MAJOR HOLDINGS LIMITED
美捷滙控股有限公司*

ANNUAL REPORT 2022

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1389

* For identification purposes only

CORPORATE INFORMATION

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

Headquarter, head office and principal place of business in Hong Kong
509-510, South Tower
World Finance Centre
Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

Company's website
www.majorcellar.com

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

Independent non-executive directors
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak

Company secretary
Mr. Sin Chi Keung

Authorised representatives
Mr. Cheung Chun To
Mr. Ngai Hoi Ying

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

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

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

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

Hong Kong branch share registrar and transfer office
Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

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

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

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

Stock code
1389

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 2022.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2022:

- Revenue decreased by approximately 5.9% from approximately HK$114.6 million for the year ended 31 March 2021 to approximately HK$107.8 million for the year ended 31 March 2022

- Loss and total comprehensive expense attributable to the owners of the Company for the year ended 31 March 2021 was approximately HK$5.0 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2022 was approximately HK$8.7 million

- Basic loss per share was HK0.15 cent for the year ended 31 March 2021, whereas basic loss per share was HK0.26 cent for the year ended 31 March 2022

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil)

BUSINESS ENVIRONMENT

As affected by the outbreak of unprecedented COVID-19, according to the Report on Monthly Survey of Retail Sales March 2022 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales in March 2022 decreased by 13.8%, the volume of Hong Kong Total Retail Sales in March 2022 decreased by 16.8%, and the value of Sales of food, alcoholic drinks and tobacco decreased by 3.3% as compared with the figure in March 2021. On the other hand, the value of online retail sales provisionally estimated at HK$2.8 billion, increased by 30.9% as compared with that in March 2021.

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

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

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

Chairman's Statement

A NOTE OF APPRECIATION

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

Major Holdings Limited
Cheung Chun To
Chairman

Hong Kong, 17 June 2022

Management Discussion and Analysis

BUSINESS REVIEW

As affected by the outbreak of unprecedented COVID-19, according to the Report on Monthly Survey of Retail Sales March 2022 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales by type of retail outlet increased from approximately HK$332.7 billion for the year ended 31 March 2021 to approximately HK$346.1 billion for the year ended 31 March 2022, representing a year-on-year increase by approximately 4.0%. For the year ended 31 March 2022, the Group's revenue decreased by 5.9% to approximately HK$107.8 million (2021: HK$114.6 million). The decrease was mainly due to the decrease on the sales of red wine from approximately HK$99.3 million for the year ended 31 March 2021 to approximately HK$85.3 million for the year ended 31 March 2022.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 5.9% from approximately HK$114.6 million for the year ended 31 March 2021 to approximately HK$107.8 million for the year ended 31 March 2022. The decrease was mainly due to the decrease of the sales of red wine from approximately HK$99.3 million for the year ended 31 March 2021 to approximately HK$85.3 million for the year ended 31 March 2022.

Gross profit

Gross profit of the Group decreased by approximately 20.7% from approximately HK$17.4 million for the year ended 31 March 2021 to approximately HK$13.8 million for the year ended 31 March 2022. The decrease was mainly due to the decrease in revenue during the year ended 31 March 2022. The gross profit margin decreased from approximately 15.1% for the year ended 31 March 2021 to approximately 12.8% for the year ended 31 March 2022 which was mainly due to discounts offered to customers for the year ended 31 March 2022 on the outbreak of COVID-19.

Other income

Other income of the Group for the year ended 31 March 2021 was approximately HK$1.9 million, whereas other income of the Group for the year ended 31 March 2022 was approximately HK$6.0 million which was mainly attributable to a tax indemnity by shareholders of approximately HK$3.8 million for the year ended 31 March 2022.

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 2021 was approximately HK$2.3 million, whereas depreciation on property, plant and equipment of the Group for the year ended 31 March 2022 was approximately HK$2.1 million. Depreciation on right-of-use assets for the year ended 31 March 2021 was HK$6.9 million, whereas depreciation on right-of-use assets for the year ended 31 March 2022 was HK$4.0 million.

Promotion, selling and distribution expenses and administrative expenses

Promotion, selling and distribution expenses of the Group decreased by approximately 13.6% from approximately HK$13.2 million for the year ended 31 March 2021 to approximately HK$11.4 million for the year ended 31 March 2022 which was mainly attributable to the decrease in salary expenses and depreciation of right-of-use assets for the year ended 31 March 2022.

Administrative expenses of the Group decreased by approximately 9.5% from approximately HK$10.6 million for the year ended 31 March 2021 to approximately HK$9.6 million for the year ended 31 March 2022 which was mainly attributable to the decrease in salary expenses and depreciation of right-of-use assets for the year ended 31 March 2022.

Management Discussion and Analysis

Income tax (credit) or expense

Income tax credit of the Group was approximately HK$0.5 million for the year ended 31 March 2021, whereas income tax expense of the Group was approximately HK$4.0 million for the year ended 31 March 2022. The increase was mainly due to the underprovision of income tax in prior years of HK$3.8 million as mentioned in note 10 to the consolidated financial statements.

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 2021 was approximately HK$5.0 million, whereas loss and total comprehensive expense attributable to owners of the Company for the year ended 31 March 2022 was approximately HK$8.7 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 2022 (2021: Nil).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March	
	2022	2021
Current assets	**HK$168,472,000**	HK$162,549,000
Current liabilities	**HK$46,904,000**	HK$38,122,000
Current ratio	**3.59**	4.26

The current ratio of the Group at 31 March 2021 was approximately 4.26 times, whereas the current ratio of the Group at 31 March 2022 was approximately 3.59 times. It was mainly attributed to the decrease in trade receivables and increase in bank borrowings for the year ended 31 March 2022.

At 31 March 2022, the Group had total cash and bank balances of approximately HK$7.2 million (2021: HK$6.9 million) and pledged bank deposits of HK$6.1 million (2021: HK$6.1 million).

At 31 March 2022, the Group's gearing ratio (represented by the aggregate sum of amount due to a director, lease liabilities and bank borrowings divided by equity) amounted to approximately 22.7% (2021: 18.3%). The Group currently have not entered into any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

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

Management Discussion and Analysis

CAPITAL STRUCTURE

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

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

Save as disclosed in this report, these were no other significant investments held as at 31 March 2022. 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 2022.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2022 (2021: 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 2022, the Group had no significant exposure under foreign currency purchase contracts. The Group currently does not have any foreign currencies hedging policy but will consider hedging its foreign currency exposure should the need arise.

TREASURY POLICIES

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

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 March 2022, the Group has pledged bank deposits of HK$6.1 million (2021: HK$6.1 million) to secure the banking facilities granted to the Group.

SHARE OPTION SCHEME

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

(a) Purpose of the Share Option Scheme

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

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

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

(c) Maximum number of Shares available for Subscription

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

(d) Maximum entitlement of each Eligible Person

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

(e) Time of exercise of Option

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

Management Discussion and Analysis

(f) Subscription Price

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

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

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

(iii) the nominal value of the Share.

(g) Life of the Share Option Scheme

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

During the year ended 31 March 2022, no option under the Share Option Scheme has been granted by the Company (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 25 full-time and 1 part-time employees (2021: 29 full-time and 1 part-time employees) respectively. The staff costs, including Directors' emoluments, of the Group were approximately HK$8.6 million for the year ended 31 March 2022 (2021: HK$7.2 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 2021 and 2022, 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 2021 and 2022, 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.

Management Discussion and Analysis

OUTLOOK

Global

According to the World Economic Outlook in April 2022 – "War Sets Back the Global Recovery" on 11 April 2022, by the International Monetary Fund, global growth is projected at 3.6% in 2022 and 2023, being 0.8 and 0.2 percentage points lower than in its January 2022 forecast. The downgrade largely reflects the war's direct impacts on Russia and Ukraine and global spillovers.

The war in Ukraine has triggered economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in gross domestic product ("GDP") for Ukraine and a large contraction in Russia are more than likely. The economic effects of the war are spreading far and wide, mainly through commodity markets, trade, and financial linkages.

Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies – 1.8 and 2.8 percentage points higher than projected in January.

As Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has already driven their prices up sharply.

The food and fuel price increases will hurt lower-income households globally, even prior to the war, inflation had surged. The US inflation has reached its highest level in more than 40 years, in the context of tight labor markets, which cause a more aggressive tightening response from the central banks. As a result of the war, inflation is now projected to remain elevated for much longer.

Elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies.

Immediately after the invasion, capital outflow increased markedly from emerging market and developing economies, tightening financial conditions for vulnerable borrowers and net importers of commodities, and putting downward pressure on the currencies of the most exposed countries. This may create some credit market vulnerabilities as interest rates and risk premia rise, with implications for financial stability.

The pandemic is still with us. The continued spread of the virus could give rise to more lethal variants that escape vaccines or immunity from past infections, prompting new lockdowns and production disruptions. Recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector and the pandemic's health and economic impacts abate over the course of 2022.

Management Discussion and Analysis

Mainland China

According to the "China Economic Monitor Issue: 2022Q1", by the KPMG on February 2022 Report:

1. China's real GDP grew 4.0% in Q4 year-over-year ("yoy"), down from 4.9% in Q3, due to a higher base but better than market expectation. The economy expanded by 8.1% for the full year of 2021, after being the only major economy to post positive growth in 2020. In sequential terms, the Q4 growth rate improved to 1.6% from 0.7% in Q3.

2. China's 2021 GDP totalled RMB114 trillion (USD17.7 trillion). This represents an increase of USD3 trillion from a year ago, about the same size as the United Kingdom's annual GDP. China's GDP per capita reached USD12,551, higher than the global average and close to the threshold of high-income economies (current standard by the World Bank stands at USD12,695). With continued economic growth, China is expected to surpass the market for high-income economy this year, which will more than double the world's population in the high-income group from 1.2 billion to 2.6 billion.

3. Exports remained strong through 2021, growing 23% in Q4 and 30% for the full year. Robust external demand drove up industrial production (up 10% in 2021) and manufacturing investment (up 14% in 2021), a main contributor to the overall growth.

4. Domestic consumption remains weak and growth of retail sales growth slowed to 1.7% in December, the slowest pace since August 2020. New COVID-19 cases, especially those with the highly transmissible Omicron variant, have led to tightened quarantine measures in some areas. With a series of major events taking place in 2022 such as the Beijing Winter Olympics, the Two Sessions (National People's Congress starting on 5 March 2022), and the 20th Party Congress, we expect pandemic control measures to remain tight in the near future. The recovery of domestic consumption is likely to be gradual and will be subject to pandemic evolvement.

5. The real estate market continues to face pressure. New property sales fell 17% and property starts dropped 29% from a year ago in Q4. The government has applied some marginal easing measures to support the housing market, such as accelerating mortgage approvals and increasing bank loans to the property sector. However, it is expected the overall regulatory tone of "housing is for living in, not for speculation" to remain in place.

6. Against increasing headwinds, the government has adopted both fiscal and monetary measures to stabilize growth. On the fiscal side, the State Council pre-approved a RMB1.46 trillion quota for special local government bonds in December, which should help support infrastructure investment in H1. On the monetary side, the People's Bank of China cut the required reserve ratio and reduced the one-year loan prime rate ("LPR") by 5bp in December. It expanded the cut to the medium-term lending facility and reserve repo rate in January and slashed both one-year and five-year LPR. With significant growth pressure, it is expected more supportive measures to be released in the coming months. China's GDP is expected to grow 5.2% in 2022.

7. Growth of foreign direct investment ("FDI") into China increased from 2.0% in Q3 to 3.1% in Q4. Total FDI increase 14.9% yoy to RMB1.15 trillion in 2021, underlining the importance of the Chinese market to multinational corporations.

8. Despite the strengthening of the USD due to the US economic recovery and Fed's expected tapering, the RMB also appreciated against USD by 2.6% in 2021 and traded at 6.35 in mid-January.

Management Discussion and Analysis

Hong Kong

As affected by the outbreak of unprecedented COVID-19, according to the Report on Monthly Survey of Retail Sales March 2021 produced by the Hong Kong Census and Statistics Department, the value of Hong Kong Total Retail Sales in March 2022 decreased by 13.8%, the volume of Hong Kong Total Retail Sales decreased by 16.8%, and the value of sales of food, alcoholic drinks and tobacco decreased by 3.3% as compared with the figure in March 2021. On the other hand, the value of online retail sales provisionally estimated at HK$2.8 billion, increased by 30.9% as compared with that in March 2021.

According to the "China Economic Monitor Issue: 2022Q1", by the KPMG on February 2022 Report, Hong Kong economy improved in 2021 with a growth of 6.4% for the full year, mainly driven by a higher vaccination rate, strong exports, better retail sales and government stimulus. The labour market continued to improve and the unemployment rate dropped to 3.9% in December, the slowest since the start of pandemic.

Industry Report

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

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

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

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

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

Management Discussion and Analysis

Company's tactics

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

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

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

As an open economy, Hong Kong is particularly vulnerable to the impact of the global situation, especially currently affected by war, inflation, oil price, high interest rate, it will be facing a challenging external environment in 2022 and 2023. 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. The Group is fundamentally strong with a healthy financial position, which is capable of facing the potential challenges.

To cope with the difficult environment in Hong Kong, the Group implemented certain strategical sales and marketing activities, such as organizing different sales campaigns, wine tasting, events and functions, broadening customer base, and product mix.

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

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

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

Report of the Directors

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND PERFORMANCE

The review of the business of the Group for the year ended 31 March 2022 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 2 to 3, pages 4 to 12, pages 13 to 20, pages 73 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 2022, 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 2022.

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 2022, 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 2022 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 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 73.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2022.

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 2022. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BANK BORROWINGS

The Company and its subsidiaries obtained banking facilities during the year. The bank borrowings as at 31 March 2022 amounted to approximately HK$22.5 million and the details are set out in note 26 to the consolidated financial statements. Save as disclosed herein, there is no other outstanding balance of bank loans and other borrowings as at 31 March 2022.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2022, 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$122.2 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 2022, our largest supplier accounted for approximately 15.7% of our total purchases (2021: 11.3%). The aggregate purchases from our five largest suppliers contributed approximately 33.8% of our total purchases in the current year (2021: 39.9%).

During the year ended 31 March 2022, our largest customer accounted for approximately 8.2% of turnover (2021: 13.2%). The aggregate sales to our five largest customers contributed approximately 21.0% of our total sales in the current year (2021: 31.2%).

At no time during the year ended 31 March 2022 did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

REPORT OF THE DIRECTORS

DIRECTORS

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

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

Independent non-executive Directors
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak

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

Pursuant to the Articles, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak 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 67 to 68.

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated 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 2022 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 2022.

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 2022 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 2022, 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 2022, 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)	975,859,600 shares	29.34%
Mr. Cheung Chun To	Interest of spouse (Note 1)	11,140,000 shares	0.34%

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 975,859,600 shares held by Silver Tycoon Limited. Ms. Lin Shuk Shuen. Being the spouse of Mr. Cheung Chun To, beneficially owns 11,140,000 shares in the Company. As a consequence, Mr. Cheung Chun To is deemed to be interested in 986,999,600 shares in the Company.

Save as disclosed above, as at 31 March 2022, 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 2022, 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)	975,859,600 shares	29.34%
High State Investments Limited	Beneficial Owner (Note 2)	524,640,400 shares	15.77%
Ms. Lin Shuk Shuen	Interest of spouse and Beneficial Owner (Note 3)	986,999,600 shares	29.68%
Ms. Ma Pui Ying	Interest of spouse (Note 4)	524,640,400 shares	15.77%
Mr. Zheng Huanming	Beneficial Owner	480,000,000 shares	14.43%
Ms. Lai Wai Kong	Beneficial Owner	446,000,000 shares	13.41%

Notes:

1. Mr. Cheung Chun To beneficially owns the entire shareholding interests in Silver Tycoon Limited. Therefore, Mr. Cheung Chun To is deemed to be interested in the 975,859,600 shares held by Silver Tycoon Limited.

2. Mr. Leung Chi Kin Joseph beneficially owns the entire shareholding interests in High State Investments Limited. Therefore, Mr. Leung Chi Kin Joseph is deemed to be interested in the 524,640,400 shares held by High State Investments Limited.

3. Ms. Lin Shuk Shuen is the spouse of Mr. Cheung Chun To 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.

4. Ms. Ma Pui Ying is the spouse of Mr. Leung Chi Kin Joseph and is therefore deemed to be interested in all the shares held/owned by Mr. Leung Chi Kin Joseph (by himself and through High State Investments Limited) by virtue of the SFO.

Save as disclosed above, as at 31 March 2022, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who has an interest or short position in the securities in the Company that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

Report of the Directors

AUDIT COMMITTEE

The primary duties of the Audit Committee are mainly to review and supervise the financial systems of the Group; to review the accounting policy, financial position, financial reporting procedures, internal control and risk management systems of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel. The Audit Committee consists of three members, namely Mr. Siu Shing Tak, Mr. Yue Kwai Wa Ken and Mr. Ngai Hoi Ying, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2022.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2022 are set out in note 35 to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

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

EVENT AFTER THE REPORTING PERIOD

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

AUDITOR

ZHONGHUI ANDA CPA Limited was re-appointed by the Shareholders as the auditor of the Company at the annual general meeting of the Company held on 13 August 2021. 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 2022 have been audited by ZHONGHUI ANDA CPA Limited.

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

By Order of the Board
Cheung Chun To
Chairman
17 June 2022

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 14 to the Listing Rules for the year ended 31 March 2022. 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 2022. 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 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 2022.

Corporate Governance Report

BOARD OF DIRECTORS

The Board comprises:

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

Independent non-executive Directors
Mr. Yue Kwai Wa Ken
Mr. Ngai Hoi Ying
Mr. Siu Shing Tak

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the year ended 31 March 2022, a total of 4 Board meetings were held. For all other Board meetings, notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda that are required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings. The attendance record of each Director at the Board meetings is set out in the table below:

	Number of meetings attended	
Name of Director	**Board Meetings**	**General Meetings**
Mr. Cheung Chun To	4/4	1/1
Mr. Yue Kwai Wa Ken	4/4	1/1
Mr. Ngai Hoi Ying	4/4	1/1
Mr. Siu Shing Tak	4/4	1/1

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 14 to the Listing Rules) and the ESG Reporting Guide (Appendix 27 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, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As a result of the resignation of Mr. Leung Chi Kin Joseph on 10 June 2021, Mr. Cheung has assumed the position of CEO. 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.

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 2022, all Directors attended the general meetings.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the 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 2022, 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	A, B
Mr. Siu Shing Tak	A, B

A. attending seminars/conference forums/training courses

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

DIRECTORS' AND OFFICERS' INSURANCE

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

Corporate Governance Report

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.

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 and Mr. Ngai Hoi Ying. Mr. Siu Shing Tak is the Chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

Corporate Governance Report

During the year ended 31 March 2022, two Audit Committee meetings were held. In the meetings during the year ended 31 March 2022, 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	2/2

REMUNERATION COMMITTEE

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

Corporate Governance Report

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.

- 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 2022, 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	1/1

Corporate Governance Report

NOMINATION COMMITTEE

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

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

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:

(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 also possess proven achievement and experience in directorship including effective oversight of and guidance to management.

(iii) The candidate should have 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) The candidate should be self-motivated and have a strong interest in the Company's businesses.

Corporate Governance Report

(v) The candidate should be a person of integrity, honesty, good repute and high professional standing.

(vi) The INED candidate must satisfy the independence requirements under Rule 3.13 of the Listing Rules. 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.

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 shareholders of the Company 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 consideration of a number of aspects, including but not limited to gender, age, language, cultural and educational background, ethnicity, in 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 and in order for the Board to be effective. The current Board is a well mix of knowledge and experience as our Directors with 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 endeavours to achieve gender diversity with 20% of the Board comprising female member(s) by 2023 and 25% of the Board comprising female member(s) by 2025. 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.

CORPORATE GOVERNANCE REPORT

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.

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

The Board will use its best endeavours to appoint female Directors 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 2022, 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)*	1/1
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 Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

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

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the year ended 31 March 2022, 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 Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the year ended 31 March 2022, 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.

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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 authorized external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors.

During the financial year ended 31 March 2022, the fees paid/payable to the Company's auditor are set out as follows:

Services rendered	**Fees paid/ payable HK$'000**
Audit services	360
Non-audit service	
other service – Agreed-upon procedures	30

CORPORATE GOVERNANCE REPORT

During the financial year ended 31 March 2022, the fees paid/payable to the internal control consultant are set out as follows:

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

COMPANY SECRETARY

Mr. Sin Chi Keung ("Mr. Sin") was appointed as the Company Secretary of the Company and Chief Financial Officer of the Group on 26 April 2017. The biography of Mr. Sin is set out under the section headed "Biographical Details of Directors and Senior Management". Mr. Sin has day-to-day knowledge of the Company's affairs. As the Company Secretary, Mr. Sin supports the Board by ensuring board procedures and all applicable law, rules and regulations are followed. He is responsible for advising the Board on governance matters and facilitates induction and professional development of the Directors. The appointment and dismissal of the company secretary are subject to the Board approval in accordance with the 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 509-510, South Tower, World Finance Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

Corporate Governance Report

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

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

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

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

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. 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 36.

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 35 to 37 of this Corporate Governance Report), the Board is satisfied that the shareholders communication policy has been properly implemented during 2022 and is effective.

For the year ended 31 March 2022, there had been no significant change in the Company's constitutional documents.

Environmental, Social and Governance Report 2022

INTRODUCTION

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

The Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programs and performance of the Group as well as demonstrates its commitment to sustainability. The preparation of the ESG Report, which was supported by employees across various departments of the Group, enables the Group to have a better understanding of its current environmental and social development. The information that the ESG Report gathered is not only a summary of the environmental and social initiatives carried out by the Group, but also forms the basis for the Group to map out short and long-term strategies for sustainable development.

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

Environmental, Social and Governance Report 2022

CHAIRMAN'S STATEMENT

Dear valued stakeholders,

On behalf of the board of Directors (the "Board"), it is my pleasure to present the Group's ESG Report for the year ended 31 March 2022 (the "Year" or "2022").

The Board strongly believes that a sound governance structure is critical to the effective management and implementation of ESG related issues. The Board shoulders the principal responsibilities for overseeing the Group's corporate governance as well as the ESG issues. The Board has a supervisory role in the data collection, drafting and review of the ESG Report. 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") assesses the significance of multiple ESG topics and the risks they post to the Group's business operations with reference to 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. 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.

The Group is committed to minimising its environmental impact to ensure sustainable business growth. As a socially responsible enterprise, the Group has been taking measures in different areas to reduce its environmental impact and regularly reviewing the effectiveness of such measures. In addition, the Group recognises the importance of setting targets for its ESG performance. Therefore, the Group has set targets for ESG issues that are material to the Group. The Board and the Taskforce use the data collected to compare the Group's performance in different years to track the progress of ESG targets. To achieve the goal, the Group implements different environmental protection measures and raises employees' awareness of ESG. These objectives and environmental protection measures can help raise the environmental awareness of employees and enhance the Group's ESG performance to meet the expectations of the Group's stakeholders.

Last but not least, I would like to express my gratitude to my fellow Directors, the management team, all employees and stakeholders for their contributions to the Group's sustainable development. Though the year ahead is full of challenges, I hereby undertake that we will do our best to live up to everyone's expectations.

Major Holdings Limited
Cheung Chun To
Chairman

Environmental, Social and Governance Report 2022

SUSTAINABILITY GOVERNANCE

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

In order to have a systematic management of the Group's ESG issues, we have set up the Taskforce composed of staff from relevant departments during the Year. The Taskforce is responsible for collecting relevant ESG data and compile the ESG Report.

The Taskforce periodically reports to the Board, assists in identifying and assessing the Group's ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates the Group's performances in different aspects, such as environmental protection, labour practices, and other ESG aspects. The Board sets the general direction for the Group's ESG strategies, ensuring the effectiveness of risk management and internal control mechanisms.

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.

Unless specified otherwise, the ESG Report covers the Group's seven operating segments, which are also reported in this annual report, include the sales of red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products.

Compared to the reporting scope of the ESG Report of the year ended 31 March 2021 ("2021"), the retail shop located in Central, which was closed during the Year, is no longer within the reporting scope.

Environmental, Social and Governance Report 2022

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 27 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", "balance" and "consistency".

"Materiality": When defining important ESG issues related to the Group's business and stakeholders, the Group identify and assess 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 exchanges or relevant government departments, as well as laws and regulations, to collect environmental and social performance data from various business departments, and to keep relevant monitoring instruments records or supporting documents. Please refer to the relevant sections in the ESG Report for the standards, methodologies and assumptions (where applicable) for the calculation of performance data.

"Consistency": Except for the change in the scope of reporting due to the closure of the retail shop located in Central, the disclosure and statistical methods of this ESG Report are consistent with those of 2021 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 be inappropriately influence a decision or judgment by the report reader.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

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 • Announcements, circulars and notices • Annual general meetings	• Return on investment • Corporate governance • Business compliance
Employees	• Trainings, seminars and briefing sessions • Regular employee performance reviews	• Employees' compensation and benefits • Career development • Health and safety work environment
Customers	• Sales and marketing team (introduction of wine appreciation) • Customer support hotline and email	• High quality products and services • Protect the rights of customers • After-sales customer services
Suppliers and distributors	• Supplier management meetings and events	• Fair and open procurement • 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.

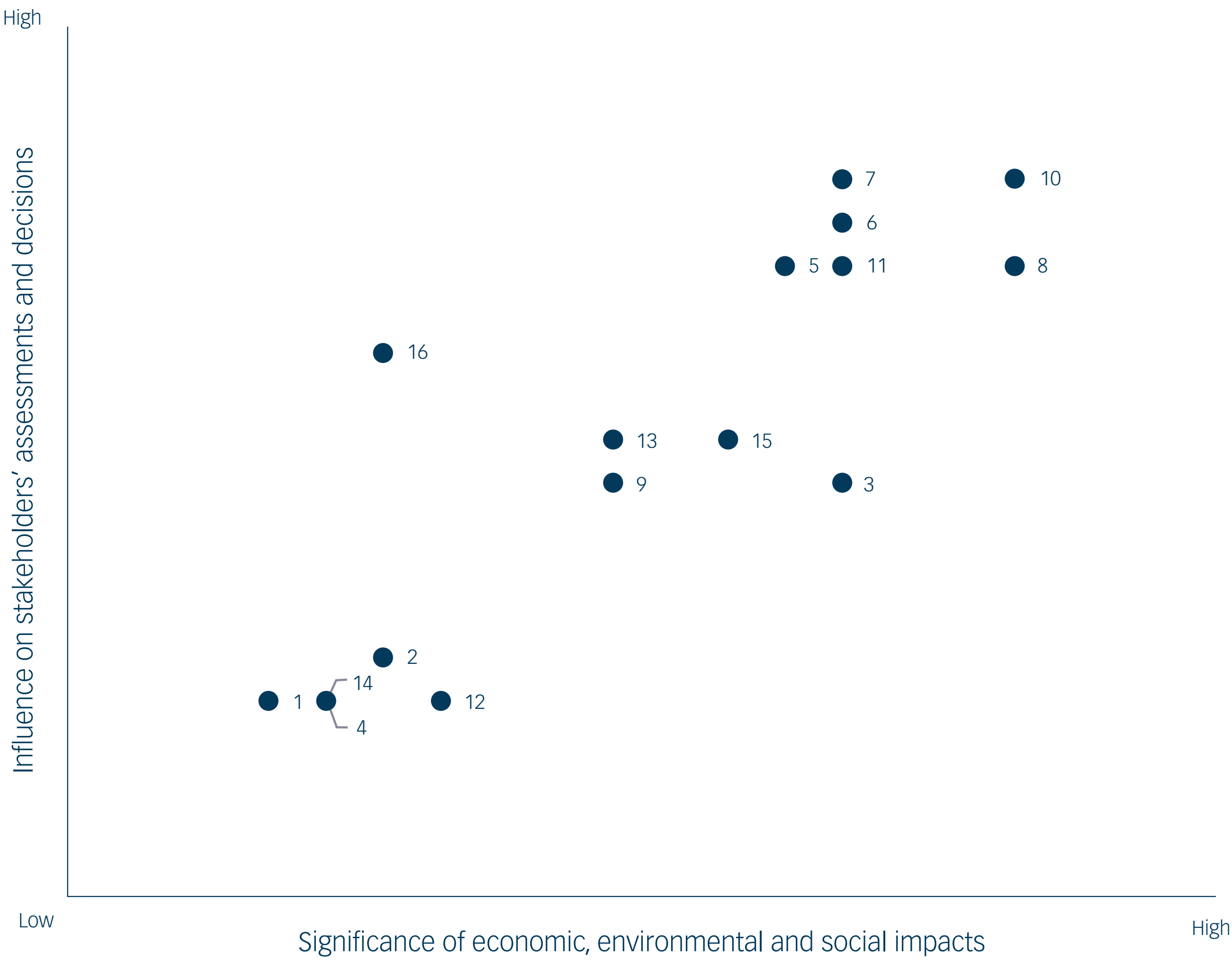
MATERIALITY ASSESSMENT

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 2022

Materiality Matrix



Number	ESG issues	Number	ESG issues
1	Greenhouse gas ("GHG") emissions	9	Recruitment, promotion and dismissal
2	Waste management	10	Remuneration, welfare and benefits
3	Energy management	11	Diversity, equal opportunity and anti-discrimination
4	Water management	12	Supply chain management
5	Employee welfare	13	Quality assurance
6	Use of packaging materials	14	Customer service
7	Climate change	15	Anti-corruption
8	Indoor air quality	16	Protection of whistle-blowers

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 2022

CONTACT US

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

A. ENVIRONMENTAL

Key Performance Indicators

Environmental Indicators[1, 2]	Unit	2022	2021
GHG[3]			
Scope 1 – Direct Emissions	tonnes of carbon dioxide equivalent ("tCO_2e")	–	–
Scope 2 – Energy Indirect Emissions	tCO_2e	99.11	94.84
Total GHG Emissions	tCO_2e	99.11	94.84
Total GHG Emissions Intensity	tCO_2e/employee	3.81	3.16
Waste			
Paper	kg	286.90	140.41
Waste Wooden Pallets	kg	1,020.00	850.00
Total Non-hazardous Waste	kg	1,306.90	990.41
Total Non-hazardous Waste Intensity	kg/employee	50.27	33.01
Total Hazardous Waste	piece	–	–
Total Hazardous Waste Intensity	piece/employee	–	–
Energy Consumption			
Direct Energy Consumption	MWh	–	–
Indirect Energy Consumption[4]	MWh	254.12	250.01
Total Energy Consumption	MWh	254.12	250.01
Total Energy Consumption Intensity	MWh/employee	9.77	8.33
Water Consumption			
Water Consumption	m^3	506.00	441.00
Water Consumption Intensity	m^3/employee	19.46	14.70
Packaging Material			
Total Packaging Material Consumption	kg	707.20	1,300.54
Total Packaging Material Consumption Intensity	kg/bottle	0.02	0.03

Notes:

1. As at 31 March 2022, the number of employees was 26 (31 March 2021: 30). These data are also used for calculation of other intensity data.

2. The number of bottles of product sold in the Year was 38,360 (2021: 47,805) bottles. These data are used for the calculation of total packaging material consumption intensity.

3. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the GHG emissions intensity of electricity sold stated in 2021 Sustainability Report published by the CLP Holdings Limited, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).

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

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A1. Emissions

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

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

In order to enhance our environmental governance practice and mitigate the environmental impact produced by the Group's operations, we have adopted and implemented the Corporate Social Responsibility Policy to regulate the emissions of GHG and air pollutants generated from its operations, and 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 principle, with an objective of minimising the adverse environmental impacts and ensure the waste disposed and emissions generated are conducted in an environmentally responsible manner.

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

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

During the Year, the Group was not aware of any material non-compliance with 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 Environmental Protection and Management Ordinance, the Environmental Public Health Ordinance, and the Environmental Public Health (General Waste Collection) Regulations.

Exhaust Gas Emissions

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

GHG Emissions

The Group has set an emissions target of maintaining or reducing the total GHG emission intensity in the next reporting year, using approximately 3.81 tCO_2e per employee in 2022 as the baseline. The GHG emissions of the Group were mainly generated from the purchased electricity (Scope 2). The Group actively adopts electricity conservation and energy saving measures as well as other measures to reduce GHG emissions, including:

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

During the Year, the total GHG emissions of the Group increased by approximately 4.5% to approximately 99.11 tCO_2e (2021: approximately 94.84 tCO_2e). The increase in total GHG emissions was mainly due to the increase in the Group's demand for air-conditioning.

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

Waste Management
Hazardous waste handling method
Due to the Group's business nature, 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 with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources. The Group is committed to promoting an environmental-friendly mindset among its employees.

The Group has set a waste generation target of maintaining or reducing the total non-hazardous waste intensity in the next reporting year, using approximately 50.27 kg per employee in 2022 as the baseline. With the aim of minimising the environmental impacts of non-hazardous wastes generated from its business operations, our staff and the assigned administrative staff in the workplace collectively take the responsibilities for the waste management in our retail showrooms, offices and warehouse, in reference to the established environmental policies, the Group has implemented measures to handle such wastes and launched different reduction initiatives including but not limited to:

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

During the Year, the non-hazardous waste generated of the Group increased by approximately 32.0% to approximately 1,306.90 kg (2021: approximately 990.41 kg). The increase in non-hazardous waste generation was mainly due to the increase in the use of paper and wooden pallets.

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

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

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

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- Use high performance and all-in-one multi-function printers that incorporate printer, scanner and copier functions into single device which were shared among different departments. This can reduce the number of different kinds of devices so as to minimise power consumption and carbon footprint as well as maintenance;

- Encourage our staff to utilise electronic directories, forms, reports and storage when possible;

- Recycle and reuse papers, carton boxes, envelopes and folders; and

- Explore the opportunity of using Forest Stewardship Council certified paper.

A2. Use of Resources

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

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

Energy Management

The Group has set an energy use efficiency target of maintaining or reducing the total energy consumption intensity in the next reporting year, using approximately 9.77 MWh per employee in 2022 as the baseline. The Group aims to minimise environmental impacts in our operations by identifying and adopting appropriate measures in our operations. Related policies and initiatives on energy conservation have been developed to show our concern on energy efficiency. Regular reviews are conducted on our energy objectives and targets in order to seek continuous improvement in the Group's energy performance. The Group has adopted the following energy conservation measures:

- Utilise light-emitting diode ("LED") lights;

- Separate indoor areas into different light zones with independent switches;

- Improve the work efficiencies of air conditioners by cleaning the filters and fans regularly;

- Remind employees to switch off printers during non-working hours;

- Set computers to automatic sleeping mode when idle; and

- Allow employees to dress casual wear in hot weather so as to reduce the use of air conditioners.

During the Year, the Group's total energy consumption increased by approximately 1.6% to approximately 254.12 MWh (2021: approximately 250.01 MWh). The increase in total energy consumption was mainly due to the increase in the Group's demand for air-conditioning.

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Water Consumption

Water is one of the most precious resources on the planet, and therefore the Group pays great attention to conserve water in its daily operation. Since the water supply and discharge of the head office, majority of the retail stores and warehouse located in leased office premises are solely controlled by property owner or building management, there was only water consumption data of the Kwai Chung warehouse being collected. The Group has set a water efficiency target of maintaining or reducing the total water consumption intensity in the next reporting year, using approximately 19.46 m^3 per employee in 2022 as the baseline. The Group has implemented various measures such as using appliances with water-efficient label to raise our employees' awareness of water saving. In addition, the Group encourages employees to save water. During the Year, the Group's total water consumption increased by approximately 14.7% to approximately 506.00 m^3 (2021: approximately 441.00 m^3). The increase in total water consumption was mainly due to the more frequent cleaning work during the coronavirus disease 2019 ("COVID-19") epidemic.

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 Materials

When packaging the wine and spirit products, carton boxes, plastic bags and plastic films are mostly consumed by the Group's operation. Employees are instructed to use only appropriate amount of packaging material so as to avoid over packaging and hence reduce the use of packaging material. During the Year, the Group's total packaging material consumption was approximately 707.20 kg (2021: 1,300.54 kg). The decrease in total packaging material consumption was mainly due to the closure of one of the retail shops during the Year.

A3. The Environment and Natural Resources

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

The Group has formulated the Corporate Social Responsibility Policy to mitigate its environmental impacts and adopting industry best practices targeted 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 of relevant laws and regulations.

Indoor Air Quality

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

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A4. Climate Change

Identification and Mitigation

The Group recognises that climate change has been affecting our stakeholders, business operations and communities in different aspects. The Group has formulated the Climate Change Policy to enhance its ability to respond to climate impacts and mitigate the risks and impacts of climate change on the Group, thereby helping the Group to adapt to and resist climate change. In 2022, the Group paid close attention to the impact of climate change as described below.

Physical Risks

Climate change has led to 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. Therefore, the Group has developed a risk emergency mechanism and optimised the emergency management process to cope with extreme weather.

Transition Risks

Climate change may lead to an increase in raw material prices and a rise in purchase costs. To cope with the possible increase in purchase costs, the Group actively analyses the changing trend of the prices of goods and manages the risks of purchase cost increases through communication with suppliers and resource integration.

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 for climate change. The Group's related capital investment and compliance costs may increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, climate-related policies and regulations and be prepared to alert the top management to avoid cost increments, noncompliance fines or reputation risks due to delayed response. The Group will continue to assess the effectiveness of the Group's actions on climate change and enhance its resilience against climate-related issues.

B. SOCIAL

B1. Employment

The Group believes in creating an inclusive working environment, providing employees with equal opportunities in all matters and strives to ensure that employees are treated fairly regardless of their gender, marital status, pregnancy, disability, family or race. Pursuant to the Corporate Social Responsibility Policy, the Group upholds a high standard of business ethics and personal conduct of its employees. The Staff Handbook has been formulated to cover relevant policies. 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.

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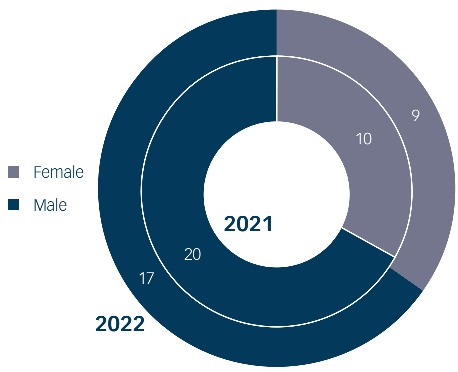
Recruitment, Promotion and Dismissal

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.

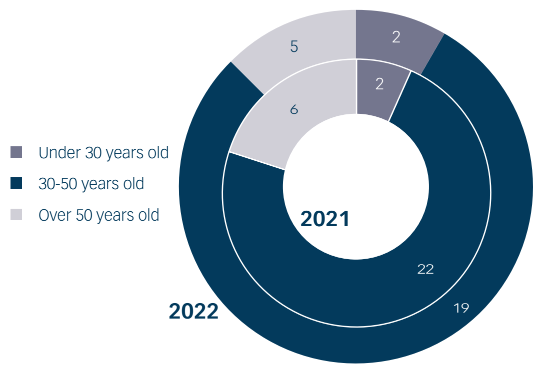
The promotion of the Group's employees is subject to review regularly. In case of a vacancy in higher positions, priority is given to internal promotion of employees based on determinants like their performance, education background, ability, and conduct and attendance record. Unreasonable dismissal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

As at 31 March 2022, the Group employed a total of 26 employees (31 March 2021: 30 employees). During the Year, all employees were located in Hong Kong. The employee composition by gender, age group, employment type and employee category are as follows:

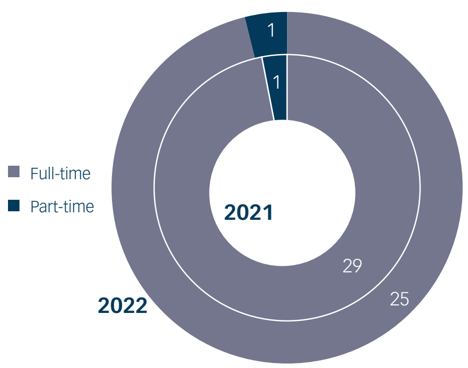
BY GENDER



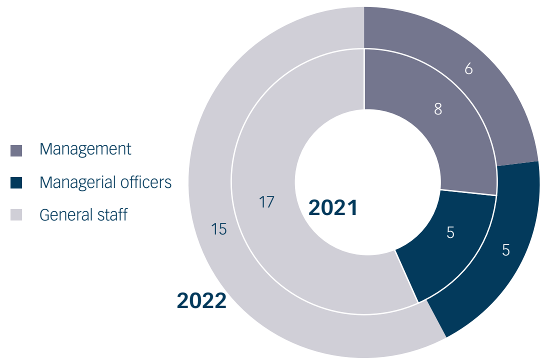
BY AGE GROUP



BY EMPLOYMENT TYPE



BY EMPLOYEE CATEGORY



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During the Year, the Group recorded a turnover rate of 61.54%. The breakdown of turnover rate by gender and age group is depicted as below:

Indicators	Unit	2022
Total turnover rate[1]	%	61.54%
By gender		
Female	%	33.33%
Male	%	76.47%
By age group		
30 or below	%	150.00%
31-50	%	57.89%
51 or above	%	40.00%
By geographical region		
Hong Kong	%	61.54%

Note:

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

Remuneration

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

Welfare and Benefits

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

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

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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 workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, and age, place of origin, marital status, and sexual orientation.

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

Certification of The Racial Diversity & Inclusion Charter for Employers

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B2. Health and Safety

The Group highly values the health and safety of all our employees, distributors, customers and others who visit or work on our premises and preventing work-related accidents, injuries and illnesses, and looks to maintain a hazard-free working environment. We believe that employees are the valuable assets of an enterprise and regard human resources as our corporate wealth. The Group has established a section of health and safety under the Staff Handbook on the prevention and remediation of workplace accidents so as 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 improvements 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 number of working days lost by the Group due to work-related injuries was zero. No work-related fatalities occurred between 1 April 2019 and 31 March 2022.

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 also takes responsibilities for 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 safety of employees.

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

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

Preventative Measures for COVID-19

In view of the outbreak of the COVID-19 epidemic, the Group has taken various measures to safeguard its employees and customers to ensure their health and safety. Apart from complying with public health and safety measures followed by the local government in preventing the spread of the virus, the Group has also required the employees and customers to wear surgical masks wherever in its premises. During the Year, the Group has also strengthened the preventive measures in its operations by putting in place temperature screening before entering office, shops and warehouse. During the Year, the Group provided sufficient anti-epidemic supplies like hand sanitisers and rapid antigen test kits for its employees. All goods shipped from Europe are required to spray disinfectant before checking.

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B3. Development and Training

As stated in the Corporate Social Responsibility Policy, the Group believes in the benefits of providing a positive work environment where people can grow. The Group recognises that our success greatly depends on the valuable contribution our talents. Therefore, we are committed towards 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 programs and continuous professional trainings. Training-related procedures has been stated in the Staff Handbook. To maintain a high quality of service to customers, the Group does not only attach importance to the trainings of its wine consultants, but also arranges training sessions with suppliers to further enhance employees' knowledge on the selection of wine and spirits products. For employees in different positions, such as logistics, procurement and clerical, different trainings are also arranged to improve their working efficiency and performance.

Furthermore, the Group has set up an education program to subsidise employees to take courses related to their work organised by various institutions and professional organisations. The management will assess the relativity of the course to the employee's work and determine the amount of subsidy accordingly. Employees can also apply for allowance to obtain qualification certificates on relevant skills.

During the Year, the percentage of employees trained was approximately 38.46%[1] (2021: 6.67%) of the Group's employees participated in training. All employees receiving training were male general staff. During the Year, the average training hours[2] was 3.08 hours (2021: 0.10 hours). The following is a summary of the training performance of the Group during the Year:

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Development and Training Indicators	Unit	2022	2021
Total number of hours of internal training received by employees	hours	80.00	3.00
Total number of employees trained	number	10	2
Percentage of employees trained by gender			
Female	%	55.56%	–
Male	%	29.41%	15.00%
Percentage of employees trained by employee category[3]			
Management	%	16.67%	–
Managerial officers	%	–	–
General staff	%	60.00%	17.76%
Average hours of training per employee by gender			
Female	hours	4.44	–
Male	hours	2.35	0.15
Average hours of training per employee by employee category[4]			
Management	hours	1.33	–
Managerial officers	hours	–	–
General staff	hours	4.80	0.18

Notes:

1. Calculation method of percentage of employees trained: (employees trained ÷ total number of employees) × 100%.
2. Calculation method of training hours: total training hours ÷ total number of employees.
3. Calculation method of percentage of employees trained by category: (number of employees trained in that category ÷ number of employees in that category) × 100%.
4. Calculation method of training hours by category: total training hours of employees in that category ÷ number of employees in that category.

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B4. Labour Standards

Prevention of Child Labour and Forced Labour

The Group does not tolerate any form of forced labour and child labour as stated in the Group's Staff Handbook. The Group strictly complies with local laws and conducts recruitment based on the Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources and Administration Department carefully checked identity documents to ensure that their age and job qualifications meet the legal requirements. All employees sign labour contracts voluntarily and are free to resign with proper notice. The Group explains the labour contract to each new employee, and the employee signs and agrees to the terms of the labour contract. Furthermore, employees of the Group only work overtime if necessary and on a voluntary basis. If child labour or forced labour is found to be employed as a result of a breach of the recruitment procedures, the Group will immediately stop the work of the child labour or forced labour and conduct an investigation.

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 Group was not aware of any material non-compliance with child and forced labour-related laws and regulations including but not limited to the Employment Ordinance.

B5. Supply Chain Management

Supply Chain Management Structure

The Group strives to establish and maintain a close business relationship with our 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 spirits products are selected based on their reputation and industrial recognition for product quality and supply reliability, operation history, business size, delivery performance, products portfolio, stock inventories, market demand of the products. Generally, a product procured from supplier does not only subject to the applicable laws and standards of its country of origin, but also the certifications issued by the local's wine association. A meeting with suppliers is held annually, which facilitates the Group's understanding of their supplies. Furthermore, the EPOS system further enables the Group to track the sources of products.

During the Year, the number of suppliers was 111 (2021: 115). During the Year, 100% of the Group's suppliers were qualified suppliers that met the standard in the Group's regular assessment. The following is a summary of the suppliers by geographical region of the Group:

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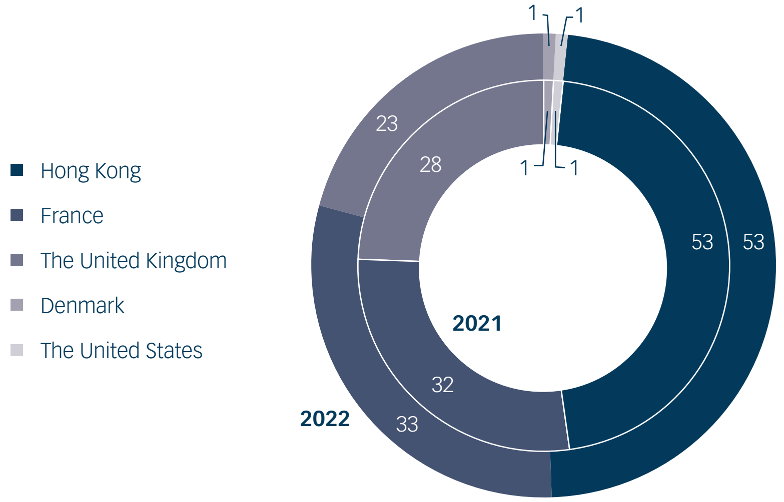
NUMBER OF SUPPLIERS BY GEOGRAPHICAL REGION



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 fit our long-term vision for sustainable development. The Group endeavours to keep constant communication with suppliers and will continue to monitor its supply chain pursuant to the Group's environmental and social standards. For suppliers who fail to meet the environmental and social standards, the Group will consider terminating the Group's business relationship with them.

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

Fair and Open Procurement

The Supplier Code of Conduct also ensures that the suppliers could participate in an open and fair manner. The Group should not differentiate or discriminate on certain suppliers. We would strictly monitor and prevent all kinds of business bribery and conflict of interest, such as avoiding the use of suppliers which are directly or indirectly owned by employees or avoiding suppliers to favour employees' personal interest directly or indirectly. The information about suppliers who provide products and/or services to the Group are regularly reviewed to monitor effectiveness of the Supplier Code of Conduct.

Green Procurement

The Group is committed to supporting local economies by prioritising procurement from local suppliers to reduce the carbon footprint from transportation. When selecting suppliers for other products such as packaging materials for the wine and spirit products, the Group takes into account the geographical location of the suppliers in hopes of reducing the GHG emissions from the product delivery process. During the Year, all suppliers of packaging material and other appliances are located within Hong Kong. We also give priority to suppliers who use eco-friendly products and services during our selection procedure, as we strive to minimise potential environmental and social risks along the supply chain. We will continue to regularly review the performance of suppliers along our supply chain and monitor relevant environmental and social standards. For suppliers who commit any material violations of laws and regulations, we will consider terminating our business relationship with them.

B6. Product Responsibility

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

During the Year, the Group was not aware of any material non-compliance with 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 spirits products to pick up and deliver the products procured from suppliers to the warehouse. During the transportation process, the products are stored in temperature-controlled containers.

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

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

The Group carefully manages and monitors the quality of products. All products the Group sells are properly labelled to help the Group to keep track of its products. If there are quality issues with the products sold by the Group, the Group promptly identify the source of defects and the defective batch of products through its tracking system. When necessary, the products will be recalled to rectify the issues and prevent recurrence in the future.

In 2022, the Group had no goods or orders subject to recalls for product quality, safety or health reasons.

Customer Privacy Protection

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

Customer Service

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

Environmental, Social and Governance Report 2022

The Group's sales and marketing team consists of 11 wine consultants, most of whom possess certificates ranging from Level 1 Award in wine (foundation certificate) to Level 3 Award in wine and spirits (advanced certificate) awarded by the Wine and Spirit Education Trust ("WSET"). After the conclusion of a transaction, the sales and marketing team will give customers brief introduction and guidance of wine appreciation (such as breathing time and storage requirements) to enable the full enjoyment of their purchases, minimise the risk of damage due to improper storage and reduce the possibility of returning products.

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

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

Intellectual Property

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

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 at times for promoting the Group's corporate image and brand. It is the Group's commitment to ensure the compliance of its advertisement and promotional strategies with the Trade Description Ordinance and other relevant laws and regulations. False, misleading or incomplete information and misstatements with respect to products are all strictly prohibited.

B7. Anti-corruption

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

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

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 regularly provides anti-corruption training, which covers legal knowledge about anti-corruption and integrity behaviours in the workplace. The anti-corruption training helps to encourage a clean and honest style of work, so that employees can be strict with themselves and fulfil their duties. During the Year, a total of 6 hours of anti-corruption training were provided to the Group's directors and employees.

Protection of Whistle-blower

In order to further achieve and maintain the highest standards of openness, probity and accountability, the Group has also implemented a whistleblowing 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 might need to refer the case to the competent authorities. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions. The identity of the whistle-blower will be kept confidential where possible. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions. To monitor the effectiveness of the whistleblowing 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 to strive to embolden and support the public by various means of social participation and contribution as part of its strategic, and to nurture the corporate culture and practices of 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 the stability of the society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

During the Year, affected by the COVID-19 epidemic, the Group focused on its own business development and did not participate in social services or public welfare activities. When the COVID-19 epidemic is over and the economic and social environment becomes stable, we will continue to contribute to communities, seek cooperation with charities, pay constant attention to the difficulties and needs of society and underprivileged groups, and proactively give back to society with the aim of building a harmonious society.

Raising Awareness of Employees

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

Environmental, Social and Governance Report 2022

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

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED (2)

Subject Areas, Aspects, General Disclosures and KPIs	Descriptions	Sections/Declarations
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Key Performance Indicators
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).	Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management (not applicable – explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	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.	Emissions – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

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.	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).	Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	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.	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.	Key Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality
Aspect 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.	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.	Climate Change – Physical Risks; Climate Change – Transition Risks

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs	Descriptions	Sections/Declarations
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Recruitment, Promotion and Dismissal
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Promotion and Dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Training; Health and Safety – Preventive Measures for COVID-19

Environmental, Social and Governance Report 2022

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.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Programmes
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child Labour and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management – Supply Chain Management Structure
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Supply Chain Management Structure
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management – Supply Chain Management Structure; 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.	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.	Supply Chain Management – Green Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

Subject Areas, Aspects, General Disclosures and KPIs	Descriptions	Sections/Declarations
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Customer Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Protection of Whistle-blower

Environmental, Social and Governance Report 2022

Subject Areas, Aspects, General Disclosures and KPIs	Descriptions	Sections/Declarations
KPI B7.3	Description of anti-corruption training provided to directors and staff.	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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Cheung Chun To (張俊濤), aged 43, 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, the People's Republic of China ("PRC"). 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 Chi Kin Joseph together founded Major Cellar Company Limited ("Major Cellar") and Mr. Cheung has been appointed a director of Major Cellar since November 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ngai Hoi Ying (魏海鷹) ("Mr. Ngai"), aged 65, an independent non-executive Director, was appointed to the Board on 30 December 2013. Mr. Ngai is the Chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Ngai obtained an executive master in business administration from Tsinghua University, PRC in June 2011. Mr. Ngai is currently the president of Global World Investment (Group) Limited (寰宇投資（集團）有限公司) and the legal representative of Zhongshan City Golden Sun Aluminum Limited (中山市金日鋁業有限公司). He is also currently the honorary chairman of Federation of Hong Kong Chiu Chow Community Organization, the chairman of International Teochew Association of Zhongshan (中山潮人海外聯誼會) and the vice chairman of Tsinghua University EMBA Alumni Association of Hong Kong and the Macau Special Administrative Region (清華大學EMBA港澳同學會). Mr. Ngai was a member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the Guangdong Province, PRC. He was also appointed the honorary president of the Central District Junior Police Call in 2009. During the years 2014-2019, he was also appointed as Central Advisory Board Member of the Senior Police Call Central Advisory Board. Mr. Ngai was awarded the MH Medal of Honor by the Hong Kong SAR Government in 2020.

Biographical Details of Directors and Senior Management

Mr. Yue Kwai Wa Ken (余季華) ("Mr. Yue"), aged 56, an independent non-executive Director, was appointed to the Board on 30 December 2013. Mr. Yue is the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Yue has approximately 24 years of experience in accounting, finance and valuation. Mr. Yue obtained a Diploma of Technology in Financial Management Accounting Option from the British Columbia Institute of Technology in Canada in June 1989. Mr. Yue also obtained a bachelor degree of science from Upper Iowa University of the United States in March 2005. Mr. Yue has been admitted as a member of the American Institute of Certificate Public Accountants in October 2005, a member of the Chartered Global Management Accountant in 2012 and a fellow member of the Colorado Society of Certified Public Accountants in September 2005. Mr. Yue has been appointed as an executive director of Roma Group Limited ("Roma Group"), a company listed on the GEM of the Stock Exchange (Stock Code: 8072), since 18 March 2011 and company secretary and compliance officer of Roma Group since 26 September 2011. Also, Mr. Yue has been redesignated as the chief executive officer of Roma Group since 1 October 2017 and appointed as the chairman of Roma Group since 18 December 2017. Mr. Yue has been appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3838), since 5 September 2007 and has been appointed as an independent non-executive director of Manfield Chemical Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1561) since 6 November 2015 until 31 December 2018.

Mr. Siu Shing Tak (蕭承德) ("Mr. Siu"), aged 38, an independent non-executive Director, was appointed to the Board 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. 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.

SENIOR MANAGEMENT

Mr. Lau Cho Yiu (劉佐堯) ("Mr. Lau"), aged 38, is a director of Major Cellar Company Limited ("Major Cellar"), being one of the subsidiary company of Major Holdings Limited. In 2007, Mr. Lau obtained a double major degree from University of Houston, major in Accounting and Finance. Mr. Lau worked in the finance industry for 4 years. He joined Major Cellar in 2011 as our retail operation supervisor, and promoted to the position of director in April 2019. Mr. Lau is experienced in the Fine Wine Market in Hong Kong, and is responsible for procurement and sales pricing strategies, maintaining close communication with suppliers and overseeing the wholesale and retail operation of Major Cellar.

COMPANY SECRETARY

Mr. Sin Chi Keung (冼志強), age 60, joined the Group as Company Secretary and Chief Financial Officer on 26 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 held various senior management positions in listed companies of Hong Kong and the People's Republic of China, and has gained more than 20 years of solid experience in corporate management, capital markets and financial management.

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 73 to 119, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 20 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of HK$75,706,000 as at 31 March 2022 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Assessing the Group's procedures on ordering and holding of inventories;

– Evaluating the Group's impairment assessment;

– Assessing the marketability of the inventories;

– Assessing the ageing of the inventories;

– Assessing the net realisable values of the inventories; and

– Checking subsequent sales of the inventories.

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

Trade receivables

Refer to note 21 to the consolidated financial statements

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK$14,236,000 as at 31 March 2022 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 21 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:

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

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 17 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	6	**107,789**	114,587
Cost of sales		**(93,948)**	(97,230)
Gross profit		**13,841**	17,357
Interest revenue		**4**	20
Other income	7	**5,976**	1,907
Other gains and losses, net	8	**(3,014)**	171
Promotion, selling and distribution expenses		**(11,385)**	(13,163)
Administrative expenses		**(9,606)**	(10,616)
Loss from operations		**(4,184)**	(4,324)
Finance costs	9	**(577)**	(1,254)
Loss before tax		**(4,761)**	(5,578)
Income tax (expense)/credit	10	**(3,953)**	543
Loss and total comprehensive expense for the year attributable to owners of the Company	11	**(8,714)**	(5,035)
Loss per share	14		
– Basic and diluted (HK cent)		**(0.26)**	(0.15)

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	31 March 2022 HK$'000	31 March 2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**2,041**	4,135
Right-of-use assets	16	**356**	4,622
Goodwill	17	**2,254**	2,254
Intangible assets	18	**225**	450
Deposits	22	**–**	642
		4,876	12,103
Current assets			
Inventories	20	**75,706**	83,609
Trade receivables	21	**14,236**	27,363
Prepayments, deposits and other receivables	22	**65,290**	38,230
Current tax assets		**–**	393
Pledged bank deposits	23	**6,060**	6,056
Bank and cash balances	23	**7,180**	6,898
		168,472	162,549
Current liabilities			
Trade payables	24	**1,063**	1,190
Contract liabilities	25	**12,093**	12,074
Other payables		**1,934**	1,462
Bank borrowings	26	**22,546**	12,786
Due to a director	27	**5,000**	5,000
Lease liabilities	28	**1,100**	5,610
Current tax liabilities		**3,168**	–
		46,904	38,122
Net current assets		**121,568**	124,427
Total assets less current liabilities		**126,444**	136,530

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	31 March 2022 HK$'000	31 March 2021 HK$'000
Non-current liabilities			
Lease liabilities	28	–	1,335
Deferred tax liabilities	29	**37**	74
		37	1,409
NET ASSETS		**126,407**	135,121
Capital and reserves			
Share capital	30	**4,158**	4,158
Reserves	32	**122,249**	130,963
TOTAL EQUITY		**126,407**	135,121

The consolidated financial statements on pages 73 to 119 were approved and authorised for issue by the board of directors on 17 June 2022 and signed on its behalf by:

Cheung Chun To
Director

Ngai Hoi Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	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)	**Retained profits/ (accumulated losses) HK$'000**	**Total HK$'000**
At 1 April 2020	4,158	197,993	(104,902)	30,483	12,424	140,156
Loss and total comprehensive expense for the year	–	–	–	–	(5,035)	(5,035)
At 31 March 2021	4,158	197,993	(104,902)	30,483	7,389	135,121
At 1 April 2021	**4,158**	**197,993**	**(104,902)**	**30,483**	**7,389**	**135,121**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(8,714)**	**(8,714)**
At 31 March 2022	**4,158**	**197,993**	**(104,902)**	**30,483**	**(1,325)**	**126,407**

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 2022

	Note	**2022** **HK$'000**	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(4,761)**	(5,578)
Adjustments for:			
Interest on bank borrowings		**454**	981
Lease interest expenses		**123**	273
Interest revenue		**(4)**	(20)
Depreciation of property, plant and equipment		**2,130**	2,323
Depreciation of right-of-use assets		**3,983**	6,868
Amortisation of intangible assets		**225**	225
Gain on disposal of right-of-use assets		**–**	(136)
Gain on disposal of a subsidiary		**–**	(10)
Net (reversal of allowance)/allowance for inventories		**(1,284)**	1,526
Loss allowance provision for trade receivables		**3,103**	–
Write off of inventories		**–**	2
Write off of property, plant and equipment		**–**	1
Operating profit before working capital change		**3,969**	6,455
Change in inventories		**9,187**	(3,295)
Change in trade receivables		**10,024**	9,335
Change in prepayments, deposits and other receivables		**(26,471)**	4,406
Change in trade payables		**(127)**	(1,711)
Change in contract liabilities		**19**	5,987
Change in other payables		**468**	(705)
Cash (used in)/generated from operating activities		**(2,931)**	20,472
Lease interest paid		**(123)**	(273)
Income tax paid		**(429)**	(75)
Net cash (used in)/generated from operating activities		**(3,483)**	20,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in pledged bank deposits		**(4)**	(20)
Disposal of a subsidiary	33(a)	**–**	44
Interest received		**4**	20
Proceeds from disposal of right-of-use assets		**53**	7,840
Purchases of property, plant and equipment		**(36)**	(364)
Net cash generated from investing activities		**17**	7,520

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES	33(b)		
Repayment of bank borrowings		**(37,275)**	(46,312)
Bank borrowings raised		**47,035**	28,971
Repayment of lease liabilities		**(5,558)**	(8,141)
Interest paid		**(454)**	(981)
Net cash generated from/(used in) financing activities		**3,748**	(26,463)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**282**	1,181
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**6,898**	5,717
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**7,180**	6,898
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**7,180**	6,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 Suites 509-510, 5th Floor, South Tower, World Finance Centre, Harbour City, 17-19 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares were listed on the Growth Enterprise Market (now known as GEM) of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 January 2014 and subsequently transferred listing to the Main Board of the Stock Exchange on 30 October 2015.

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

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

In the current year, the 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 2021. 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. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

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

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

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

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

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

Business combination and goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("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 profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

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

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

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

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

Leases

The Group as lessee

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

Buildings	over the lease term of 1 year to 2 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 5,000 (equivalent to HK$39,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Customer relationship

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

Inventories

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

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

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 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

(c) Termination benefits

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

Borrowing costs

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

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

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

Government grants

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

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

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

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

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

Provisions and contingent liabilities

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

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

Events after the reporting period

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Allowance for slow-moving inventories

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

(b) Impairment loss for bad and doubtful debts

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

(c) Impairment of goodwill

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

(d) Property, plant and equipment and depreciation

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

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

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

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

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2022 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;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

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

(c) Liquidity risk

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

The maturity analysis, 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
At 31 March 2022		
Trade payables	**1,063**	**–**
Other payables	**1,934**	**–**
Bank borrowings	**23,212**	**–**
Due to a director	**5,000**	**–**
Lease liabilities	**1,105**	**–**
At 31 March 2021		
Trade payables	1,190	–
Other payables	1,462	–
Bank borrowings	13,081	–
Due to a director	5,000	–
Lease liabilities	5,734	1,343

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

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

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

(e) Categories of financial instruments at 31 March

	2022 **HK$'000**	2021 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**31,335**	40,347
Financial liabilities:		
Financial liabilities at amortised cost	**31,643**	27,383

(f) Fair values

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers and total revenue:		
Sales of goods	**107,789**	114,587

Disaggregation of revenue from contracts with customers:

	2022 HK$'000	2021 HK$'000
Major products:		
Red wine	**85,332**	99,285
White wine	**8,253**	3,915
Sparkling wine	**3,823**	4,096
Spirit	**10,076**	7,028
Sake	**283**	204
Wine accessory products	**19**	58
Others	**3**	1
	107,789	114,587

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 2022

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 relationship, 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

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

	2022	2021
	HK$'000	HK$'000
Customer A	#	15,103

Revenue from this customer did not exceed 10% of the total revenue of the Group during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Tax indemnity by shareholders (note)	**3,817**	–
Consignment commission	**242**	202
Storage fee income	**1,917**	1,183
Government subsidy	**–**	404
Others	**–**	118
	5,976	1,907

Note:

On 30 December 2013, the Company and Silver Tycoon Limited, Mr. Cheung Chun To, High State Investments Limited and Mr. Leung Chi Kin Joseph (collectively referred to as the "Indemnifiers") entered into the deed of indemnity (the "Deed"). Pursuant to the Deed, the Indemnifiers agreed and undertook to, jointly and severally, fully indemnify the tax claim under the Deed. Particulars of the tax claim are set out in note 10(b) to the consolidated financial statements.

8. OTHER GAINS AND LOSSES, NET

	2022 HK$'000	2021 HK$'000
Gain on disposal of a subsidiary	**–**	10
Gain on disposal of right-of-use assets	**–**	136
Net foreign exchange gain	**85**	28
Loss allowance provision for trade receivables	**(3,103)**	–
Write off of inventories	**–**	(2)
Write off of property, plant and equipment	**–**	(1)
Others	**4**	–
	(3,014)	171

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Lease interest expenses	**123**	273
Interest on bank borrowings	**454**	981
	577	1,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. INCOME TAX EXPENSE/(CREDIT)

	2022 HK$'000	2021 HK$'000
Current tax – Hong Kong Profits Tax		
– Provision for the year	173	85
– Under-provision in prior years (note (b))	3,817	–
	3,990	85
Deferred tax (note 29)	(37)	(628)
	3,953	(543)

Notes:

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year ended 31 March 2022.

(b) 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.

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

	2022 HK$'000	2021 HK$'000
Loss before tax	(4,761)	(5,578)
Tax at the Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	(786)	(920)
Tax effect of income not taxable and expenses not deductible	1,031	(127)
Tax effect of temporary differences not recognised	271	746
Tax effect of utilisation of tax losses not previously recognised	(205)	(67)
Tax effect of profits subject to lower rate regime	(165)	(165)
Under-provision in prior years	3,817	–
One-off deduction	(10)	(10)
Income tax expense/(credit)	3,953	(543)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

11. LOSS FOR THE YEAR

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

	2022 **HK$'000**	2021 HK$'000
Depreciation of property, plant and equipment	**2,130**	2,323
Depreciation of right-of-use assets	**3,983**	6,868
Amortisation of intangible assets	**225**	225
Auditor's remuneration	**360**	360
Cost of inventories sold	**93,948**	97,230
Net (reversal of allowance)/allowance for inventories (included in cost of inventories sold)	**(1,284)**	1,526
Staff costs including directors' emoluments (note 12)		
– Salaries, bonuses and allowances	**7,405**	6,418
– Sale commission	**903**	473
– Retirement benefit scheme contributions	**303**	341
	8,611	7,232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of director					
Executive directors:					
Mr. Cheung Chun To	(a)	**–**	**800**	**12**	**812**
Mr. Leung Chi Kin Joseph	(b)	**–**	**–**	**–**	**–**
Independent non-executive directors:					
Mr. Ngai Hoi Ying		**66**	**–**	**–**	**66**
Mr. Yue Kwai Wa Ken		**66**	**–**	**–**	**66**
Mr. Siu Shing Tak		**66**	**–**	**–**	**66**
Total for 2022		**198**	**800**	**12**	**1,010**
Name of director					
Executive directors:					
Mr. Cheung Chun To	(a)	–	7	–	7
Mr. Leung Chi Kin Joseph	(b)	–	7	–	7
Ms. Cheung Wing Shun	(c)	–	30	2	32
Independent non-executive directors:					
Mr. Ngai Hoi Ying		72	–	–	72
Mr. Yue Kwai Wa Ken		72	–	–	72
Mr. Siu Shing Tak		72	–	–	72
Total for 2021		216	44	2	262

Notes:

(a) 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.

(b) Mr. Leung Chi Kin Joseph resigned as an executive director on 10 June 2021.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group during the year included 1 (2021: Nil) director whose emolument is reflected in the analysis presented above. The emoluments of the remaining 4 (2021: 5) individuals are set out below:

	2022 HK$'000	2021 HK$'000
Salaries, bonuses and allowances	**2,220**	2,536
Retirement benefit scheme contributions	**65**	89
	2,285	2,625

The emoluments fell within the following band:

	Number of individuals	
	2022	2021
Nil to HK$1,000,000	**4**	5

(c) During the year, no emoluments (2021: 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 2022 (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

14. LOSS PER SHARE

(a) Basic loss per share

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

	2022 HK$'000	2021 HK$'000
Loss		
Loss for the purpose of calculating basic loss per share	**(8,714)**	(5,035)

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,326,000**	3,326,000

(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 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office computers HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2020	12,084	1,421	2,353	1,168	17,026
Additions	–	356	8	–	364
Write off	(1,036)	–	(6)	–	(1,042)
At 31 March 2021 and 1 April 2021	**11,048**	**1,777**	**2,355**	**1,168**	**16,348**
Additions	**–**	**34**	**2**	**–**	**36**
Write off	**(580)**	**–**	**(266)**	**(1,168)**	**(2,014)**
At 31 March 2022	**10,468**	**1,811**	**2,091**	**–**	**14,370**
Accumulated depreciation and impairment					
At 1 April 2020	6,536	1,266	1,968	1,161	10,931
Provided for the year	2,114	99	103	7	2,323
Write off	(1,036)	–	(5)	–	(1,041)
At 31 March 2021 and 1 April 2021	**7,614**	**1,365**	**2,066**	**1,168**	**12,213**
Provided for the year	**1,910**	**125**	**95**	**–**	**2,130**
Write off	**(580)**	**–**	**(266)**	**(1,168)**	**(2,014)**
At 31 March 2022	**8,944**	**1,490**	**1,895**	**–**	**12,329**
Carrying amount					
At 31 March 2022	**1,524**	**321**	**196**	**–**	**2,041**
At 31 March 2021	3,434	412	289	–	4,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

At 31 March	2022 HK$'000	2021 HK$'000
Right-of-use assets – buildings	356	4,622
Lease commitments of short-term leases	242	–
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	1,105	5,734
– Between 1 and 2 years	–	1,343
	1,105	7,077

Year ended 31 March	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets		
– Buildings	3,983	5,716
– Yacht and watercraft	–	1,152
	3,983	6,868
Lease interest expenses	123	273
Expenses related to short-term leases	225	–
Total cash outflow for leases	5,906	8,414
Additions to right-of-use assets	–	5,023
Early termination of right-of-use assets	283	–

Lease agreements are typically made for fixed periods of 1-2 (2021: 1-2) years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. LEASES AND RIGHT-OF-USE ASSETS (continued)

Some of the Group's property leases contain variable lease payment terms that are linked to sales generated from the Group's shops. There is a wide range of sales percentages applied. Variable lease payment terms are used to minimise the fixed costs for newly established shops. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. A 5% increase in sales in 2022 across all shops in the Group with leases containing variable lease payment terms would increase total lease payments by Nil (2021: Nil).

17. GOODWILL

	HK$'000
Carrying amount as at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**2,254**

Impairment testing of goodwill

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

The carrying amount of goodwill had been allocated as follows:

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

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2021: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's sale and distribution of premium wine and spirits products and wine accessory products activities is 11.4% (2021: 11.4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

18. INTANGIBLE ASSETS

	Customer relationship HK$'000	Money lenders license HK$'000	Total HK$'000
Cost			
At 1 April 2020	900	463	1,363
Disposal of a subsidiary (note 33(a))	–	(463)	(463)
At 31 March 2021, 1 April 2021 and 31 March 2022	**900**	**–**	**900**
Accumulated amortisation and impairment losses			
At 1 April 2020	225	463	688
Amortisation	225	–	225
Disposal of a subsidiary (note 33(a))	–	(463)	(463)
At 31 March 2021 and 1 April 2021	**450**	**–**	**450**
Amortisation	**225**	**–**	**225**
At 31 March 2022	**675**	**–**	**675**
Carrying amount			
At 31 March 2022	**225**	**–**	**225**
At 31 March 2021	450	–	450

The remaining amortisation period of the customer relationship is 1 year (2021: 2 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. 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 2022 and 2021 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 USD1	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

20. INVENTORIES

	2022	2021
	HK$'000	HK$'000
Premium wine and spirits products	**74,728**	82,621
Wine accessory products	**978**	988
	75,706	83,609

21. TRADE RECEIVABLES

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

	2022	2021
	HK$'000	HK$'000
Trade receivables	**18,638**	28,662
Provision for loss allowance	**(4,402)**	(1,299)
Carrying amount	**14,236**	27,363

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

	2022	2021
	HK$'000	HK$'000
0 to 30 days	**5,040**	4,557
31 to 60 days	**530**	3,698
61 to 90 days	**1,167**	2,022
91 to 120 days	**186**	–
121 to 180 days	**184**	911
181 to 365 days	**4,891**	12,896
Over 365 days	**2,238**	3,279
	14,236	27,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

21. TRADE RECEIVABLES (continued)

Reconciliation of loss allowance for trade receivables:

	HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	**1,299**
Increase in loss allowance for the year	**3,103**
At 31 March 2022	**4,402**

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

	Current	Over 30 days past due	Over 60 days past due	Over 120 days past due	Total
At 31 March 2022					
Weighted average expected loss rate	**–**	**–**	**–**	**51.17%**	
Receivable amount (HK$'000)	**6,651**	**123**	**3,261**	**8,603**	**18,638**
Loss allowance (HK$'000)	**–**	**–**	**–**	**4,402**	**4,402**
At 31 March 2021					
Weighted average expected loss rate	–	–	–	31.65%	
Receivable amount (HK$'000)	24,425	28	105	4,104	28,662
Loss allowance (HK$'000)	–	–	–	1,299	1,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Tax indemnity receivables from shareholders (note)	**3,817**	–
Prepayments and other receivables	**1,332**	1,000
Trade deposits paid	**59,012**	36,519
Rental and utilities deposits	**1,095**	1,194
Other deposits	**34**	159
	65,290	38,872

	2022 HK$'000	2021 HK$'000
Analysed as:		
– Current assets	**65,290**	38,230
– Non-current assets	**–**	642
	65,290	38,872

Note:

Particulars of the tax claim and indemnity are set out in notes 10(b) and 7 to the consolidated financial statements. 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 during the year are HK$3,817,000.

23. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure short-term banking facilities granted to the Group as set out in note 26 to the consolidated financial statements. The deposits are in HK$ and at prevailing market rates of 0.4% (2021: 0.4%) p.a..

24. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
0 to 30 days	**226**	355
91 to 365 days	**2**	–
Over 365 days	**835**	835
	1,063	1,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

25. CONTRACT LIABILITIES

Disclosures of revenue-related item:

At	31 March 2022 HK$'000	31 March 2021 HK$'000	1 April 2020 HK$'000
Contract liabilities	**12,093**	12,074	6,087
Contract receivables (included in trade receivables)	**14,236**	27,363	36,698

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:

– 2022	**N/A**	12,074
– 2023	**12,093**	–
	12,093	12,074

Year ended 31 March	2022 HK$'000	2021 HK$'000
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	**7,483**	3,238

Significant changes in contract liabilities during the year:

	2022 HK$'000	2021 HK$'000
Increase due to operations in the year	**66,621**	91,254
Transfer of contract liabilities to revenue	**(66,602)**	(85,267)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Secured import loans	17,731	12,786
Unsecured import loans	4,815	–
	22,546	12,786

The borrowings are repayable as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	22,546	12,786
Less: Amount due for settlement within 12 months (shown under current liabilities)	(22,546)	(12,786)
Amount due for settlement after 12 months	–	–

The average interest rates at 31 March were as follows:

	2022	2021
Bank borrowings	2.79% – 3.52%	2.65% – 2.97%

As at 31 March 2022, the secured import loans of HK$17,731,000 (2021: HK$12,786,000) are secured by pledged bank deposits of the Group. All the bank borrowings were guaranteed by the Company.

27. DUE TO A DIRECTOR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

28. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,105**	5,734	**1,100**	5,610
Over one year but within two years	**–**	1,343	**–**	1,335
	1,105	7,077		
Less: Future finance charges	**(5)**	(132)		
Present value of lease obligations	**1,100**	6,945	**1,100**	6,945
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,100)**	(5,610)
Amount due for settlement after 12 months			**–**	1,335

As at 31 March 2022, the average effective borrowing rate was 2.81% (2021: 2.81%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

29. DEFERRED TAX

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

	Fair value adjustment of intangible assets HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2020	111	591	702
Credit to profit or loss (note 10)	(37)	(591)	(628)
At 31 March 2021 and 1 April 2021	**74**	**–**	**74**
Credit to profit or loss (note 10)	**(37)**	**–**	**(37)**
At 31 March 2022	**37**	**–**	**37**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

29. DEFERRED TAX (continued)

At the end of the reporting period, the Group has estimated tax losses of HK$29,039,000 (2021: HK$28,761,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining HK$4,791,000 (2021: HK$4,746,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	Number of shares '000	Total HK$'000
Authorised:		
Ordinary shares of HK$0.00125 (2021: HK$0.00125) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**8,000,000**	**10,000**
Issued and fully paid:		
Ordinary shares of HK$0.00125 (2021: HK$0.00125) each		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**3,326,000**	**4,158**

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 2022 and 2021.

Capital management

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Investments in subsidiaries	19	**107,325**	107,325
Current assets			
Prepayments and other receivables		**427**	267
Amounts due from subsidiaries	19	**18,796**	27,446
Bank and cash balances	23	**201**	200
		19,424	27,913
Current liabilities			
Other payables		**237**	12
Amount due to a subsidiary	19	**105**	105
		342	117
Net current assets		**19,082**	27,796
NET ASSETS		**126,407**	135,121
Capital and reserves			
Share capital	30	**4,158**	4,158
Reserves	32(b)	**122,249**	130,963
TOTAL EQUITY		**126,407**	135,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32. 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 2020	197,993	(61,995)	135,998
Loss and total comprehensive expense for the year	–	(5,035)	(5,035)
At 31 March 2021 and 1 April 2021	**197,993**	**(67,030)**	**130,963**
Loss and total comprehensive expense for the year	**–**	**(8,714)**	**(8,714)**
At 31 March 2022	**197,993**	**(75,744)**	**122,249**

(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 2022

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a subsidiary

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

(b) Changes in liabilities arising from financing activities

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

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total liabilities from financing activities HK$'000
At 1 April 2020	30,127	10,063	40,190
Changes in cash flows	(18,322)	(8,414)	(26,736)
Non-cash changes			
– interest charged	981	273	1,254
– additions of lease liabilities	–	5,023	5,023
At 31 March 2021 and 1 April 2021	**12,786**	**6,945**	**19,731**
Changes in cash flows	**9,306**	**(5,681)**	**3,625**
Non-cash changes			
– interest charged	**454**	**123**	**577**
– early termination	**–**	**(287)**	**(287)**
At 31 March 2022	**22,546**	**1,100**	**23,646**

34. CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

35. RELATED PARTY TRANSACTIONS

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

	Notes	**2022** **HK$'000**	2021 HK$'000
Disposal of a subsidiary to Mr. Cheung Chun To		**–**	105
Sales to Mr. Cheung Chun To		**494**	800
Sales to Mr. Leung Chi Kin Joseph	(i)	**24**	296
Sales to Ms. Cheung Wing Shun	(ii)	**21**	5
Sales to Major Watch Company Limited	(iii)	**7**	–
Computer expense payable to Major Watch Company Limited	(iii)	**(8)**	–
Rental paid in respect of warehouse paid or payable to Health Sunrise Limited	(iv)	**(2,196)**	(2,009)
Legal and professional fee paid or payable to Roma Risk Advisory Limited	(v)	**(45)**	(45)

Notes:

(i) Mr. Leung Chi Kin Joseph resigned as an executive director on 10 June 2021.

(ii) Ms. Cheung Wing Shun, resigned as an executive director on 2 July 2020, is the sister of Mr. Cheung Chun To, the executive director of the Company.

(iii) 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.

(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) Pursuant to an Internal Control and Environmental Social Governance Audit Service Agreement dated 19 February 2020 between the Company and Roma Risk Advisory Limited (a subsidiary of Roma Group Limited with Stock Code 8072), Roma Risk Advisory Limited provided advisory services to the Group for HK$45,000 (2021: HK$45,000) for the year ended 31 March 2022. Mr. Yue Kwai Wa Ken, an independent non-executive director of the Company, is an executive director of Roma Group Limited but does not hold any position in the Roma Risk Advisory Limited. Notwithstanding Mr. Yue's relationship with Roma Risk Advisory Limited, Mr. Yue has confirmed his independency having regard to Listing Rule 3.13 (3) and the transactions contemplated under the said agreement would in any event be a de minimis transaction under Listing Rule 14A.76 if such transaction is a connected transaction within the meanings of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

35. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

	2022 **HK$'000**	2021 HK$'000
Directors' fees	**198**	216
Salaries, allowances and benefits in kind	**2,534**	2,186
Retirement benefit scheme contributions	**60**	72
	2,792	2,474

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors on 17 June 2022.

FINANCIAL SUMMARY

For the year ended 31 March 2022

RESULTS

	2018 HK$'000	2019 HK$'000 (Restated)	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	217,226	170,980	155,206	114,587	**107,789**
Profit/(loss) before tax	8,546	(906)	(32,333)	(5,578)	**(4,761)**
Income tax (expense)/credit	(1,904)	(197)	(27)	543	**(3,953)**
Profit/(loss) for the year	6,642	(1,103)	(32,360)	(5,035)	**(8,714)**

ASSETS AND LIABILITIES

	2018 HK$'000	2019 HK$'000 (Restated)	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Total assets	142,823	182,756	197,203	174,652	**173,348**
Total liabilities	(38,469)	(44,137)	(57,047)	(39,531)	**(46,941)**
Total equity	104,354	138,619	140,156	135,121	**126,407**