appointed on 30 December 2013, will hold office until the next annual general meeting of the Company. Mr. Siu Shing Tak and Ms. Li Bo shall then retire at the Company's forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

# Corporate Governance Report

## CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2024, all Directors confirmed that they have complied with such requirement.

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

| Name of Directors | Type of trainings |
|---|---|
| Mr. Cheung Chun To | A, B |
| Mr. Yue Kwai Wa Ken | A, B |
| Mr. Ngai Hoi Ying *(resigned on 1st May 2024)* | B |
| Mr. Siu Shing Tak | A, B |
| Ms. Li Bo *(appointed on 1st May 2024)* | A, B |

A. attending seminars/conference forums/training courses

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

## DIRECTORS' AND OFFICERS' INSURANCE

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

## AUDIT COMMITTEE

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

The Group is committed to upholding high standards of business integrity, honesty, transparency and accountability in all its business dealings. The Group strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery. The Company adopted an anti-corruption and whistle-blowing policy in order to set out the minimum standards of conduct which all directors, officers and employees of the Group (collectively "Employees") are required to adhere to in order to ensure fairness and honesty in business dealings and to prevent fraud and bribery. Further, an important aspect of accountability and transparency is a whistle-blowing mechanism for Employees and stakeholders of the Group to voice out any concern on improprieties or suspected improprieties in a responsible and effective manner. Our Employees or other stakeholders (e.g. suppliers and customers) of the Company may raise concerns, in confidence, with the Audit Committee about possible malpractice or improprieties in any matter related to the Group.

# Corporate Governance Report

A summary of the anti-corruption and whistle-blowing policy is set out below.

**Anti-Corruption Policy**

All Employees are required to adhere to the anti-corruption policy. The Group believes in fairness and honesty in business dealings. Without the prior consent of the Audit Committee, no Employee and/or their family member(s) should accept from any person, firm, company or organization which has dealings with the Group, either directly or indirectly any improper payments, rebate and other forms of bribery, facilitation payments as well as gifts and hospitality. Employees should exercise good judgment and report to the Audit Committee and/or the Board any actual or suspected breaches of this policy.

**Whistle-Blowing Policy**

The whistle-blowing policy applies to any suspected improprieties involving Employees as well as consultants, vendors, contractors, suppliers, customers, and/or any other parties with a business relationship with the Group, and the whistle-blowing mechanism is designed to enable Employees and third parties dealing with the Group to express their concerns and to disclose information which the whistle-blower believes to be an indicator of malpractice or impropriety. If an Employee or a third party dealing with the Group becomes aware of any actual or suspected fraud, malpractice, misconduct, impropriety or irregularity, he/she is encouraged to report such incident(s) directly to any member of the Audit Committee, who will investigate the case and determine an appropriate course of action in response (including but not limited to referring the case to the Board and/or the management of the Company).

The anti-corruption and whistle-blowing policy is available on the Company's website. Questions in relation to this policy should be directed to the Audit Committee and/or the Board.

The Audit Committee was established on 30 December 2013 currently comprising of three independent non-executive Directors, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying (resigned on 1st May 2024) and Ms. Li Bo (appointed on 1st May 2024). Mr. Siu Shing Tak is the Chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

During the year ended 31 March 2024, two Audit Committee meetings were held. In the meetings during the year ended 31 March 2024, the Audit Committee has reviewed the consolidated audited annual results of the Group and the unaudited condensed consolidated interim results of the Group and reviewed the internal control system of the Group. The attendance record of each member of the Audit Committee for the meetings is set out as follows:

| Name of members of the Audit Committee | Number of meetings attended |
|---|---|
| Mr. Siu Shing Tak *(Chairman)* | 2/2 |
| Mr. Yue Kwai Wa Ken | 2/2 |
| Mr. Ngai Hoi Ying *(resigned on 1st May 2024)* | 1/2 |
| Ms. Li Bo *(appointed on 1st May 2024)* | 0/2 |

# Corporate Governance Report

## REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 30 December 2013 comprising three independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Siu Shing Tak, Mr. Ngai Hoi Ying (resigned on 1st May 2024) and Ms. Li Bo (appointed on 1st May 2024). Mr. Yue Kwai Wa Ken is the Chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange. The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management and the Remuneration Committee has adopted the approach under E.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The key principles of the remuneration policy for Directors and senior management of the Company are as follows:

**Remuneration of executive Directors and senior management**

- Remuneration packages and structure shall reflect a fair reward system for all executive Directors and senior management with an emphasis on performance.

- Remuneration, comprising fixed and variable components, of executive Directors and senior management is determined with reference to various factors such as market terms and conditions, economic situation, time commitment, employment conditions elsewhere in the Group, performance, qualification, experience, and responsibilities assumed by executive Director and senior management. A significant proportion of executive Directors' remuneration shall link rewards to corporate and individual performance.

- Remuneration shall be set at levels that ensure comparability and competitiveness with Hong Kong based companies competing for a similar talent pool, with special emphasis in the wine industry. Independent professional advice is to be sought where appropriate and necessary.

- Equity-based remuneration (e.g. share options or grants) with performance-related elements may be granted to executive Directors and senior management in order to align their interests with those of the Shareholders.

**Remuneration of non-executive Directors (including INEDs)**

- Remuneration, in the form of annual Director's fees, of non-executive Directors shall be set at an appropriate level to attract and retain first-class non-executive talent.

- Remuneration practice shall be consistent with recognised best practice standards for non-executive Directors' remuneration.

# Corporate Governance Report

- Remuneration of non-executive Directors (subject to Shareholders' approval) shall be set by the Board (with recommendations from the Remuneration Committee). To ensure that non-executive Directors are appropriately remunerated for their time and responsibilities devoted to the Company, the Remuneration Committee undertakes periodic reviews and takes into account factors including fees paid by comparable companies, time commitment, employment conditions elsewhere in the Group and individual responsibilities.

- Equity-based remuneration (e.g. share options or grants) with performance-related elements may be granted to non-executive Directors who are not INEDs. INEDs shall not receive equity-based remuneration (e.g. share options or grants) with performance-related elements from the Company.

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

During the year ended 31 March 2024, the Remuneration Committee held one meeting and the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the remuneration package of the Board members and senior management of the Company. The attendance record of each member of the Remuneration Committee for the meetings is set out as follows:

| Name of members of the Remuneration Committee | Number of meetings attended |
|---|---|
| Mr. Yue Kwai Wa Ken *(Chairman)* | 1/1 |
| Mr. Siu Shing Tak | 1/1 |
| Mr. Ngai Hoi Ying *(resigned on 1st May 2024)* | 1/1 |
| Ms. Li Bo *(appointed on 1st May 2024)* | 0/1 |

## NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 30 December 2013 comprising of three independent non-executive Directors, namely Mr. Ngai Hoi Ying (resigned on 1st May 2024), Ms. Li Bo (appointed on 1st May 2024), Mr. Yue Kwai Wa Ken and Mr. Siu Shing Tak. Mr. Ngai Hoi Ying (resigned on 1st May 2024) and Ms. Li Bo (appointed on 1st May 2024) is currently the Chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executives. In considering the nomination of new Directors, the Board has adopted a director nomination policy, a summary of which is set out below.

# Corporate Governance Report

The Company recognizes the importance of having a qualified and competent Board to achieve the Group's corporate strategy as well as to promote shareholder value. The Company believes that a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business enhances decision-making capability and the overall effectiveness of the Board. The Board is committed to ensuring that Directors devote sufficient time and contributions to the Company that are commensurate with their role and Board responsibilities, and ensuring that proper, considered and transparent nomination and election processes are in place for the selection and nomination of Directors.

In the determination of the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, and diversity of perspectives.

The Nomination Committee shall also consider the following selection criteria and such other factors that it may consider appropriate for a position on the Board including:

(i) Attributes complementary to the Board, having regard to the current structure, size, diversity profile, skills matrix and the needs of the Board and its respective Board committees as well as succession planning;

(ii) Business experience and board expertise and skills in order to exercise sound business judgment and proven achievement and experience in directorship including effective oversight of and guidance to management;

(iii) Sufficient time for the proper discharge of the duties of a Director, including devoting adequate time for the preparation and participation in meetings, training and other Board or Company associated activities. For an INED candidate who will be holding his or her seventh (or more) listed company directorship, the candidate should be able to devote sufficient time to the Board;

(iv) Being self-motivated and having a strong interest in the Company's businesses;

(v) Being a person of integrity, honesty, good repute and high professional standing; and

(vi) Satisfying the independence requirements under Rule 3.13 of the Listing Rules regarding INED candidate. The INED candidate shall be independent in character and judgement and be able to represent and act in the best interests of all Shareholders. The Board shall ensure the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).

The nomination procedures for the appointment of new and replacement Directors are as follows. If the Nomination Committee determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company, external executive search firms, and any other means or channels that it deems appropriate. Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates and make recommendations based on the selection criteria and such other factors that it considers appropriate for consideration and approval by the Board. The Board has the final authority on determining suitable Director candidate for appointment.

# Corporate Governance Report

Where a retiring Director, being eligible, offers himself or herself for re-election, the Nomination Committee shall review the overall contribution to the Company of the retiring Director as well as the selection criteria set out in the director nomination policy and, if consider appropriate, make recommendations to the Board for its consideration and recommendation, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to a general meeting in accordance with the Listing Rules.

For a Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting, the procedures under the paragraph headed "Right to Put Forward Proposals at General Meetings" in this Corporate Governance Report shall be followed.

For an INED who has served more than nine years, the recommendation for the re-appointment of such INED by the Nomination Committee to the Board for such INED to stand for re-election at a general meeting shall state why the Nomination Committee believes he or she is still independent and should be re-elected, including the factors considered, the process and the discussion of the Nomination Committee in arriving at such determination.

The Board has revised its board diversity policy which sets out the approach to achieve diversity on the Board in order to reflect the mechanisms to ensure independent views and input are available to the Board. The latest version of the board diversity policy is available on the Company's website. The Company considered diversity of board members can be achieved through a number of aspects, including but not limited to gender, age, language, cultural and educational background, ethnicity, industry and professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The board diversity policy sets out a clear objective and provides that the Company should endeavour to ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy in order for the Board to be effective. The current Board is a well mix of knowledge and experience as our Directors have backgrounds in the wine industry, accounting and investment. The Company is conscious of maintaining a Board made up with INEDs as the majority, together with an appropriate level of female members on the Board. Although the Board is currently of a single gender, the Company achieves gender diversity with 25% of the Board comprising female member(s) by May 2024. While conscious efforts are being taken by the Company to fulfil its pledges, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nomination Committee will review the implementation of the board diversity policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

# Corporate Governance Report

Set out below is an analysis of the composition of our Board by gender, designation, age group, length of service, external directorship and independence. Please also refer to the paragraph headed "B. Social — B1. Employment" in the Environmental, Social and Governance Report for an analysis of the gender and age group ratio in our workforce.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Gender** | Male (3) | | Female (1) | | | | |
| **Designation** | Executive Director (1) | | Independent Non-executive Directors (3) | | | | |
| **Age group** | 35-39 (0) | 40-44 (2) | 45-49 (1) | 50-54 (0) | 55-59 (1) | 60-64 (0) | 65-69 (0) |
| **Length of service as Board member (Years)** | 0-3 (1) | 4-7 (1) | 8-11 (2) | | | | |
| **External directorships (Number of listed companies)** | 0 (3) | 1-2 (1) | | | | | |
| **Independence** | 3 Independent Non-executive Directors | | | | | | |

The Board will continue to use its best endeavours to appoint female Director(s) to the Board (keeping in mind the importance of management continuity and the timeline for retirement and re-election of Directors under the Articles) and the Nomination Committee will seek to identify and recommend suitable female candidates to the Board for its consideration on nomination of a Director, especially those who are well connected and have experience in multiple commercial fields, those who are reputable in the premium wine industry, and those with creative and innovative mindset to explore opportunities in the premium wine market and promote premium wine products. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and provide long-term development opportunities for female staff in the premium wine industry.

During the year ended 31 March 2024, the Nomination Committee held one meeting and the Nomination Committee has performed its duties to determine and make recommendation to the reappointment of the Directors and review the independence of the independent non-executive Directors. The attendance record of each member of the Nomination Committee for the meeting is set out as follows:

| Name of members of the Nomination Committee | Meeting attended |
|---|---|
| Mr. Ngai Hoi Ying *(Chairman) (resigned on 1st May 2024)* | 1/1 |
| Ms. Li Bo *(appointed on 1st May 2024)* | 0/1 |
| Mr. Siu Shing Tak | 1/1 |
| Mr. Yue Kwai Wa Ken | 1/1 |

# Corporate Governance Report

## DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

### Financial Reporting

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL

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

### Risk Management System

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

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

Based on the risk assessments conducted during the year ended 31 March 2024, no significant risk was identified.

### Internal Control System

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

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

# Corporate Governance Report

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

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

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The Executive Director is designated person who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the year ended 31 March 2024, no significant control deficiency was identified.

**Internal Auditors**

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

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

The Audit Committee reviewed and concluded that the IA function is effective and adequate.

**Effectiveness of the Risk Management and Internal Control Systems**

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

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

# Corporate Governance Report

**Audit Committee**

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

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

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

## AUDITOR'S REMUNERATION

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

During the year ended 31 March 2024, the fees paid/payable to the Company's auditor are set out as follows:

| Services rendered | Fees paid/ payable HK$'000 |
|---|---|
| Audit services | 440 |

During the year ended 31 March 2024, the fees paid/payable to the internal control consultant are set out as follows:

| Services rendered | Fees paid/ payable HK$'000 |
|---|---|
| Non-audit services | |
| Other services – Internal control | 50 |

# Corporate Governance Report

## COMPANY SECRETARY

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

## SHAREHOLDERS' RIGHTS

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

## RIGHT TO CONVENE EGM

Article 58 of the Articles provides that any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary of the Company at the Company's principal place of business in Hong Kong at Suites 1507, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

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

# Corporate Governance Report

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

(a) At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

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

## RIGHT TO PUT ENQUIRIES TO THE BOARD

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

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

1. matters within the Board's purview to the executive Directors;

2. matters within a Board committee's area of responsibility to the Chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and consumer complaints, to the appropriate management of the Company.

## RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands (the "Companies Act"). However, shareholders are requested to follow Article 58 of the Articles for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Articles, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the registered office in the Cayman Islands or at the branch share registrar and transfer office in Hong Kong provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

# Corporate Governance Report

## DIVIDEND POLICY

The declaration and payment of dividends are subject to the approval of the Shareholders, the Companies Act, the Articles as well as any applicable laws. It is the policy of the Company to allow the Shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth.

The Board shall take into account, inter alia, the following factors when deciding whether to propose a dividend and in determining the dividend amount: (i) operating and financial results of the Group; (ii) cash flow situation of the Group; (iii) business conditions and strategies of the Group; (iv) future operations and earnings of the Group; (v) taxation consideration of the Group; (vi) interim dividend paid, if any; (vii) capital requirement and expenditure plans of the Group; (viii) interests of Shareholders; (ix) statutory and regulatory restrictions; (x) the Company's ability to pay off its debts as and when they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed; (xi) any restrictions on payment of dividends; and (xii) any other factors that the Board may consider relevant.

The Company does not have any pre-determined dividend payout ratio. There is no assurance that dividends will be paid in any particular amount for any given period.

## INVESTOR RELATIONS

The Company has adopted a communication policy for shareholders and external parties which aims at (a) promoting effective communication with the Shareholders and other stakeholders; (b) encouraging the Shareholders to engage actively with the Company; and (c) enabling the Shareholders to exercise their rights as shareholders effectively. The communication policy is available on the website of the Company.

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include but not limited to the annual general meeting and other general meetings of the Company, the annual and interim reports, notices, announcements and circulars and the Company's website at www.majorcellar.com. Shareholders can also make enquiries in the Board in the manner set out in page 42.

The Board, conducted a review of the implementation and effectiveness of the communication policy for shareholders and external parties. Having considered the multiple channels of communication in place (see this paragraph and pages 41 to 42 of this Corporate Governance Report), the Board is satisfied that the shareholders communication policy has been properly implemented during 2024 and is effective.

For the year ended 31 March 2024, there had been no significant change in the Company's constitutional documents.

# Environmental, Social and Governance Report 2024

## INTRODUCTION

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

The Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes, and performance of the Group, while demonstrating its commitment to sustainability. The preparation of the ESG Report, which was supported by employees across various departments, enables the Group to better understand its current environmental and social development. The information gathered in the ESG Report not only summarises the environmental and social initiatives carried out by the Group, but also forms the basis for the Group to map out short- and long-term strategies for sustainable development.

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

# Environmental, Social and Governance Report 2024

## CHAIRMAN'S STATEMENT

Dear valued stakeholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Company, it is my pleasure to present our ESG Report for the year ended 31 March 2024 (the "Year" or "2024").

The Board strongly believes that a sound governance structure is critical to the effective management and monitoring of ESG-related issues. The Board shoulders the principal responsibilities for overseeing the Group's corporate governance as well as ESG-related issues. The Board possess the necessary skills, experience and knowledge relevant to ESG management. When appropriate, external advisors would be engaged to provide expertise and professional advice for the ESG management process. More information about the Group's governance structure is stated in the section headed "SUSTAINABILITY GOVERNANCE".

To prioritise the material ESG-related issues, the Board and the ESG working taskforce (the "Taskforce") assess the significance of various ESG topics and the associated risks to the Group's business operations. We consider different stakeholders' opinions by constantly communicating with the Group's stakeholders and regularly inviting them to participate in a materiality assessment. Information about the stakeholder communication channels and materiality assessment conducted by the Group is stated in the sections headed "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT" respectively. To gain a deeper understanding of stakeholders' expectations for the Group's sustainable development, the Group will further strengthen its communication with stakeholders. The Group will then formulate relevant sustainable development policies and measures based on their feedback, in order to enhance its ESG performance. The Board discusses the Group's ESG issues at least once per year and adjusts the Group's ESG management approach where appropriate.

The Group is committed to minimising its environmental impact to ensure sustainable business growth. As a socially responsible enterprise, the Group has set targets for material environmental aspects. To achieve the targets, the Group has taken various measures to reduce its environmental impact and raise employees' awareness of ESG. These targets help drive continued improvements in the Group's ESG, enabling the Group to better meet stakeholder expectations. The Taskforce regularly collects relevant quantitative performance data and reviews the effectiveness of environmental-related measures to track the progress of the targets.

Last but not least, I would like to express my gratitude to the Directors, the management team, all employees and stakeholders for their contributions to the Group's sustainable development. In our sustainability journey, we will do our best to live up to our stakeholders' expectations.

**Major Holdings Limited**
**Cheung Chun To**
*Chairman*

Hong Kong, 14 June 2024

# Environmental, Social and Governance Report 2024

## SUSTAINABILITY GOVERNANCE

The Group conducts a top-down management approach regarding its ESG issues. The Board oversees and sets the general direction for the Group's ESG strategy. The Board has a supervisory role in the data collection, review of target progress and preparation of the ESG reports. It is also responsible for ensuring the effectiveness of the Group's risk management and internal controls.

To systematically manage the Group's ESG issues, the Group has established the Taskforce, composed of staff from relevant departments. The Taskforce is responsible for collecting relevant ESG data, tracking the progress of the targets and compiling the ESG Report. The Taskforce assists in identifying and assessing the Group's ESG risks by evaluating, prioritising and managing different material ESG aspects, such as environmental protection, labour practices, and other ESG aspects. The Taskforce reports its findings and recommendations to the Board at least once per year.

## SCOPE OF REPORTING

The reporting scope of the ESG Report is determined based on the materiality and revenue contribution of the business segments under the Group's direct operational control throughout the Year.

The reporting scope of the ESG Report is consistent with the reporting scope for the year ended 31 March 2023 ("2023"). Unless specified otherwise, the ESG Report covers the Group's operating segment, which is also reported in this annual report, including the sales of red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products.

## REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ESG Report has been prepared based on four key reporting principles stated in the ESG Reporting Guide, including "materiality", "quantitative", "consistency" and "balance".

Materiality: When defining important ESG issues related to the Group's business and stakeholders, the Group identifies and assesses the material concerns of its stakeholders through a systematic materiality assessment process. This ESG Report covers key issues that are related to different stakeholders. The materiality of the issues has been reviewed and confirmed by the Board and the Taskforce. For further details, please refer to the sections headed "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT".

Quantitative: The Group has established internal guidelines and procedures with reference to industry practices, guidelines of relevant government departments, as well as laws and regulations, to collect environmental and social performance data from various business departments, and to maintain relevant monitoring instruments' records or supporting documents. The standards, methodologies, and assumptions (where applicable) used in the calculation of performance data are detailed in the relevant sections of the ESG Report.

Consistency: The statistical methods used in this ESG Report are consistent with those of 2023 unless otherwise stated. Relevant historical data have been disclosed in this ESG Report to enable stakeholders to better understand and compare the Group's sustainability performance.

Balance: This ESG Report aims to provide a balanced representation of the Group's ESG performance. It avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by report readers.

# Environmental, Social and Governance Report 2024

## STAKEHOLDER ENGAGEMENT

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

| Stakeholders | Key Communication Channels | Expectations and Concerns |
|---|---|---|
| Investors and shareholders | • Financial reports<br>• Announcements, circulars and notices<br>• Annual general meeting | • Return on investment<br>• Corporate governance<br>• Business compliance |
| Employees | • Training, seminars and briefing sessions<br>• Regular employee performance reviews | • Employees' compensation and benefits<br>• Career development<br>• Health and safety work environment |
| Customers | • Sales and marketing team (introduction of wine appreciation)<br>• Customer support hotline and email | • High quality products and services<br>• Protect the rights of customers<br>• After-sales customer services |
| Suppliers and distributors | • Supplier management meetings and events | • Fair and open procurement<br>• Stable relationship |

In order to gain a deeper understanding of stakeholders' expectations of the Group's sustainable development, the Group will further strengthen its communication with stakeholders and formulate relevant sustainable development policies and measures with reference to their opinions to enhance the Group's ESG performance and create greater value for the wider community on a continuous basis.

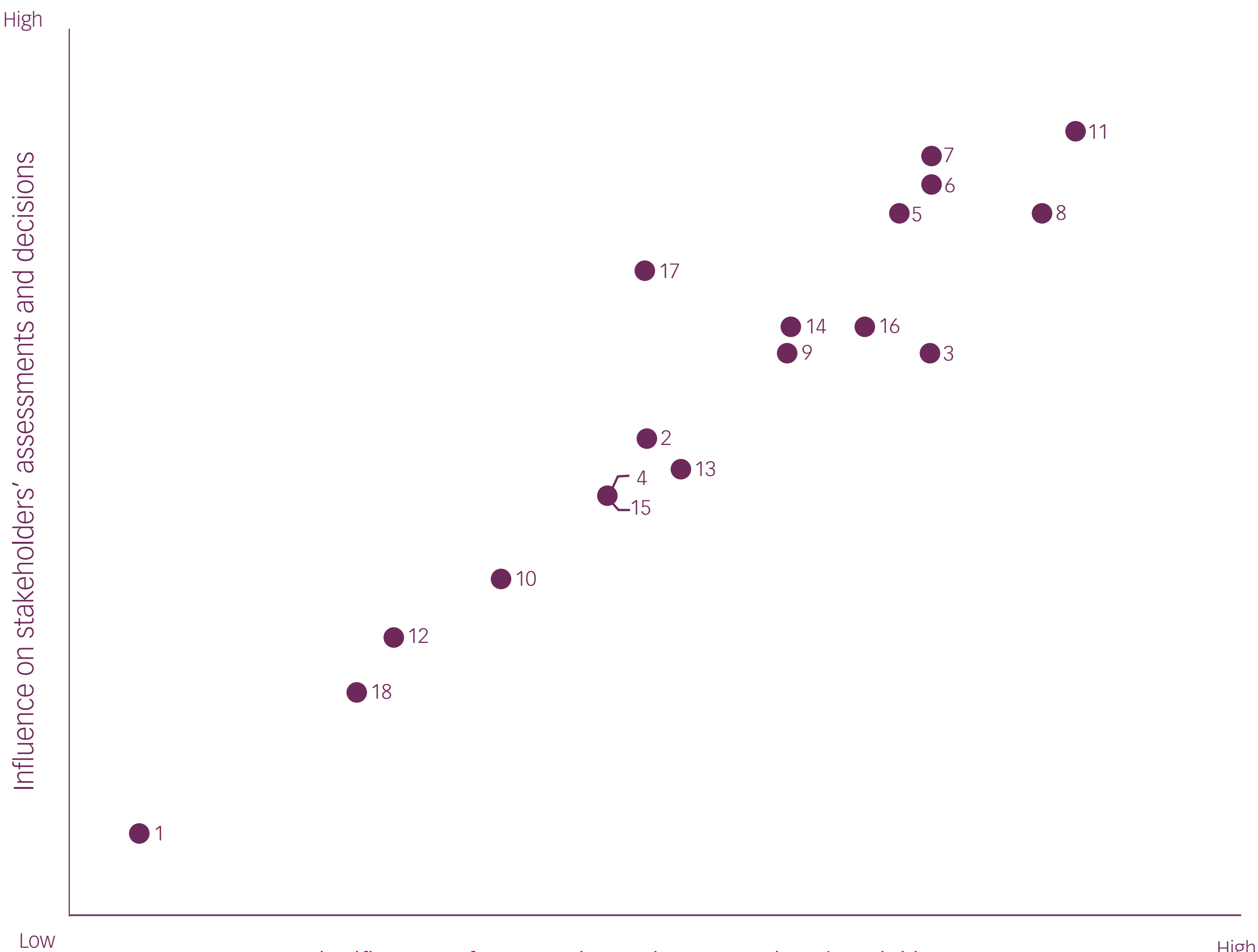
## MATERIALITY ASSESSMENT

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

The following graph shows the materiality matrix of the Group.

# Environmental, Social and Governance Report 2024

## Materiality Matrix




**ESG issues**

| | | | |
|---|---|---|---|
| 1 | Greenhouse gas ("GHG") emissions | 10 | Diversity, equal opportunity and anti-discrimination |
| 2 | Waste management | 11 | Occupational health and safety |
| 3 | Energy management | 12 | Training programmes |
| 4 | Water management | 13 | Supply chain management |
| 5 | Use of packaging material | 14 | Quality assurance |
| 6 | Climate change | 15 | Customer service |
| 7 | Indoor air quality | 16 | Anti-corruption |
| 8 | Recruitment, promotion and dismissal | 17 | Protection of whistle-blowers |
| 9 | Remuneration, welfare and benefits | 18 | Community investment |

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

## CONTACT US

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

## A. ENVIRONMENTAL

### Environmental Data Summary

| Environmental Indicators[1, 2] | Unit | 2024 | 2023 |
|---|---|---|---|
| **GHG Emissions[3]** | | | |
| Scope 1 – Direct GHG Emissions | tonnes of carbon dioxide equivalent ("$tCO_2e$") | – | – |
| Scope 2 – Energy Indirect GHG Emissions | $tCO_2e$ | 111.20 | 90.78 |
| Total GHG Emissions | $tCO_2e$ | 111.20 | 90.78 |
| Total GHG Emissions Intensity | $tCO_2e$/employee | 4.83 | 3.78 |
| **Waste** | | | |
| Paper | kg | 237.01 | 174.64 |
| Waste Wooden Pallets | kg | – | 2,108.00 |
| Total Non-hazardous Waste | kg | 237.01 | 2,282.64 |
| Total Non-hazardous Waste Intensity | kg/employee | 10.30 | 95.11 |
| **Energy Consumption** | | | |
| Direct Energy Consumption | MWh | – | – |
| Indirect Energy Consumption[4] | MWh | 285.13 | 232.77 |
| Total Energy Consumption | MWh | 285.13 | 232.77 |
| Total Energy Consumption Intensity | MWh/employee | 12.40 | 9.70 |
| **Water Consumption** | | | |
| Total Water Consumption | $m^3$ | 924.00 | 958.00 |
| Total Water Consumption Intensity | $m^3$/employee | 40.17 | 39.92 |
| **Packaging Material** | | | |
| Total Packaging Material Consumption | kg | 579.03 | 2,322.20 |
| Total Packaging Material Consumption Intensity | kg/bottle | 0.02 | 0.05 |

Notes:

1. As at 31 March 2024, the number of employees was 23 (as at 31 March 2023: 24). These data are also used for calculation of other intensity data except the total packaging material consumption intensity.

2. The number of bottles of product sold in the Year was 27,989 (2023: 48,482) bottles. These data are used for the calculation of total packaging material consumption intensity.

3. The calculation of GHG emissions is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the GHG emissions intensity of electricity sold stated in the "2023 Sustainability Report" published by the CLP Holdings Limited and "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

4. Indirect energy consumption represents electricity purchased from external sources and consumed by the Group.

# Environmental, Social and Governance Report 2024

## A1. Emissions

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

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

To enhance the Group's environmental governance practice and mitigate the environmental impact of its operations, the Group has adopted and implemented the Corporate Social Responsibility Policy to regulate the emissions of GHG and air pollutants generated from its operations. The Group also implements various emission reduction measures to ensure that the emissions meet the requirements of relevant laws and regulations. The Corporate Social Responsibility Policy applies the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation principles, with the objective of minimising the adverse environmental impacts.

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

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

During the Year, the Group was not aware of any material non-compliance with the relevant environmental laws and regulations in Hong Kong in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include, but are not limited to, the Air Pollution Control Ordinance, the Waste Disposal Ordinance and the Water Pollution Control Ordinance.

*Exhaust Gas Emissions*

As the Group does not own any company-owned vehicles or facilities that involve fossil fuels combustion, it considers that exhaust gas emissions generated during the Year were insignificant.

*GHG Emissions*

The GHG emissions of the Group were mainly generated from the purchased electricity (Scope 2). In 2023, the Group set an emissions target of maintaining or reducing its total GHG emissions intensity in 2024, using approximately 3.78 $tCO_2e$/employee in 2023 as the baseline. During the Year, the Group's total GHG emissions intensity was approximately 4.83 $tCO_2e$/employee, representing a year-on-year increase of approximately 27.78%. The Group did not achieve its emissions target due to greater electricity consumption caused by warmer weather. The Group will continue its commitment to reduce its GHG emissions.

The Group has set an emissions target of maintaining or reducing its total GHG emissions intensity in the year ending 31 March 2025 ("2025"), using approximately 4.83 $tCO_2e$/employee in 2024 as the baseline. To reduce GHG emissions, the Group actively adopts energy-saving measures described in the section headed "Energy Management" under aspect A2 "Use of Resources".

# Environmental, Social and Governance Report 2024

*Sewage Management*

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

*Waste Management*

Hazardous waste handling method

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

Non-hazardous waste handling method

The Group's Corporate Social Responsibility Policy places emphasis on waste reduction, adhering to the principles of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources. The Group is committed to fostering an environmentally-friendly mindset among its employees.

In 2023, the Group set a waste reduction target of maintaining or reducing its total non-hazardous waste intensity in 2024, using approximately 95.11 kg/employee in 2023 as the baseline. During the Year, the Group's total non-hazardous waste intensity was approximately 10.30 kg/employee, representing a year-on-year decrease of approximately 89.17%. The Group achieved its waste reduction target by reusing all wooden pallets and encouraging its customers to bring their own pallets. The Group will continue its commitment to reduce its waste generation.

The Group has set a waste reduction target of maintaining or reducing its total non-hazardous waste intensity in 2025, using approximately 10.30 kg/employee in 2024 as the baseline. To reduce waste generation, the Group's staff and the assigned administrative personnel collectively take responsibility for waste management in the retail showrooms, offices, and warehouses, in accordance with the established environmental policies. The Group has implemented waste handling measures and launched different reduction initiatives, including but not limited to:

- Promote the recycling of toner and the use of environmental-friendly materials;
- Redeploy office furniture within the Group where possible to reduce the amount of waste going to landfill; and
- Sort recycled waste into appropriate receptacles, educating employees on sorting methods if needed.

# Environmental, Social and Governance Report 2024

*Paper Management*

The Group has adopted the following practices to reduce paper waste at source, including but not limited to:

- Replace paper-based office administration system with the Office Automation system;
- Install the Electronic Point of Sale ("EPOS") system to monitor the level of inventories electronically and employing electronic communication;
- Utilise electronic communication where applicable, such as e-leave system, e-cards for festival greetings, medical e-claims and e-brochures for distributing to customers;
- Redeploy computers and notebooks within the Group where possible;
- Recycle used papers, carton boxes, envelopes and folders and use double-sided printing to minimise paper usage at our workplace;
- Encourage our staff to utilise electronic directories, forms, reports and storage when possible; and
- Explore the opportunity of using Forest Stewardship Council certified paper.

## A2. Use of Resources

The Group is committed to optimising the use of resources in all of its business operations. The Corporate Social Responsibility Policy outlines the Group's ongoing initiatives to enhance resource efficiency and implement eco-friendly measures throughout its operations.

During its operations, the Group consumes electricity and water. The Group has established procedures to govern the efficient use of resources, with the objective of achieving higher energy efficiency and reducing unnecessary material consumption.

*Energy Management*

In 2023, the Group set an energy efficiency target of maintaining or reducing its total energy consumption intensity in 2024, using approximately 9.70 MWh/employee in 2023 as the baseline. During the Year, the Group's total energy consumption intensity was approximately 12.40 MWh/employee, representing a year-on-year increase of approximately 27.84%. The Group did not achieve its energy use efficiency target due to greater electricity consumption caused by warmer weather. The Group will continue its commitment to efficient energy use.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

The Group has set an energy efficiency target of maintaining or reducing its total energy consumption intensity in 2025, using approximately 12.40 MWh/employee in 2024 as the baseline. To reduce energy consumption, the Group has developed related policies and initiatives focused on energy conservation. Regular reviews are conducted on our energy objectives and targets in order to seek continuous improvement in the Group's energy performance. The Group has adopted the following energy conservation measures, including but not limited to:

- Utilise light-emitting diode lights;
- Separate indoor areas into different light zones with independent switches;
- Improve the work efficiencies of air conditioners by cleaning the filters and fans regularly;
- Remind employees to switch off electronic appliances during non-working hours where appropriate;
- Use high-performance, all-in-one multi-function printers that combine printing, scanning, and copying capabilities into a single shared device across departments. This reduces the total number of individual devices that require power and maintenance;
- Set computers to automatic sleeping mode when idle; and
- Allow employees to dress casual wear in hot weather so as to reduce the use of air conditioners.

*Water Consumption*

Water is one of the most precious resources on the planet, and therefore the Group pays great attention to conserve water in its daily operation. Since the water supply and discharge of the head office, retail showrooms and warehouse located in leased office premises are solely controlled by property owner or building management, the Group was only able to collect water consumption data from its Kwai Chung warehouse.

In 2023, the Group set a water efficiency target of maintaining or reducing its total water consumption intensity in 2024, using approximately 39.92 $m^3$/employee in 2023 as the baseline. During the Year, the Group's total water consumption intensity was approximately 40.17 $m^3$/employee, representing a year-on-year increase of approximately 0.63%. The Group did not achieve its water efficiency target due to the slight increase in cleaning and sanitation needs. Yet, the Group will continue its commitment to efficient water use.

The Group has set a water efficiency target of maintaining or reducing its total water consumption intensity in 2025, using approximately 40.17 $m^3$/employee in 2024 as the baseline. To reduce water consumption, the Group has implemented various measures such as using appliances with water-efficient labels to raise its employees' awareness of water-saving. In addition, the Group encourages employees to save water.

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

*Use of Packaging Material*

When packaging wine and spirit products, the Group primarily consumes carton boxes, plastic bags, and plastic films. Employees are instructed to use only the appropriate amount of packaging material to avoid over-packaging and reduce the use of packaging material. During the Year, the Group's total packaging material consumption was approximately 579.03 kg (2023: approximately 2,322.20 kg). The decrease was mainly due to the decrease in product sold during the Year.

# Environmental, Social and Governance Report 2024

### A3. The Environment and Natural Resources

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

The Group has formulated a Corporate Social Responsibility Policy to mitigate its environmental impacts and adopt industry best practices aimed at reducing natural resources consumption and emissions. We regularly assess the environmental risks of our business and adopt preventive measures as necessary to reduce the risks and ensure compliance with relevant laws and regulations.

*Indoor Air Quality*

The indoor air quality in our workplace is regularly monitored and measured. The Group adopts air purifying equipment in the workplaces and conducts regular cleaning of the air conditioning system, which helps maintain good indoor air quality and filters out pollutants, contaminants, and dust particles.

### A4. Climate Change

*Identification and Mitigation*

The Group recognises that climate change has been affecting our stakeholders, business operations and communities in different aspects. To enhance our ability to respond to and mitigate the risks and impacts of climate change, the Group has developed a Climate Change Policy. This policy aims to help the Group adapt to and build resilience against the effects of climate change.

*Physical Risks*

Climate change has led to a higher frequency and severity of extreme weather conditions, which may interrupt the day-to-day operations of the Group and prevent it from providing essential products and services to its customers, resulting in reduced revenue. Therefore, the Group has developed a risk emergency mechanism and optimised the emergency management process to cope with these extreme weather conditions.

*Transition Risks*

Climate change may also lead to rising raw material prices and increased procurement costs. To manage this, the Group actively monitors price trends and communicates with suppliers to mitigate the risks of rising purchase costs.

In addition, there are more stringent climate-related legislations and regulations to support the global vision of decarbonisation. For instance, the Stock Exchange has required listed companies to enhance climate-related disclosures. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements relating to climate change. This may increase the Group's compliance costs. In response to the policy, legal, and reputational risks, the Group regularly monitors existing and emerging trends, climate-related policies, and regulations. The Group is proactive in alerting senior management to avoid cost increments, non-compliance fines, or reputation damage due to delayed response. The Group will continue to assess the effectiveness of its actions on climate change and enhance its resilience against climate-related issues.

# Environmental, Social and Governance Report 2024

## B. SOCIAL

### B1. Employment

The Group believes in creating an inclusive working environment, providing employees with equal opportunities in all matters, and striving to ensure that employees are treated fairly regardless of their gender, marital status, pregnancy, disability, family status, or race. Pursuant to the Corporate Social Responsibility Policy, the Group upholds a high standard of business ethics and personal conduct for its employees. The Staff Handbook has been formulated to cover relevant policies. The Group's employment policies and procedures are all in strict compliance with the Employment Ordinance, as well as the laws and regulations on anti-discrimination.

During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The relevant laws and regulations include, but are not limited to, the Employment Ordinance and the Minimum Wage Ordinance.

*Recruitment, Promotion and Dismissal*

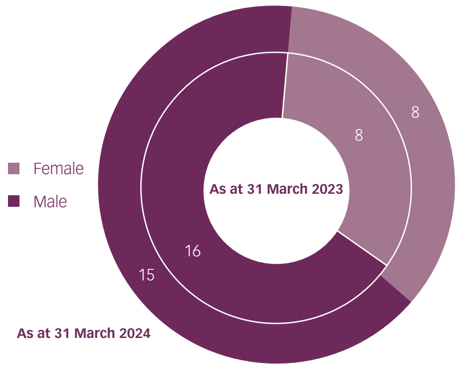
The Group considers its employees to be its greatest asset and strives to attract and retain the best people for our sustainable growth. We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and potential to fulfil the Group's current and future needs.

The promotion of the Group's employees is subject to regular review. In case of a vacancy in higher positions, priority is given to internal promotion of employees based on determinants such as their performance, educational background, ability, conduct, and attendance record. Unreasonable dismissal under any circumstances is forbidden in the Group. The dismissal process will only be proceeded with a reasonable basis, and sufficient communication on the problems is ensured prior to the official dismissal.

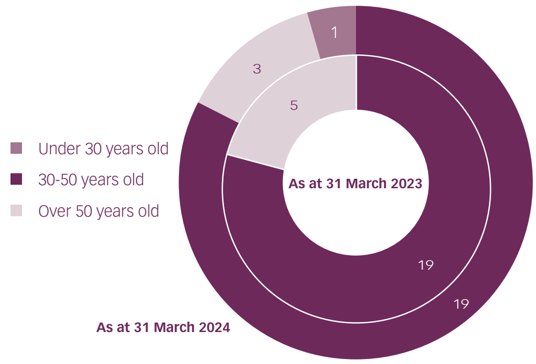
# Environmental, Social and Governance Report 2024

As at 31 March 2024, the Group employed a total of 23 employees (as at 31 March 2023: 24 employees). During 2023 and 2024, all employees were located in Hong Kong. The employee composition by gender, age group, employment type and employee category are as follows:

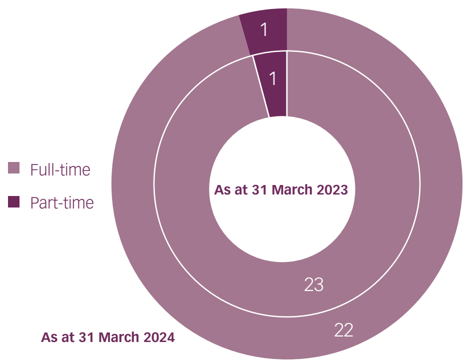
**By gender**




**By age group**




**By employment type**




**By employee category**

# Environmental, Social and Governance Report 2024

During the Year, the Group recorded a turnover rate[1] of approximately 21.74% (2023: approximately 16.67%). The breakdown of turnover rate by gender, age group and geographical region is depicted as below:

| Indicators | Unit | 2024 | 2023 |
|---|---|---|---|
| Total turnover rate[1] | % | 21.74% | 16.67% |
| **By gender[2]** | | | |
| Female | % | 25.00% | 37.50% |
| Male | % | 20.00% | 6.25% |
| **By age group[2]** | | | |
| Under 30 years old | % | – | Not applicable[3] |
| 30-50 years old | % | 15.79% | 15.79% |
| Over 50 years old | % | 66.67% | – |
| **By geographical region[2]** | | | |
| Hong Kong | % | 21.74% | 16.67% |

Notes:

1. Calculation method of total turnover rate: (total number of departures in the year ÷ total number of employees at the end of the year) × 100%.

2. Calculation method of turnover rate by category: (number of departures in the category in the year ÷ number of employees in the category at the end of the year) × 100%.

3. The Group did not employ any employees under 30 years old as at 31 March 2023. Therefore, the Group's turnover rate of employees under 30 years old was not applicable in 2023.

# Environmental, Social and Governance Report 2024

*Remuneration*

The employees' remuneration packages, including basic salary, discretionary bonuses, sales commission, and medical insurance, are determined in light of their qualifications, position, and seniority. To ensure the level of remuneration remains competitive, the Group conducts an annual assessment on the remuneration packages. The adjustment range is subject to each employee's performance, efficiency, behaviour and discipline, degree of loyalty and contribution to the Group, as well as the Group's financial situation and changes in market wages.

*Welfare and Benefits*

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

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

*Diversity, Equal opportunity and Anti-discrimination*

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

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

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

# Environmental, Social and Governance Report 2024

## B2. Health and Safety

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

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. The relevant laws and regulations include, but are not limited to, the Occupational Safety and Health Ordinance. During the Year, the Group recorded no lost days due to work injury (2023: Nil) and no work-related fatalities occurred between 1 April 2021 and 31 March 2024.

*Occupational Health and Safety Training*

The Group follows the occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council, and regularly encourages employees to attend related workshops or training courses. The Human Resources and Administration Department of the Group also takes responsibility for the offices' occupational health and safety and relevant promotions and monitoring. It is responsible for monitoring and reviewing the safety and security management system periodically, and performing regular checks to ensure the employee safety.

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

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

# Environmental, Social and Governance Report 2024

### B3. Development and Training

As stated in the Corporate Social Responsibility Policy, the Group believes in the benefits of providing a positive working environment where people can grow. The Group recognises that our success greatly depends on the valuable contribution of our talents. Therefore, we are committed to developing and inspiring our employees to achieve excellence continuously. This is achieved by implementing development of training strategies that focus on creating value and serving the needs of our customers, our talents and society.

*Training Programmes*

The Group is committed to enhancing employees' industrial, technical and product knowledge as well as their understanding of work safety standards through the provision of induction programmes and continuous professional training. Training-related procedures have been outlined in the Staff Handbook. To maintain a high quality of service to customers, the Group not only prioritises the training of its wine consultants, but also arranges training sessions with suppliers to further enhance employees' knowledge on the selection of wine and spirits products. For employees in different positions, such as logistics, procurement, and clerical roles, the Group also arranges specialised training to improve their working efficiency and performance.

Furthermore, the Group has set up an education programme that subsidises employees to take courses related to their work, organised by various institutions and professional organisations. The management team will assess the relevance of the courses to each employee's work and determine the appropriate amount of subsidy accordingly. Employees can also apply for allowances to obtain qualification certificates in relevant skills.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

During the Year, the percentage of employees trained[1] of the Group was approximately 21.74% (2023: approximately 20.83%). During the Year, the average training hours completed per employee of the Group[2] was approximately 1.74 hours (2023: approximately 1.67 hours). The following is a summary of the training performance of the Group:

| Development and Training Indicators | Units | 2024 | 2023 |
|---|---|---|---|
| Total number of hours of internal training received by employees | hours | 40.00 | 40.00 |
| Total number of employees trained | number | 5 | 5 |
| **Percentage of employees trained by gender[3]** | | | |
| Female | % | 50.00% | 50.00% |
| Male | % | 6.67% | 6.25% |
| **Percentage of employees trained by employee category[3]** | | | |
| Management | % | 20.00% | 20.00% |
| Managerial officers | % | – | – |
| General staff | % | 28.57% | 28.57% |
| **Average training hours completed per employee by gender[4]** | | | |
| Female | hours | 4.00 | 4.00 |
| Male | hours | 0.53 | 0.50 |
| **Average training hours completed per employee by employee category[4]** | | | |
| Management | hours | 1.60 | 1.60 |
| Managerial officers | hours | – | – |
| General staff | hours | 2.29 | 2.29 |

Notes:

1. Calculation method of percentage of employees trained: (total number of employees trained in the year ÷ total number of employees at the end of the year) × 100%.

2. Calculation method of average training hours completed per employee: total number of training hours of employees in the year ÷ total number of employees at the end of the year.

3. Calculation method of percentage of employees trained by category: (number of employees trained in the category in the year ÷ number of employees in the category at the end of the year) × 100%.

4. Calculation method of average training hours completed per employee by category: number of training hours of employees in the category in the year ÷ number of employees in the category at the end of the year.

# Environmental, Social and Governance Report 2024

**B4. Labour Standards**

*Prevention of Child Labour and Forced Labour*

The Group does not tolerate any form of forced labour and child labour, as clearly stated in the Group's Staff Handbook. The Group strictly complies with local laws and conducts recruitment in accordance with the Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources and Administration Department of the Group carefully checks identity documents to ensure that candidates meet the legal age and job requirements. All employees sign labour contracts voluntarily and are free to resign with proper notice. The Group explains the labour contract terms to each new employee, who then signs and agrees to the conditions. Furthermore, employees of the Group only work overtime if necessary and on a voluntary basis. If any breach of the recruitment procedures is found to have resulted in the employment of child labour or forced labour, the Group will immediately stop the work of the affected individuals and provide them with the necessary assistance.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to the prevention of child and forced labour. The relevant laws and regulations include, but are not limited to, the Employment Ordinance.

**B5. Supply Chain Management**

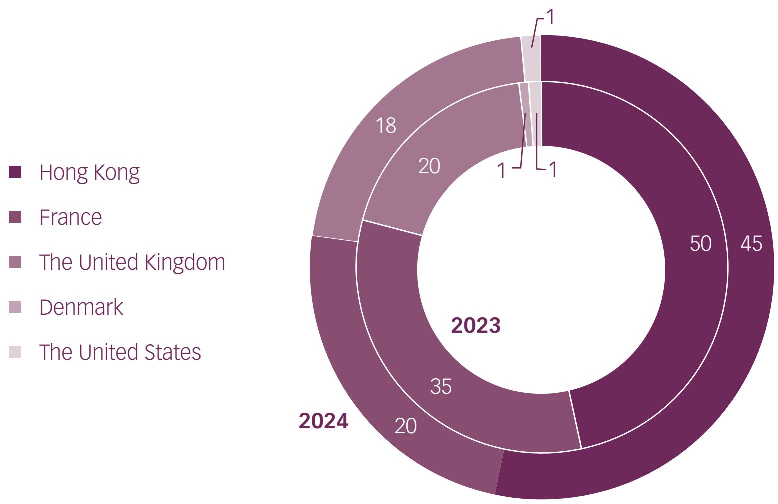
*Supply Chain Management Structure*

The Group strives to establish and maintain a close business relationship with its suppliers and business partners. With supply chain management being a core procedure for quality control, the Group has established strict guidelines in the selection of suppliers, including background assessment on new suppliers. Suppliers of wine and spirit products are selected based on their reputation and industrial recognition for product quality and supply reliability, operation history, business size, delivery performance, products portfolio, stock inventories, market demand of the products. Generally, products procured from suppliers must not only comply with the applicable laws and standards of their country of origin, but also hold certifications issued by the local wine association. The Group holds an annual meeting with suppliers, which helps facilitate a better understanding of their supply capabilities. Additionally, the EPOS system enables the Group to closely track the sources of its products.

# Environmental, Social and Governance Report 2024

During the Year, the number of suppliers was 84 (2023: 107). During the Year, all of the Group's suppliers were qualified suppliers that met the standard set forth in the Group's regular assessment. The following is a summary of the Group's suppliers by geographical region:

**Number of suppliers by geographical region**




*Environmental and Social Responsibility of Suppliers*

In view of the increasing awareness of environmental and social issues in today's society, the Group has taken both environmental and social risks into considerations in the procurement and supplier selection process, to avoid being associated with suppliers that do not align with the Group's long-term vision for sustainable development. The Group endeavours to keep constant communication with suppliers and will continue to monitor its supply chain to ensure adherence to the Group's environmental and social standards. For any suppliers found to be falling short of these standards, the Group will consider terminating the business relationship.

During the Year, the Group was not aware of any key suppliers that had taken actions or engaged in practices with significant negative impacts on business ethics, environmental protection, human rights, or labour practices.

*Fair and Open Procurement*

The Supplier Code of Conduct also ensures that the suppliers can participate in an open and fair manner. The Group does not differentiate or discriminate against any of its suppliers. We strictly monitor and prevent all forms of business bribery and conflict of interest, such as avoiding the use of suppliers which are directly or indirectly owned by employees or preventing suppliers from favouring employees' personal interests either directly or indirectly.

*Green Procurement*

The Group is committed to supporting local economies by prioritising procurement from local suppliers to reduce the carbon footprint associated with transportation. When selecting suppliers for other products such as packaging material for the wine and spirit products, the Group takes the geographical locations of the suppliers into account to minimise the GHG emissions generated during the product delivery process. We also give priority to suppliers which provide eco-friendly products and services during our selection procedure. The Group may terminate the business relationship with any supplier that refuses to address situations causing serious environmental harm. The Group conducts regular reviews to monitor the effectiveness of the Supplier Code of Conduct and other relevant supply chain management procedures.

# Environmental, Social and Governance Report 2024

**B6. Product Responsibility**

The Group takes pride in ensuring customer satisfaction with our products and services, and has always embraced a customer-centric business philosophy across all operations of the Group. Therefore, we strive to optimise and improve the quality of our products and services so as to satisfy and meet our customers' expectations.

During the Year, the Group was not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of rectification. The relevant laws and regulations include, but are not limited to, the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance.

*Quality Assurance*

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

Upon arrival at the warehouse, the Group's logistics team conducts a thorough inspection of the wine and spirit products. This includes examining the labelling, wine level, sealing, and overall packaging. To verify the authenticity of any suspected products, a wine inspector with solid wine knowledge and academic background will examine various aspects of the product, such as the wooden case, exterior design, carving, label, capsule, and special bottle design. If a product is found to be defective during the quality control inspection, the Group's purchasing team will liaise with the corresponding supplier, provide supporting photographic evidence, and arrange for the return of the defective item.

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

The Group places great importance on the quality management of its products. All products sold by the Group are properly labelled, allowing the Group to effectively track its inventory. If any quality issues are detected with the sold products, the Group promptly identifies the source of the defects and the affected batch through its tracking system. When necessary, the Group will initiate a product recall to rectify the issues and prevent future recurrence.

In 2024, the Group had no goods or orders sold or shipped subject to recalls for product quality, safety or health reasons (2023: Nil).

*Customer Privacy Protection*

Newly-recruited employees are required to sign a confidentiality agreement which outlines the Group's requirements for privacy protection and a non-competition clause. The Staff Handbook also explicitly stipulates that when employees are authorised to handle the Group's information, they must take security measures to avoid abuse, misuse, or loss of such information. Without written approval from management, employees are not permitted to disclose any information about the Group's business, financial trading, or other aspects to third parties. The Group regularly reviews the confidentiality agreement and closely monitors relevant data protection laws and regulations to ensure the agreement adequately safeguards customer privacy.

# Environmental, Social and Governance Report 2024

*Customer Service*

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

The Group's sales and marketing team consists of 6 wine consultants, three of whom possess a Level 2 Award in Wines and 1 of whom possesses a Level 4 Diploma in Wines awarded by the Wine and Spirit Education Trust. After the conclusion of a transaction, the sales and marketing team will give customers brief introduction and guidance of wine appreciation (such as breathing time and storage requirements) to enable the full enjoyment of their purchases, minimise the risk of damage due to improper storage and reduce the possibility of product returns.

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

During the Year, the Group did not receive any material complaints from customers due to product quality or customer service quality (2023: Nil).

*Intellectual Property Rights*

The Group regularly assesses whether the products and/or services of all its suppliers and partners infringe on the intellectual property rights of any third parties. If any party is found to have infringed on the intellectual property rights, the Group will terminate the cooperation with that party. During the Year, the Group was not aware of any infringement of intellectual property rights (2023: Nil).

*Advertising and Labelling*

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

**B7. Anti-corruption**

The Group has always upheld integrity, honesty and fairness as the principles of how we operate. Therefore, the Group firmly does not tolerate any corruptions, fraud and other behaviours that could compromise its reputation as an ethical corporate.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, the Prevention of Bribery Ordinance. During the Year, the Group did not have any concluded legal cases regarding corrupt practices brought against the Group or its employees (2023: Nil).

# Environmental, Social and Governance Report 2024

*Anti-corruption Training*

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

The Group provides anti-corruption training for the Directors and staff at least once per year. The relevant training covers legal knowledge and integrity-based behaviours in the workplace. Where appropriate, the Group distributes reading materials relating to anti-corruption to the Directors and staff. The anti-corruption training helps to encourage a clean and honest style of work, enabling employees to be strict with themselves and fulfil their duties. During the Year, no additional anti-corruption training was provided to the Directors and employees due to resource constraints (2023: 6 hours of training).

*Protection of Whistle-blowers*

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

**B8. Community Investment**

The Group follows its Corporate Social Responsibility Policy as part of its strategy to support the community through various means of social participation and contribution. This helps to nurture the Group's corporate culture as a responsible corporate citizen. As stated in the Corporate Social Responsibility Policy, the Group's community initiatives focus on areas including education, health and elderly care. We aim to promote social stability and support the underprivileged in rehabilitation to improve their quality of life. We also focus on inspiring our employees towards social welfare concerns. We integrate human capital into our social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

During the Year, the Group did not contribute any resources to make community investment. However, the Group has actively considered spending money or time to benefit the community in the future.

*Raising Awareness of Employees*

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

## CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE (1)

| Mandatory Disclosure Requirements | Sections |
|---|---|
| Governance Structure | CHAIRMAN'S STATEMENT; SUSTAINABILITY GOVERNANCE; STAKEHOLDER ENGAGEMENT; MATERIALITY ASSESSMENT |
| Reporting Principles | REPORTING FRAMEWORK |
| Reporting Boundary | SCOPE OF REPORTING |

## CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE (2)

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | A1. Emissions |
| KPI A1.1 | The types of emissions and respective emissions data. | A1. Emissions – Exhaust Gas Emissions (not applicable and explained) |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental Data Summary |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | A1. Emissions – Waste Management (not applicable and explained) |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Environmental Data Summary |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | A1. Emissions – GHG Emissions |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | A1. Emissions – Waste Management;<br>A1. Emissions – Paper Management |

# Environmental, Social and Governance Report 2024

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | A2. Use of Resources |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Environmental Data Summary |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Environmental Data Summary |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | A2. Use of Resources – Energy Management |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | A2. Use of Resources – Water Consumption |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Environmental Data Summary |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | A3. The Environment and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | A3. The Environment and Natural Resources – Indoor Air Quality |
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | A4. Climate Change – Identification and Mitigation |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | A4. Climate Change – Physical Risks; A4. Climate Change – Transition Risks |

# Environmental, Social and Governance Report 2024

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect B1: Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | B1. Employment |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | B1. Employment – Recruitment, Promotion and Dismissal |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | B1. Employment – Recruitment, Promotion and Dismissal |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to providing a safe working environment and protecting employees from occupational hazards. | B2. Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | B2. Health and Safety |
| KPI B2.2 | Lost days due to work injury. | B2. Health and Safety |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | B2. Health and Safety – Occupational Health and Safety Training |

# Environmental, Social and Governance Report 2024

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | B3. Development and Training |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | B3. Development and Training – Training Programmes |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | B3. Development and Training – Training Programmes |
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | B4. Labour Standards – Prevention of Child Labour and Forced Labour |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | B4. Labour Standards – Prevention of Child Labour and Forced Labour |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | B4. Labour Standards – Prevention of Child Labour and Forced Labour |

# Environmental, Social and Governance Report 2024

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | B5. Supply Chain Management – Supply Chain Management Structure |
| KPI B5.1 | Number of suppliers by geographical region. | B5. Supply Chain Management – Supply Chain Management Structure |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | B5. Supply Chain Management – Supply Chain Management Structure; B5. Supply Chain Management – Fair and Open Procurement |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | B5. Supply Chain Management – Environmental and Social Responsibility of Suppliers |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | B5. Supply Chain Management – Green Procurement |
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | B6. Product Responsibility |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | B6. Product Responsibility – Quality Assurance |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | B6. Product Responsibility – Customer Service |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | B6. Product Responsibility – Intellectual Property |
| KPI B6.4 | Description of quality assurance process and recall procedures. | B6. Product Responsibility – Quality Assurance |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | B6. Product Responsibility – Customer Privacy Protection |

# Environmental, Social and Governance Report 2024

| Subject Areas, Aspects, General Disclosures and KPIs | Descriptions | Sections/Declarations |
|---|---|---|
| **Aspect B7: Anti-corruption** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to bribery, extortion, fraud and money laundering. | B7. Anti-corruption |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | B7. Anti-corruption |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | B7. Anti-corruption – Protection of Whistle-blowers |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | B7. Anti-corruption – Anti-corruption Training |
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | B8. Community Investment |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | B8. Community Investment |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | B8. Community Investment |

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTOR

**Mr. Cheung Chun To (張俊濤)**, aged 45, our chairman and an executive Director, was appointed to the Board on 2 April 2013. Mr. Cheung is the brother of Mr. Cheung Chun Pang (a former executive Director) and Ms. Cheung Wing Shun (a former executive Director). Mr. Cheung is primarily responsible for overseeing and managing the overall operation of our Group, planning and executing the overall corporate strategies and developing and handling external relationship for our Group. Mr. Cheung graduated from Wilfrid Laurier University, Canada in June 2001 with a bachelor's degree in arts. From July 2001 to July 2002, Mr. Cheung worked at a property agency as a sales representative in Shanghai. From July 2002 to February 2005, Mr. Cheung worked at Hang Shing Jewellery Company Limited as a management trainee, responsible for liaising with suppliers, meeting clients, implementing sales and marketing campaigns and conducting market research. From March 2005 to December 2008, Mr. Cheung worked at Shenzhen Henglong Electronic Company Limited (深圳市恒隆電子有限公司), responsible for leading and managing the sales team. In June 2008, Mr. Cheung became the shareholder of Rouge & Blanc Wines Limited ("Rouge & Blanc"). In September 2009, Mr. Cheung and Mr. Leung together founded Major Cellar Company Limited ("Major Cellar") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Yue Kwai Wa Ken (余季華) ("Mr. Yue")**, aged 58, was appointed to the Board as an Independent non-executive Director on 30 December 2013. Mr. Yue is the Chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Yue has approximately 25 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005, a member of the Chartered Global Management Accountant in 2012 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma (Meta) Group Limited ("Roma Group"), a company listed on the GEM of the Stock Exchange (Stock code: 8072), since 18 March 2011 and company secretary and compliance officer of Roma Group since 26 September 2011. Also, Mr. Yue has been redesignated as the chief executive officer of Roma Group since 1 October 2017 and appointed as the chairman of Roma Group since 18 December 2017. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3838), since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (stock code: 1561) since 6 November 2015 until 31 December 2018.

# Biographical Details of Directors and Senior Management

**Mr. Siu Shing Tak (蕭承德) ("Mr. Siu")**, aged 40, was appointed to the Board as an independent non-executive Director on 22 March 2018. Mr. Siu is the Chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. He graduated from Walter A. Haas School of Business of the University of California, Berkeley, with a Bachelor degree in Science in Business Administration. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountant. He has over ten years of experience in accounting, auditing and internal control. He held various senior management positions in companies listed in the United States and Hong Kong, where he was responsible for internal audit and daily financial operation and he assisted in their transactions and compliance with applicable rules and regulations. He also worked in PriceWaterhouseCoopers in its United States and Hong Kong offices during which he engaged in auditing work of listed companies and initial public offering projects.

**Ms. Li Bo (李博) ("Ms. Li")**, aged 40, has accumulated more than 20 years of working experience in the fields of banking and finance. Ms. Li has been the director's assistant of Zhongqin Wanxin Accounting Firm Shenzhen Office (中勤萬信會計師事務所深圳分所) ("Zhongqin Wanxin") since May 2015. She is responsible for Zhongqin Wanxin's operations, internal control management, and customer development and services.

Prior to joining Zhongqin Wanxin, Ms. Li was the corporate business supervisor of the corporate banking department of Shanghai Pudong Development Bank Shenzhen Branch (上海浦東發展銀行深圳分行) from April 2009 to March 2015, and the retail customer manager of the retail banking department of China Merchants Bank Shenzhen Branch (招商銀行深圳分行) from July 2003 to March 2009.

Ms. Li obtained a Bachelor Degree of Accounting in Beijing Technology and Business University in China in 2005. She obtained Associate Financial Planner issued by Financial Planning Standards Board in 2007, Fund qualification issued by Asset Management Association of China (中國證券投資基金業協會) in 2017, and Enterprise Human Resources Professional issued by Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in 2019.

Ms. Li is dedicated to social welfare, she has also been a volunteer at Shenzhen Charity Association (深圳慈善會) from 2018.

## SENIOR MANAGEMENT

## COMPANY SECRETARY

**Mr. Sin Chi Keung (冼志強)**, age 62, joined the Group of Companies as Company Secretary and Chief Financial Officer since 26th April 2017. He is a fellow member with the Hong Kong Institute of Certified Public Accountants and holds a Master degree in Business Administration from the Oklahoma City University USA. He gained extensive experience in auditing, accounting, financial management, corporate finance, investments, corporate governance, compliance of the Listing Rules and related regulations through his works in international accounting firm, companies listed on the Stock Exchange and various senior management positions in companies of Hong Kong and the People's Republic of China.

# Independent Auditor's Report

中汇
ZHONGHUI

**TO THE SHAREHOLDERS OF MAJOR HOLDINGS LIMITED**
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Major Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 119, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

**Inventories**

*Refer to note 18 to the consolidated financial statements*

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of HK$63,367,000 as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

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

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

**Trade receivables**

*Refer to note 19 to the consolidated financial statements*

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK$15,172,000 as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

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

# Independent Auditor's Report

## KEY AUDIT MATTERS (continued)

**Trade receivables** (continued)
*Refer to note 19 to the consolidated financial statements* (continued)
Our audit procedures included, among others: (continued)

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

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

## OTHER INFORMATION

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

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

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

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

# Independent Auditor's Report

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

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

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

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

**ZHONGHUI ANDA CPA Limited**
Certified Public Accountants
**Yeung Hong Chun**
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 14 June 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

| | Notes | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| **Revenue** | 6 | **63,039** | 74,443 |
| Cost of sales | | **(57,573)** | (66,574) |
| **Gross profit** | | **5,466** | 7,869 |
| Interest revenue | | **53** | 28 |
| Other income | 7 | **3,834** | 2,879 |
| Other gains and losses, net | 8 | **(4,995)** | (6,352) |
| Promotion, selling and distribution expenses | | **(7,226)** | (9,632) |
| Administrative expenses | | **(12,267)** | (10,665) |
| **Loss from operations** | | **(15,135)** | (15,873) |
| Finance costs | 9 | **(548)** | (758) |
| **Loss before tax** | | **(15,683)** | (16,631) |
| Income tax credit | 10 | **–** | 37 |
| **Loss and total comprehensive expense for the year attributable to owners of the Company** | 11 | **(15,683)** | (16,594) |
| **Loss per share** | 14 | | (Restated) |
| – Basic and diluted (HK cent) | | **(3.96)** | (4.29) |

# Consolidated Statement of Financial Position

At 31 March 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | **541** | 2,085 |
| Right-of-use assets | 16 | **3,607** | 7,489 |
| Deposits | 20 | **–** | 201 |
| | | **4,148** | 9,775 |
| **Current assets** | | | |
| Inventories | 18 | **63,367** | 71,678 |
| Trade receivables | 19 | **15,172** | 9,380 |
| Prepayments, deposits and other receivables | 20 | **26,397** | 35,146 |
| Current tax assets | | **413** | 450 |
| Bank and cash balances | | **26,450** | 5,933 |
| | | **131,799** | 122,587 |
| **Current liabilities** | | | |
| Trade payables | 21 | **2,737** | 1,701 |
| Contract liabilities | 22 | **3,769** | 5,961 |
| Other payables | | **1,530** | 756 |
| Bank borrowings | 23 | **–** | 4,000 |
| Due to a director | 24 | **–** | 2,000 |
| Lease liabilities | 25 | **3,536** | 3,337 |
| Current tax liabilities | | **147** | – |
| | | **11,719** | 17,755 |
| **Net current assets** | | **120,080** | 104,832 |
| **Total assets less current liabilities** | | **124,228** | 114,607 |

# Consolidated Statement of Financial Position

At 31 March 2024

| | Notes | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 25 | **1,259** | 4,794 |
| | | **1,259** | 4,794 |
| **NET ASSETS** | | **122,969** | 109,813 |
| **Capital and reserves** | | | |
| Share capital | 26 | **6,929** | 4,158 |
| Reserves | 28 | **116,040** | 105,655 |
| **TOTAL EQUITY** | | **122,969** | 109,813 |

The consolidated financial statements on pages 79 to 119 were approved and authorised for issue by the board of directors on 14 June 2024 and signed on its behalf by:

**Cheung Chun To**
*Director*

**Li Bo**
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Capital reserve HK$'000 (note (i)) | Other reserve HK$'000 (note (ii)) | Accumulated losses HK$'000 | Total HK$'000 |
| At 1 April 2022 | 4,158 | 197,993 | (104,902) | 30,483 | (1,325) | 126,407 |
| Loss and total comprehensive expense for the year | – | – | – | – | (16,594) | (16,594) |
| At 31 March 2023 | 4,158 | 197,993 | (104,902) | 30,483 | (17,919) | 109,813 |
| **At 1 April 2023** | **4,158** | **197,993** | **(104,902)** | **30,483** | **(17,919)** | **109,813** |
| Loss and total comprehensive expense for the year | – | – | – | – | **(15,683)** | **(15,683)** |
| Transaction costs attributable to rights issue | – | **(1,316)** | – | – | – | **(1,316)** |
| Issue of ordinary shares by rights issue | **2,771** | **27,384** | – | – | – | **30,155** |
| **At 31 March 2024** | **6,929** | **224,061** | **(104,902)** | **30,483** | **(33,602)** | **122,969** |

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.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss before tax | **(15,683)** | (16,631) |
| Adjustments for: | | |
| Interest on bank borrowings | **165** | 404 |
| Lease interest expenses | **383** | 354 |
| Interest revenue | **(53)** | (28) |
| Depreciation of property, plant and equipment | **1,675** | 1,999 |
| Depreciation of right-of-use assets | **3,408** | 2,591 |
| Amortisation of intangible assets | **–** | 225 |
| Net allowance for inventories | **810** | 1,384 |
| Loss allowance provision for trade receivables | **4,437** | 3,302 |
| Impairment loss on goodwill | **–** | 2,254 |
| Impairment loss on property, plant and equipment | **30** | 293 |
| Impairment loss on right-of-use assets | **474** | 499 |
| Loss on disposal of property, plant and equipment | **–** | 29 |
| Operating loss before working capital change | **(4,354)** | (3,325) |
| Change in inventories | **7,501** | 2,644 |
| Change in trade receivables | **(10,229)** | 1,554 |
| Change in prepayments, deposits and other receivables | **8,950** | 29,943 |
| Change in trade payables | **1,036** | 638 |
| Change in contract liabilities | **(2,192)** | (6,132) |
| Change in other payables | **774** | (1,178) |
| Cash generated from operating activities | **1,486** | 24,144 |
| Lease interest paid | **(383)** | (354) |
| Income tax refund/(paid) | **184** | (3,618) |
| **Net cash generated from operating activities** | **1,287** | 20,172 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Change in pledged bank deposits | **–** | 6,060 |
| Interest received | **53** | 28 |
| Purchases of property, plant and equipment | **(161)** | (2,365) |
| **Net cash (used in)/generated from investing activities** | **(108)** | 3,723 |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of bank borrowings | **(8,986)** | (36,856) |
| Bank borrowings raised | **4,986** | 18,310 |
| Repayment of lease liabilities | **(3,336)** | (3,192) |
| Loan interest paid | **(165)** | (404) |
| Repayment of due to a director | **(2,000)** | (3,000) |
| Proceeds from issue of ordinary shares by rights issue | **28,839** | – |
| **Net cash generated from/(used in) financing activities** | **19,338** | (25,142) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **20,517** | (1,247) |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **5,933** | 7,180 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **26,450** | 5,933 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Bank and cash balances | **26,450** | 5,933 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

Major Holdings Limited (the "Company") was incorporated in Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Suite 1507, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

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

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

## 3. MATERIAL ACCOUNTING POLICIES

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Consolidation

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

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

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

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

### Business combination and goodwill

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Foreign currency translation

*(a) Functional and presentation currency*

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

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

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

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

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

*(c) Translation on consolidation*

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

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

**Property, plant and equipment**

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

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

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

| | |
|---|---|
| Leasehold improvements | Shorter of 20% and over the lease terms |
| Office computers | 20% |
| Furniture, fixtures and equipment | 10% – 20% |

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

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

**Leases**

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

| | |
|---|---|
| Buildings | over the lease term of 1 year to 3 years |

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Inventories

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

### Recognition and derecognition of financial instruments

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

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

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

### Financial assets

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

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

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

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

**Loss allowances for expected credit losses**

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

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

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

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

**Cash and cash equivalents**

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

**Financial liabilities and equity instruments**

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

**Borrowings**

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

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

**Trade and other payables**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Equity instruments

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

### Revenue from contracts with customers

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

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

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

### Other revenue

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

**Employee benefits**

*(a) Employee leave entitlements*

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

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

*(b) Pension obligations*

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

*(c) Termination benefits*

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

**Borrowing costs**

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

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

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

**Government grants**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Taxation

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

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

**Related parties**

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

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of assets

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

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

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

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

### Provisions and contingent liabilities

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

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

### Events after the reporting period

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

**(a) Allowance for slow-moving inventories**

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

**(b) Impairment loss for bad and doubtful debts**

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

## 5. FINANCIAL RISK MANAGEMENT

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

**(a) Foreign currency risk**

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

**(b) Credit risk**

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2024 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

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

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

– internal credit rating;

– external credit rating (if available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– actual or expected significant changes in the operating results of the borrower; and

– significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

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

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

### (c) Liquidity risk

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

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

| | Less than 1 year HK$'000 | Between 1 and 2 years HK$'000 | Between 2 and 3 years HK$'000 |
|---|---|---|---|
| **At 31 March 2024** | | | |
| Trade payables | **2,737** | **–** | **–** |
| Other payables | **1,530** | **–** | **–** |
| Lease liabilities | **3,720** | **1,280** | **–** |
| At 31 March 2023 | | | |
| Trade payables | 1,701 | – | – |
| Other payables | 756 | – | – |
| Bank borrowings | 4,229 | – | – |
| Due to a director | 2,000 | – | – |
| Lease liabilities | 3,720 | 3,720 | 1,280 |

### (d) Interest rate risk

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. FINANCIAL RISK MANAGEMENT (continued)

### (e) Categories of financial instruments at 31 March

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Financial assets:** | | |
| Financial assets at amortised cost (including cash and cash equivalents) | **46,366** | 20,054 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **9,062** | 16,588 |

### (f) Fair values

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

## 6. REVENUE AND SEGMENT INFORMATION

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Revenue from contracts with customers and total revenue:** | | |
| Sales of goods | **63,039** | 74,443 |

**Disaggregation of revenue from contracts with customers:**

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Major products:** | | |
| Red wine | **47,623** | 54,738 |
| White wine | **6,164** | 8,022 |
| Sparkling wine | **2,248** | 2,405 |
| Spirit | **6,888** | 9,026 |
| Sake | **47** | 184 |
| Wine accessory products | **63** | 65 |
| Others | **6** | 3 |
| | **63,039** | 74,443 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION (continued)

### Sales of goods

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

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

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

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

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

### Geographical information

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

### Revenue from major customer

No individual customer exceed 10% of the total revenue of the Group during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. OTHER INCOME

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Consignment commission | **541** | 298 |
| Storage fee income | **3,293** | 2,072 |
| Government subsidy | **–** | 509 |
| | **3,834** | 2,879 |

## 8. OTHER GAINS AND LOSSES, NET

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Net foreign exchange (loss)/gain | **(17)** | 46 |
| Loss allowance provision for trade receivables | **(4,437)** | (3,302) |
| Impairment loss on goodwill | **–** | (2,254) |
| Impairment loss on property, plant and equipment | **(30)** | (293) |
| Impairment loss on right-of-use assets | **(474)** | (499) |
| Loss on disposal of property, plant and equipment | **–** | (29) |
| Others | **(37)** | (21) |
| | **(4,995)** | (6,352) |

## 9. FINANCE COSTS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Interest on bank borrowings | **165** | 404 |
| Lease interest expenses | **383** | 354 |
| | **548** | 758 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. INCOME TAX CREDIT

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Current tax – Hong Kong Profits Tax<br>– Provision for the year (note) | **–** | – |
| | **–** | – |
| Deferred tax | **–** | (37) |
| | **–** | (37) |

Note:

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2024 as the Group did not generate any assessable profits arising in Hong Kong during that year. Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 March 2023.

At the end of the reporting period, the Group has estimated tax losses of HK$48,149,000 (2023: HK$$40,181,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining HK$7,944,000 (2023: HK$6,630,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Loss before tax | **(15,683)** | (16,631) |
| Tax at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%) | **(2,588)** | (2,744) |
| Tax effect of income not taxable for tax purpose | **(12)** | (23) |
| Tax effect of expense not deductible for tax purpose | **1,134** | 785 |
| Tax effect of temporary differences not recognised | **265** | 578 |
| Tax effect of tax losses not recognised | **1,201** | 1,367 |
| Income tax credit | **–** | (37) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. LOSS FOR THE YEAR

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Depreciation of property, plant and equipment | **1,675** | 1,999 |
| Depreciation of right-of-use assets | **3,408** | 2,591 |
| Amortisation of intangible assets | **–** | 225 |
| Auditor's remuneration | **440** | 430 |
| Cost of inventories sold | **57,573** | 66,574 |
| Net allowance for inventories (included in cost of inventories sold) | **810** | 1,384 |
| Staff costs including directors' emoluments (note 12) | | |
| – Salaries, bonuses and allowances | **7,008** | 7,819 |
| – Sale commission | **228** | 313 |
| – Retirement benefit scheme contributions | **265** | 300 |
| | **7,501** | 8,432 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

**(a)** The emoluments of each director and chief executive, disclosed pursuant to the applicable Listing Rules, were as follows:

| | Fees HK$'000 | Salaries, allowances and benefits in kind HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Name of director** | | | | |
| *Executive director:* | | | | |
| Mr. Cheung Chun To (i) | **–** | **500** | **8** | **508** |
| *Independent non-executive directors:* | | | | |
| Mr. Ngai Hoi Ying (ii) | **66** | **–** | **–** | **66** |
| Mr. Yue Kwai Wa Ken | **66** | **–** | **–** | **66** |
| Mr. Siu Shing Tak | **66** | **–** | **–** | **66** |
| Ms. Li Bo (iii) | **–** | **–** | **–** | **–** |
| **Total for 2024** | **198** | **500** | **8** | **706** |
| **Name of director** | | | | |
| *Executive director:* | | | | |
| Mr. Cheung Chun To (i) | – | 1,200 | 18 | 1,218 |
| *Independent non-executive directors:* | | | | |
| Mr. Ngai Hoi Ying (ii) | 66 | – | – | 66 |
| Mr. Yue Kwai Wa Ken | 66 | – | – | 66 |
| Mr. Siu Shing Tak | 66 | – | – | 66 |
| Total for 2023 | 198 | 1,200 | 18 | 1,416 |

Note:

(i) Mr. Cheung Chun To is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

(ii) Mr. Ngai Hoi Ying has resigned from the position of non-executive directors with effect from 1 May 2024.

(iii) Ms. Li Bo was appointed from the position of non-executive directors with effect from 1 May 2024.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

### (b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group during the year included 1 (2023: 1) director whose emolument is reflected in the analysis presented above. The emoluments of the remaining 4 (2023: 4) individuals are set out below:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Salaries, bonuses and allowances | **2,900** | 2,470 |
| Retirement benefit scheme contributions | **74** | 69 |
| | **2,974** | 2,539 |

The emoluments fell within the following band:

| | **Number of individuals** | |
|---|---|---|
| | **2024** | 2023 |
| Nil to HK$1,000,000 | **4** | 4 |

**(c)** During the year, no emoluments (2023: Nil) were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 13. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

## 14. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 March 2024 is based on the loss for the year attributable to owners of the Company of approximately HK$15,683,000 (2023: approximately HK$16,594,000) and the weighted average number of ordinary shares of 395,780,057 (2023 (restated): 386,615,128 ordinary shares, adjusted by the share consolidation completed on 31 January 2024) in issue during the year.

### (b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share during the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements HK$'000 | Office computers HK$'000 | Furniture, fixtures and equipment HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2022 | 10,468 | 1,811 | 2,091 | 14,370 |
| Additions | 2,165 | 16 | 184 | 2,365 |
| Disposals | – | – | (99) | (99) |
| Write off | (1,177) | – | – | (1,177) |
| **At 31 March 2023 and 1 April 2023** | **11,456** | **1,827** | **2,176** | **15,459** |
| Additions | **–** | **7** | **154** | **161** |
| **At 31 March 2024** | **11,456** | **1,834** | **2,330** | **15,620** |
| **Accumulated depreciation and impairment** | | | | |
| At 1 April 2022 | 8,944 | 1,490 | 1,895 | 12,329 |
| Provided for the year | 1,798 | 119 | 82 | 1,999 |
| Disposals | – | – | (70) | (70) |
| Write off | (1,177) | – | – | (1,177) |
| Impairment loss | 293 | – | – | 293 |
| **At 31 March 2023 and 1 April 2023** | **9,858** | **1,609** | **1,907** | **13,374** |
| Provided for the year | **1,500** | **100** | **75** | **1,675** |
| Impairment loss | **30** | **–** | **–** | **30** |
| **At 31 March 2024** | **11,388** | **1,709** | **1,982** | **15,079** |
| **Carrying amount** | | | | |
| **At 31 March 2024** | **68** | **125** | **348** | **541** |
| At 31 March 2023 | 1,598 | 218 | 269 | 2,085 |

The Group carried out reviews of the recoverable amount of certain property, plant and equipment as the Group recorded continuous loss for the years ended 31 March 2024 and 2023. These assets are used in the Group's sale and distribution of premium wine and spirits products business. The reviews led to the recognition of an impairment loss of property, plant and equipment of HK$30,000 (2023: HK$293,000) that has been recognised in profit or loss. The recoverable amount of the relevant property, plant and equipment of HK$68,000 (2023: HK$1,598,000) has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 14.00% (2023: 13.40%) for the year ended 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

| **At 31 March** | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Right-of-use assets – buildings | **3,607** | 7,489 |
| Lease commitments of short-term leases | **90** | 148 |
| The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows: | | |
| – Less than 1 year | **3,720** | 3,720 |
| – Between 1 and 3 years | **1,280** | 5,000 |
| | **5,000** | 8,720 |

| **Year ended 31 March** | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Depreciation charge of right-of-use assets | | |
| – Buildings | **3,408** | 2,591 |
| Lease interest expenses | **383** | 354 |
| Expenses related to short-term leases | **749** | 573 |
| Total cash outflow for leases | **4,468** | 4,119 |
| Additions to right-of-use assets | **–** | 10,223 |
| Impairment loss on right-of-use assets | **474** | 499 |

Lease agreements are typically made for fixed periods of 1-3 (2023: 1-3) years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group carried out reviews of the recoverable amount of its right-of-use assets as the Group recorded continuous loss for the years ended 31 March 2024 and 2023. These assets are used in the Group's sale and distribution of premium wine and spirits products business. The reviews led to the recognition of an impairment loss of right-of-use assets of HK$474,000 (2023: HK$499,000) that has been recognised in profit or loss. The recoverable amount of the relevant right-of-use assets of HK$1,042,000 (2023: HK$2,725,000) has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 14.00% (2023: 13.40%) for the year ended 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. SUBSIDIARIES

The amounts due from subsidiaries/to a subsidiary are unsecured, interest-free and have no fixed terms of repayment. Particulars of the subsidiaries as at 31 March 2024 and 2023 are as follows:

| Name | Place of incorporation/ registration | Place of operation | Issued and paid up/registered capital | Percentage of ownership interest/ voting power/profit sharing | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Beyond Elite Limited | British Virgin Islands | Hong Kong | Ordinary US$1 | **100%** | – | Investment holding |
| Major Cellar Company Limited | Hong Kong | Hong Kong | Ordinary HK$10,000 | – | **100%** | Sale and distribution of premium wine and spirits products |
| Major Industrial Development Limited | Hong Kong | Hong Kong | Ordinary HK$10,000 | – | **100%** | Inactive |
| Major Holdings HK Limited | Hong Kong | Hong Kong | Ordinary HK$10,000 | – | **100%** | Inactive |
| Shenzhen Major Industrial Development Limited[#] | The People's Republic of China (the "PRC") | The PRC | Ordinary RMB10,000,000 | – | **100%** | Inactive |
| The Wine Cave Company Limited | Hong Kong | Hong Kong | Ordinary HK$20,700,000 | – | **100%** | Trading of wine, wine storage and wine consignment services |

(#) The English name of the subsidiary of the Company referred herein represent the management's best efforts in translating the Chinese name of this company as no English name has been registered.

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

## 18. INVENTORIES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Premium wine and spirits products | **62,500** | 70,775 |
| Wine accessory products | **867** | 903 |
| | **63,367** | 71,678 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. TRADE RECEIVABLES

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Trade receivables | **27,313** | 17,084 |
| Provision for loss allowance | **(12,141)** | (7,704) |
| Carrying amount | **15,172** | 9,380 |

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| 0 to 30 days | **4,420** | 3,300 |
| 31 to 60 days | **436** | 110 |
| 61 to 90 days | **439** | 1,540 |
| 91 to 120 days | **2,120** | 5 |
| 121 to 180 days | **3,465** | 454 |
| 181 to 365 days | **3,547** | 3,463 |
| Over 365 days | **745** | 508 |
| | **15,172** | 9,380 |

Reconciliation of loss allowance for trade receivables:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| At 1 April | **7,704** | 4,402 |
| Increase in loss allowance for the year | **4,437** | 3,302 |
| **At 31 March** | **12,141** | 7,704 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. TRADE RECEIVABLES (continued)

| | Current | Over 30 days past due | Over 60 days past due | Over 120 days past due | Total |
|---|---|---|---|---|---|
| **At 31 March 2024** | | | | | |
| Weighted average expected loss rate | **–** | **–** | **–** | **61.07%** | |
| Receivable amount (HK$'000) | **4,439** | **436** | **2,559** | **19,879** | **27,313** |
| Loss allowance (HK$'000) | **–** | **–** | **–** | **12,141** | **12,141** |
| At 31 March 2023 | | | | | |
| Weighted average expected loss rate | – | – | – | 79.65% | |
| Receivable amount (HK$'000) | 4,845 | 54 | 2,513 | 9,672 | 17,084 |
| Loss allowance (HK$'000) | – | – | – | 7,704 | 7,704 |

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Tax indemnity receivables from shareholders (note) | **3,817** | 3,817 |
| Prepayments and other receivables | **1,080** | 1,026 |
| Trade deposits paid | **20,573** | 29,580 |
| Rental and utilities deposits | **889** | 888 |
| Other deposits | **38** | 36 |
| | **26,397** | 35,347 |

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Analysed as: | | |
| – Non-current assets | **–** | 201 |
| – Current assets | **26,397** | 35,146 |
| | **26,397** | 35,347 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Note:

Inland Revenue Department ("IRD") invoke section 82A of Inland Revenue Ordinance ("IRO") to impose penalty by way of additional tax for the years of assessment 2009/10 to 2015/16 and 2017/18 of which some years of assessment up to and including 2013/14 had been statutorily time barred under section 80(5) of the IRO.

The Group is hereby prepared to pay the sum of HK$1,880,000 as penalty under section 82A of the IRO for the years of assessment 2009/10 to 2015/16 and 2017/18 and compound penalty of HK$110,000 for the offence of keeping incomplete business records under the requirement of section 51C of the IRO on behalf of the shareholders of the Group.

The Group will also settle tax underpaid in prior years and holdover interest amounted to HK$1,701,000 and HK$126,000 respectively to IRD on behalf of the shareholders of the Group.

Mr. Cheung Chun To is the executive director of the Company and Silver Tycoon Limited which is controlled by Mr. Cheung Chun To, pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, the maximum amount outstanding are HK$3,817,000.

## 21. TRADE PAYABLES

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

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| 0 to 30 days | **667** | 850 |
| 31 to 60 days | **67** | – |
| 61 to 365 days | **1,152** | – |
| Over 365 days | **851** | 851 |
| | **2,737** | 1,701 |

## 22. CONTRACT LIABILITIES

Disclosures of revenue-related item:

| **At** | **31 March**<br>**2024**<br>**HK$'000** | 31 March<br>2023<br>HK$'000 | 1 April<br>2022<br>HK$'000 |
|---|---|---|---|
| Contract liabilities | **3,769** | 5,961 | 12,093 |
| Contract receivables (included in trade receivables) | **15,172** | 9,380 | 14,236 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 22. CONTRACT LIABILITIES (continued)

Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 March:

| | | |
|---|---|---|
| – 2024 | **N/A** | 5,961 |
| – 2025 | **3,769** | – |
| | **3,769** | 5,961 |

| Year ended 31 March | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Revenue recognised in the year that was included in contract liabilities at the beginning of the year | **5,518** | 10,885 |

Significant changes in contract liabilities during the year:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Increase due to operations in the year | **60,968** | 45,236 |
| Transfer of contract liabilities to revenue | **(63,160)** | (51,368) |

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

## 23. BANK BORROWINGS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Unsecured import loans | **–** | 4,000 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. BANK BORROWINGS (continued)

The borrowings are repayable as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| On demand or within one year | – | 4,000 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | – | (4,000) |
| Amount due for settlement after 12 months | – | – |

The average interest rates at 31 March were as follows:

| | 2024 | 2023 |
|---|---|---|
| Bank borrowings | – | 5.68% – 5.87% |

## 24. DUE TO A DIRECTOR

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

## 25. LEASE LIABILITIES

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | 2024 HK$'000 | 2023 HK$'000 | 2024 HK$'000 | 2023 HK$'000 |
| Within one year | 3,720 | 3,720 | 3,536 | 3,337 |
| Over one year but within three years | 1,280 | 5,000 | 1,259 | 4,794 |
| | 5,000 | 8,720 | | |
| Less: Future finance charges | (205) | (589) | | |
| Present value of lease obligations | 4,795 | 8,131 | 4,795 | 8,131 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | | (3,536) | (3,337) |
| Amount due for settlement after 12 months (shown under non-current liabilities) | | | 1,259 | 4,794 |

As at 31 March 2024, the average effective borrowing rate was 5.78% (2023: 5.78%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. SHARE CAPITAL

| | | Number of shares '000 | Total HK$'000 |
|---|---|---|---|
| Authorised: | | | |
| Ordinary shares of HK$0.0125 (2023: HK$0.00125) each | | | |
| **At 1 April 2022, 31 March 2023, 1 April 2023** | | **8,000,000** | **10,000** |
| **Share Consolidation** | Note (i) | **(7,200,000)** | **–** |
| **At 31 March 2024** | | **800,000** | **10,000** |
| Issued and fully paid: | | | |
| Ordinary shares of HK$0.0125 (2023: HK$0.00125) each | | | |
| **At 1 April 2022, 31 March 2023, 1 April 2023** | | **3,326,000** | **4,158** |
| **Share Consolidation** | Note (i) | **(2,993,400)** | **–** |
| **Issue of ordinary shares by rights issue** | Note (ii) | **221,733** | **2,771** |
| **At 31 March 2024** | | **554,333** | **6,929** |

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the years ended 31 March 2024 and 2023.

Notes:

(i) On 31 January 2024, the Company completed the consolidation of shares in the issued shares of the Company whereby every ten issued and unissued ordinary shares of HK$0.00125 each were consolidated into one consolidated ordinary share of HK$0.0125 each (the "Share Consolidation").

(ii) On 12 March 2024, the Company issued 221,733,000 ordinary shares upon completion of the rights issue on the basis of two rights share for three existing shares held by shareholders of the Company at a subscription price of HK$0.136 per rights share. The gross proceeds from the rights issue were approximately HK$30,155,000. The net proceeds after deducting estimated professional fees and related expenses of approximately HK$1,316,000 was HK$28,839,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. SHARE CAPITAL (continued)

### Capital management

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

The capital structure of the Group consists of debt, which includes bank borrowings and lease liabilities as disclosed in notes 23 and 25 to the consolidated financial statements, respectively, and equity of the Group, comprising issued capital, share premium, capital reserve, other reserve and retained profits.

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

## 27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in subsidiaries | 17 | **107,325** | 107,325 |
| **Current assets** | | | |
| Prepayments and other receivables | | **342** | 342 |
| Amounts due from subsidiaries | 17 | **15,926** | 2,077 |
| Bank and cash balances | | **185** | 200 |
| | | **16,453** | 2,619 |
| **Current liabilities** | | | |
| Other payables | | **704** | 26 |
| Amount due to a subsidiary | 17 | **105** | 105 |
| | | **809** | 131 |
| **Net current assets** | | **15,644** | 2,488 |
| **NET ASSETS** | | **122,969** | 109,813 |
| **Capital and reserves** | | | |
| Share capital | 26 | **6,929** | 4,158 |
| Reserves | 28 | **116,040** | 105,655 |
| **TOTAL EQUITY** | | **122,969** | 109,813 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. RESERVES

**(a) The Group**

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

**(b) The Company**

| | Share premium HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1 April 2022 | 197,993 | (75,744) | 122,249 |
| Loss and total comprehensive expense for the year | – | (16,594) | (16,594) |
| **At 31 March 2023 and 1 April 2023** | **197,993** | **(92,338)** | **105,655** |
| Loss and total comprehensive expense for the year | **–** | **(15,683)** | **(15,683)** |
| Transaction costs attributable to rights issue | **(1,316)** | **–** | **(1,316)** |
| Issue of ordinary shares by rights issue | **27,384** | **–** | **27,384** |
| **At 31 March 2024** | **224,061** | **(108,021)** | **116,040** |

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

*Share premium account*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 29. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

| | Due to a director HK$'000 | Bank borrowings HK$'000 | Lease liabilities HK$'000 | Total liabilities from financing activities HK$'000 |
|---|---|---|---|---|
| At 1 April 2022 | 5,000 | 22,546 | 1,100 | 28,646 |
| Changes in cash flows | | | | |
| – financing activities | (3,000) | (18,950) | (3,192) | (25,142) |
| – operating activities | – | – | (354) | (354) |
| Non-cash changes | | | | |
| – interest charged | – | 404 | 354 | 758 |
| – additions | – | – | 10,223 | 10,223 |
| **At 31 March 2023 and 1 April 2023** | **2,000** | **4,000** | **8,131** | **14,131** |
| Changes in cash flows | | | | |
| – financing activities | **(2,000)** | **(4,165)** | **(3,336)** | **(9,501)** |
| – operating activities | **–** | **–** | **(383)** | **(383)** |
| Non-cash changes | | | | |
| – interest charged | **–** | **165** | **383** | **548** |
| **At 31 March 2024** | **–** | **–** | **4,795** | **4,795** |

## 30. CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities (2023: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31. RELATED PARTY TRANSACTIONS

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

| | Notes | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|---|
| Sales to Mr. Cheung Chun To | | **5** | 35 |
| Sales to Ms. Jade Cheung Wing Shun | (i) | **22** | 15 |
| Sales to Major Watch Company Limited | (ii) | **–** | 43 |
| Sales to Major Times (HK) Co Limited | (iii) | **8** | 3 |
| Rental paid in respect of warehouse paid or payable to Health Sunrise Limited | (iv) | **(2,400)** | (2,362) |
| Rental paid in respect of office paid or payable to Major Talent Limited | (v) | **(1,320)** | (390) |

Notes:

(i) Ms. Jade Cheung Wing Shun, is the sister of Mr. Cheung Chun To, the executive director of the Company.

(ii) Major Watch Company Limited is a private limited company, which is non-wholly owned and controlled by Mr. Cheung Chun To, the executive director of the Company.

(iii) Major Times (HK) Co Limited is a private limited company, which is non-wholly owned and controlled by Mr. Cheung Chun To, the executive director of the Company.

(iv) Health Sunrise Limited is a private limited company, which is wholly owned and controlled by Mr. Cheung Chun To, the executive director of the Company.

(v) Major Talent Limited is a private limited company, which is wholly owned and controlled by Mr. Cheung Chun To, the executive director of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. RELATED PARTY TRANSACTIONS (continued)

### (b) Key management personnel remuneration

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Directors' fees | **198** | 198 |
| Salaries, allowances and benefits in kind | **1,280** | 2,549 |
| Retirement benefit scheme contributions | **26** | 51 |
| | **1,504** | 2,798 |

## 32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors on 14 June 2024.

# FINANCIAL SUMMARY

For the year ended 31 March 2024

## RESULTS

| | 2020<br>HK$'000 | 2021<br>HK$'000 | 2022<br>HK$'000 | 2023<br>HK$'000 | **2024**<br>**HK$'000** |
|---|---|---|---|---|---|
| Revenue | 155,206 | 114,587 | 107,789 | 74,443 | **63,039** |
| Loss before tax | (32,333) | (5,578) | (4,761) | (16,631) | **(15,683)** |
| Income tax (expense)/credit | (27) | 543 | (3,953) | 37 | **–** |
| Loss for the year | (32,360) | (5,035) | (8,714) | (16,594) | **(15,683)** |

## ASSETS AND LIABILITIES

| | 2020<br>HK$'000 | 2021<br>HK$'000 | 2022<br>HK$'000 | 2023<br>HK$'000 | **2024**<br>**HK$'000** |
|---|---|---|---|---|---|
| Total assets | 197,203 | 174,652 | 173,348 | 132,362 | **135,947** |
| Total liabilities | (57,047) | (39,531) | (46,941) | (22,549) | **(12,978)** |
| Total equity | 140,156 | 135,121 | 126,407 | 109,813 | **122,969** |