



Dynasty Fine Wines Group Limited  
王朝酒業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00828

# 2024

## Annual Report







Dynasty Fine Wines Group Limited  
王朝酒業集團有限公司



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# Corporate Profile

Dynasty is a premier winemaker with a long historical presence in the People's Republic of China (“**PRC**”) wine market. Dynasty has inherited the fine traditions and state-of-the-art expertise in winemaking from Remy Cointreau, one of the world's leading wine and spirits operators and our second largest shareholder ever since Dynasty's inception. From grape growing, harvesting, to every single step of winemaking, Dynasty believes in quality. The entire production process is under stringent quality control to ensure the highest standards of our products. In recognition of our high standards, we were accredited with certificates of ISO 9002 in 1996, ISO 14001 in 2000, ISO 9001:2000 in 2002 and HACCP Certificate in 2006.

Dynasty has a diversified product portfolio, catering to various price segments and consumer tastes and preferences. We now make and sell over 100 types of wine products in five main categories, namely red wines, white wines, sparkling wines, ice wine and brandy. We have also introduced sauce-flavour baijiu to the market.

On 26 January 2005, Dynasty was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with the stock code 00828. This year 2025 marks the 20th anniversary of listing. Having strong support from our major shareholders – Tianjin Food Group Company Limited and Remy Cointreau, Dynasty keeps on providing all consumer strata high quality and “excellent value for money” wines. With enhanced facilities and continual marketing efforts, Dynasty is well positioned to capture the growth potential of the Chinese wine market. We will strive to restore to the glory of Dynasty for the future of all our stakeholders.



# Financial Highlights

	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000	Changes
Revenue from contracts with customers	<b>271,372</b>	262,801	+3%
Gross Profit	<b>104,720</b>	90,666	+16%
Profit attributable to owners of the Company	<b>33,440</b>	21,338	+57%
Basic and diluted earnings per share (HK cents)	<b>2.37</b>	1.62	+46%

	<b>2024</b>	2023	Changes in percentage point
Gross profit margin	<b>39%</b>	34%	+5%

	<b>At 31 December 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
Equity attributable to owners of the Company	<b>310,005</b>	285,120
Non-controlling interests	<b>14,318</b>	14,798
Total equity	<b>324,323</b>	299,918
Gearing ratio <sup>1</sup>	<b>44%</b>	48%
Net assets per share: – book value <sup>2</sup> (HK\$)	<b>0.22</b>	0.20

## Notes:

- Gearing ratio represents as total liabilities divided by total assets.
- Net assets per share – book value is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the reporting period.

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. WAN Shoupeng<sup>(^)</sup>  
Mr. HE Chongfu  
Mr. HUANG Manyou<sup>(&)</sup>

### Non-Executive Directors

Mr. HERIARD-DUBREUIL Francois  
Ms. Sophie PHE <sup>(&)</sup>  
Mr. Alain Jacques Gilbert LI

### Independent Non-Executive Directors

Mr. YEUNG Ting Lap Derek Emory<sup>(#)(&)(^)</sup>  
Mr. SUN David Lee<sup>(#)(&)(^)</sup>  
Ms. CHUNG Wai Hang<sup>(#)(&)(^)</sup>

# Audit committee members  
& Remuneration committee members  
^ Nomination committee members

## COMPANY SECRETARY

Mr. HO Yiu Sum

## AUTHORISED REPRESENTATIVES

Mr. HUANG Manyou  
Mr. HO Yiu Sum

## LEGAL ADVISERS

### Hong Kong

K&L Gates

### Cayman Islands

Conyers Dill & Pearman, Cayman

### The People's Republic of China

China Commercial (Tianjin) Law Firm

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS

### Hong Kong Office

Room 4309, 43/F,  
China Resources Building,  
26 Harbour Road, Wanchai,  
Hong Kong

### Tianjin Office

No. 29 Jinwei Road, Beichen District  
Tianjin City, PRC

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKERS

China Merchants Bank  
Agricultural Bank of China  
China Everbright Bank  
Industrial and Commercial Bank of China

# Corporate Information

## INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations (China) Limited

## COMPANY WEBSITE

<https://www.dynasty-wines.com>



## ONLINE SALES WEBSITE

<https://mall.jd.com/index-11805161.html>  
(王朝葡萄酒旗艦店 – 京東) (P.R.C.)



<https://m.tb.cn/h.UtCbPqm>  
(王朝葡萄酒旗艦店 – 天貓) (P.R.C.)



Pinduoduo (拼多多) (P.R.C.)



<https://www.dynasty-winesshop.com> (H.K.)



## SHARE INFORMATION

Listing date	26 January 2005
Stock short name	Dynasty Wines
Nominal value	HK\$0.1
Number of issued Shares	As at 31 December 2024 1,408,405,886 Shares
Board lot	2,000 Shares

## STOCK CODE

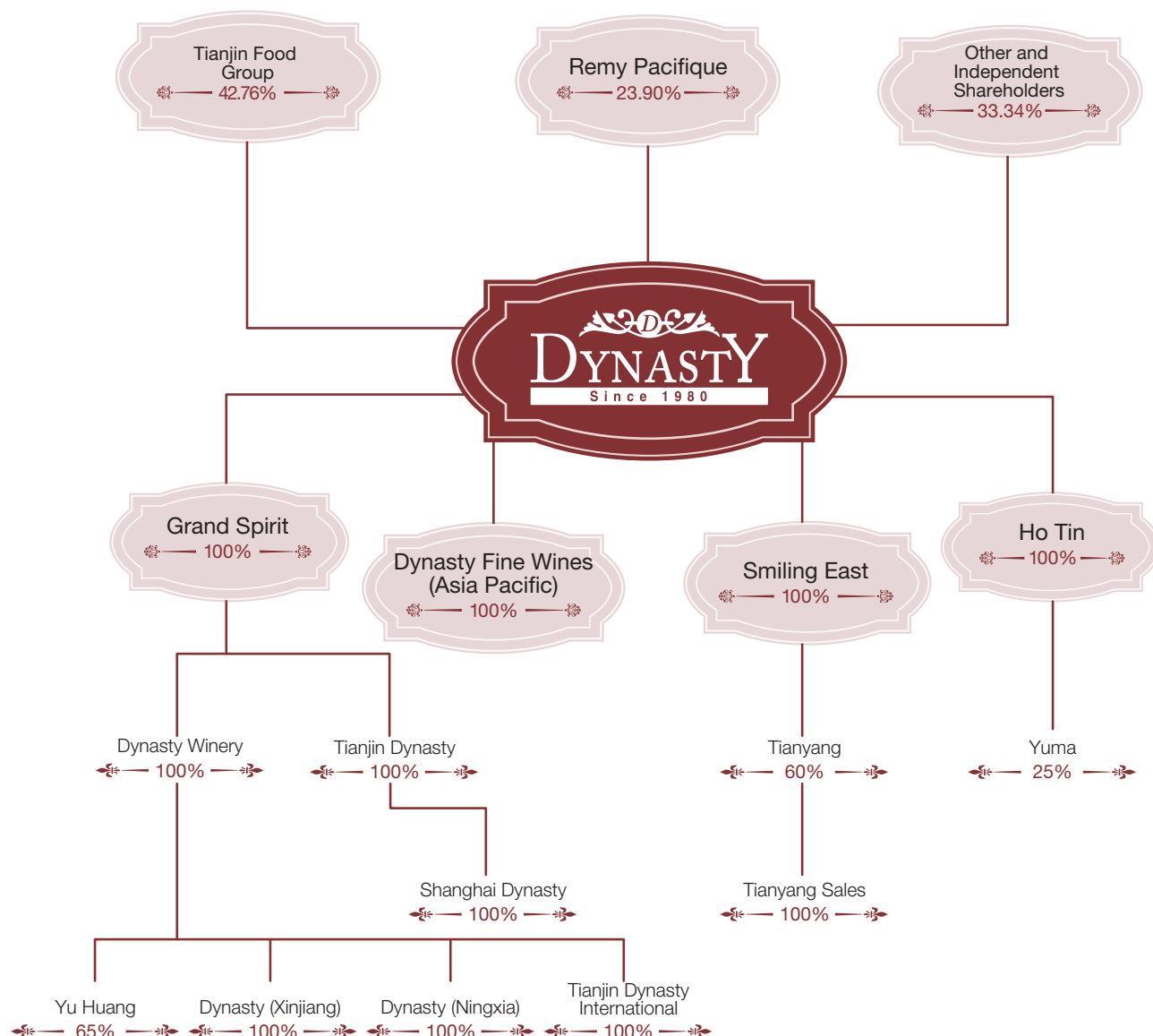
The Stock Exchange of Hong Kong Limited	00828
Reuters	0828.HK
Bloomberg	828:HK

## FINANCIAL YEAR END DATE

31 December

# Corporate Structure

As at 31 December 2024





# Management Discussion and Analysis

## OVERVIEW

The revenue of Dynasty Fine Wines Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 increased by 3% to HK\$271.4 million (2023 – HK\$262.8 million) and the Group’s profit attributable to owners of the Company increased by 57% to HK\$33.4 million (2023 – HK\$21.3 million).

Earnings per share of the Company (the “**Share**”) was HK2.37 cents per Share (2023 – HK1.62 cents per Share) based on the weighted average number of approximately 1,408.4 million Shares (2023 – 1,314.9 million Shares) in issue during the year. There was no potential dilutive Share for the year ended 31 December 2024.

The increase in profit attributable to the owners of the Company in 2024 was primarily due to i) operating profit growth benefited from a moderate increase in sales revenue and gross profit, as well as continuous innovation in product and consumption scenarios of the Group in the PRC; and ii) other gains arising from emoluments of certain former Directors waived of approximately HK\$12.2 million during the year. Excluding the non-recurring government grants, write off of payables with long ageing and emoluments of certain former Directors in prior years waived, gain on liquidation of an associate, as well as net gain on disposal of properties, plants and equipment, the Company recorded a recurring net profit relating to the principal business of the Group of approximately HK\$9.9 million, representing an increase in such recurring net profit by 23% during the year.

## BUSINESS REVIEW

### Sales analysis

#### A) *Distributorship*

For the year ended 31 December 2024, the moderate increase in revenue was primarily due to the improvement of sales benefited from the gradual economic recovery and continuous innovation in product and consumption scenarios of the Group.

During the year, the Group continued to implement a product and channel strategic reform. The Group closely cooperated with distributors and pressed ahead with its marketing campaign showcasing shops, hosting wine tasting events and organising winery visits, so as to keep developing and enhancing its point-of-sale network. The Group held its national tour tasting and business events, new products launch ceremonies at the time when various exhibitions and wine fairs were held, as well as promotion event in Hong Kong, during which the Group actively promoted its latest product mix that covered all product lines, and received enthusiastic market response.

The Group has been actively pursuing innovation, embracing the “5+4+N” product strategy, with “N” standing for developing various customised products and continuously creating new products to meet the diverse needs of different Chinese consumer groups. During the year, the Group continued launching new products, tailor-made wines and carrying out product upgrade that can better suit different palates, and can cater for consumers with different spending power. That was done with an aim to invigorate the brand, as well as consolidating the image of Dynasty as a representative domestic grape wine brand.



## Management Discussion and Analysis

The Group produced a wide range of more than 100 wine products under the “Dynasty” brand to meet the demands and preferences of different consumer groups mainly in the mass-market segments in the PRC wine market. During the year, the Group launched a new high-end product, i.e. Dynasty Chinese Zodiac Commemorative Dry Red Wine for the Jia Chen Year of Dragon, integrating the high quality wine with the Chinese zodiac culture and the leading rise of Chinese-style fashionable products.

Based on its existing high-quality products, the Group continues to introduce new products and promote product upgrades. It launched a new product, Inherit Series “Passing on the Glory, Continuing the Brilliant Heritage”, at the 110th China Food & Drinks Fair in March 2024, as well as other new products launched in the year such as Long Yun Series, Cabernet Reserve, etc., to further improve its product matrix and provide consumers with diverse consumption choices. With leading and well-proven technologies it prides, the Group carried out comprehensive upgrade of its production techniques, packaging design, etc. With China chic on the rise, the new upgraded design is set to resonate with Chinese consumers who are proud of their culture, help strengthen awareness of the Dynasty brand and attract mainstream consumers fancying China-made products and China chic.

In addition to enriching the product matrix, the Group has been accelerating the innovation of consumption scenarios and enhancing and strengthening the wine cultural experience. In June and July 2024, Dynasty Starry Wine Bars were officially opened in Tianjin, the base of Dynasty. Starry Wine Bar is a pop-up offline bar meticulously designed by Dynasty to innovate the product experience, meet the diversified needs of consumers, and create new consumption scenarios in the country. It is committed to making consumers feel the warmth of the brand and recognise the value of the brand, thereby attracting more consumers through innovation.

During the year, the Group continued to develop the “Dynasty Tavern” through online channels, creating a series of product promotion articles on the WeChat official account of Dynasty Wines, and promoting Dynasty’s major mainstream products using new media formats. In addition, it integrated the night market environment to expand various wine drinking scenarios and promote Dynasty’s younger products.

Moreover, the Group sold chateau wines imported from France and other foreign branded wines in the PRC wine market through the Group’s existing distribution network to introduce some classic “old world” and “new world” varietals to cater for a market that prefers the taste of foreign premium wines.

Through innovation in product and consumption scenarios, the Group continues to enhance its product and brand influence.

# Management Discussion and Analysis

## B) E-commerce sales

The e-commerce team of the Group comprehensively operates online stores itself on the traditional e-commerce platforms, such as JD.com (京東商城), Tmall (天貓商城) and Pinduoduo (拼多多) for product sales, as well as comprehensive innovation on its brand, product categories, and business systems, procedures and models via interest-based e-commerce platforms, including Rednote (小紅書 app), Kuai (快手 app) and TikTok (抖音 app) during the year. Such efforts facilitated the Group's autonomous brand communications so that it could continue to gain the attention of mainstream consumer groups and demographic segments, and enhance effective market penetration of the Group's products targeted at young consumers. The e-commerce team also actively cultivates e-commerce live broadcasting talents to further expand its sales channels so as to build up a new customer base.

The Group continues investing resources in a timely manner for improvement of the online sales channels and optimisation of online stores interface so as to capture the change of customer consumption behaviour in the PRC. During the year, the Group kept promoting the exclusive products series for e-commerce platforms through channels such as live streaming or broadcasting, in addition to mere presence on mainstream traditional e-commerce platforms which kept growing. Efforts have been made by the Group to consolidate the existing channels and improve their effectiveness as well as the profitability on its interest-based e-commerce coverage. Thus, the e-commerce sales consolidated with a certain decrease during the year, but a prominent improvement has been made with an overall profit achieved when compared with last year. The Group believes that the online platforms not only serve as business-to-customer trading platforms between the Group and the consumers, but also additional marketing and promotion channels for the brand, which can enhance the overall business potential of the Group.

## Awards

During the year, the Group had boasted brilliant results in major wine appraisal competitions. Among the numerous awards, "Dynasty Jin. Y Brandy XO barrel-aged 18 years" has won the Gold Award, which was its first Gold at the 2024 International Wine & Spirit Competition ("**IWSC**"). The competition is considered the international standard for wine and spirits quality and is known as the "Olympics of the wine world". "Dynasty Jin. Y Brandy VSOP barrel-aged 8 years" has also won the Gold Award at the France International Spirits Awards ("**FISA**") China region, Spring 2024. These brandies stood out from other entries for their elegant aroma, smooth body and round taste, and won the awards at the competitions, showing the charm and strengths of Chinese brandy to the world. In addition, the Group's "Golden Dynasty Dry Red Wine" won the Bronze Award at IWSC in 2024 for its excellent quality. "Golden Dynasty Dry White Wine" has also won the Silver Award at the France International Wine Awards ("**FIWA**") China region, Spring 2024.

"Dynasty 5 Degree Anniversary Sparkling Wine" and "Dynasty Inherit Series – Semi Dry White Wine" have won the Silver Medal in the Sparkling Wine/China category and the Bronze Medal in the Medium/China category at the 2024 Cathay Hong Kong International Wine & Spirit Competition ("**HKIWSC**"). This is the 14th consecutive year that Dynasty products have won awards at the event. In addition, the award-winning "Dynasty 5 Degree Anniversary Sparkling Wine" and "Dynasty Inherit Series – Semi Dry White Wine" also won the Silver Medal in the Chinese Sweet Wine and Other Spirits category and the Grand Gold Medal in the Chinese Blended Dry White Wine category at the "2024 Fall FIWA, FIWA Bio & FISA".





# Management Discussion and Analysis

## Research and Technology

The Group is committed to maintaining high standard of research and technology which is essential to the sustainable growth of the Company. The post-doctoral work station in the National-level Technology Centre of the Group was set up for researching the selection of distinctive muscat yeast in order to brew more mellow and delicious wines. The centre has also set up a winemaking and wine tasting studio which has carried out rounds of wine introduction and tasting activities to date, with event focuses covering floral and fruit wine, sparkling wine, white wine, red wine and brandy. These activities have further broadened the professional competency of the studio staff and enabled Dynasty's employees to gain a greater and in-depth understanding of wine products, so as to improve their technological know-how and new product development capabilities. The new premises at the National-level Technology Centre further promote the Group's research and development of new products as well as new winemaking techniques.

## Supplies of grapes or grape juice

Production of quality wines greatly depends on a sufficient supply of quality grapes or grape juice. Currently, the Group has more than 10 major grape juice suppliers with whom the Group has enjoyed long-term relationships, mainly located in Tianjin, Hebei, Ningxia and Xinjiang. Ensuring reliable supplies of quality grapes and grape juices to meet the production needs of the Group's growing business is a high priority of the Group. Thus, the Group continues to actively work with vignerons to enlarge their existing vineyards in order to enjoy better economies of scale and equip their vineyards with state-of-the-art techniques for assuring quality. For super and ultra-premium wines, vignerons have adopted a disciplined approach to limiting harvest yields in order to deliver higher quality grape. To optimise the supply network, the Group continuously identifies new suppliers that comply with the quality requirements, and the Group conducts thorough tests on their grape juices before orders are placed. These procedures ensure the Group to procure quality grapes and grape juice supplies and also minimise the effect of bad harvests interrupting production.

The Group also strengthened presence through its subsidiaries in Ningxia and Xinjiang during the year which targeted to enhance the supply and procurement of quality grapes and grape juice in those regions with premium vineyards.

During the year, in addition to Tianjin region, the Group sourced and planned to increase the direct sourcing of quality grapes harvested from Ningxia and Xinjiang regions. Following the opening of Tianxia Winery in Ningxia in the third quarter of 2024, it has commenced trial run of processing of grape juices locally in accordance with the guidance and advices provided by the Group. This process can also better ensure that the quality and freshness of grape juice (including unprocessed wines) meets the Group's standard.

# Management Discussion and Analysis

## Production and processing capacity

Following the completion of set up of facilities in Tianxia Winery in Ningxia, as at 31 December 2024, the Group's annual production and processing capacity increased to 55,000 tonnes (2023 – 50,000 tonnes). Such capacity is sufficient for the Group to promptly respond to the market demand and provides a platform for sustainable earnings growth.

## Use of proceeds raised from the issue of Shares under general mandate

On 31 July 2023, the Group completed the issue of Shares under general mandate, the total gross funds raised amounted to approximately HK\$39.7 million, and the net proceeds, after deduction of the placing agent fee and other related expenses of the issue, were approximately HK\$37.8 million ("**Net Proceeds**").

As at 31 December 2024, the Net Proceeds raised for i) developing a new winery in Ningxia Hui Autonomous Region, the PRC of HK\$18.9 million; and ii) promotion and marketing campaigns at the core markets of the Company and other general corporate purposes of HK\$18.9 million has been fully utilised in the year.

## Construction and completion of Ningxia Tianxia Winery (Phase I)

On 26 January 2024, Dynasty Fine Wines (Ningxia) Co., Ltd (王朝酒業(寧夏)有限公司) ("**Dynasty Ningxia**"), a wholly-owned subsidiary of the Company, entered into a decoration and installation agreement with China Railway First Group Tianjin Construction Engineering Co., Limited (中鐵一局集團天津建設工程有限公司), the contractor of the Company (the "**Contractor**"), pursuant to which the Contractor shall provide decoration and installation services to Dynasty Ningxia for the Tianxia winery (Phase I) and its ancillary premises (the "**Decoration and Installation Agreement**") at the consideration of RMB8,883,987.26 (equivalent to approximately HK\$9.76 million). Pursuant to the Listing Rules, as the Construction Agreement (as it was referred to in the discloseable transaction announcement of the Company dated 30 November 2023) and the Decoration and Installation Agreement were entered into between Dynasty Ningxia and the Contractor within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction. For details, please refer to the discloseable transaction announcement dated 26 January 2024.

The Group completed the development of the first phase of Tianxia Winery and its ancillary premises, located in the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Ningxia, in the third quarter of 2024. The winery is situated nearby Eastern foothill of Helan mountain, Ningxia, which is one of the key quality grape producing regions in the PRC. It integrates pressing, fermentation, processing, testing and research and development as a whole, with an annual production and processing capacity of 5,000 tonnes. Pressing, fermentation, processing facilities had a trial-run in the third quarter of 2024. The winery will become a new long-term and stable economic growth point of the Group and help the regional presence and layout of Dynasty wines, as well as aligning with the overall planning and industry planning for the development of China's wine industry.



# Management Discussion and Analysis

## Potential asset compensation

As of 16 December 2024, certain of the Group's assets (the "**Assets**") including manufacturing equipment and systems were installed on the site (the "**Site**") of a connected person of the Company (the "**Site Owner**") in Tianjin, the PRC. The Group had been informed by the Site Owner that the Site (including the Assets) would be subject to expropriation and demolition for local re-development. In this regard, the Group is currently negotiating with the Site Owner regarding the compensation (the "**Compensation**") payable to the Group as regards the Assets. However, as at the date of this report, no legally binding agreement has been entered into between the parties.

## Formation of joint venture company in Jiangsu

On 18 December 2024, Sino-French Joint-Venture Dynasty Winery Company Limited ("**Dynasty Winery**"), a wholly-owned subsidiary of the Company, and Jiangsu Jiu Zhongxian Winery Co., Ltd.\* (江蘇酒中先酒業有限公司) ("**Jiu Zhongxian**") entered into a joint venture cooperation agreement in respect of the formation of the joint venture company in the PRC for the manufacturing and sales of yellow wine (黃酒) and Chenpi wine (陳皮酒) in Dongtai City, Jiangsu Province, the PRC, subject to the conditions set forth in the joint venture cooperation agreement. Pursuant to the joint venture cooperation agreement, the total registered capital shall be RMB58.8 million (equivalent to approximately HK\$63.5 million), in which 51.02% (i.e. RMB30 million (equivalent to approximately HK\$32.4 million)) shall be contributed by Dynasty Winery and the remaining 48.98% (i.e. RMB28.8 million (equivalent to approximately HK\$31.1 million)) shall be contributed by Jiu Zhongxian. The abovementioned joint venture company in Jiangsu, namely Dynasty Fine Wines (Jiangsu) Co., Ltd.\* (王朝酒業(江蘇)有限公司), has been established in February 2025, and accounted for as a subsidiary of the Group.

It is intended that the joint venture company will acquire a parcel of land in the Green Food Industrial Park in Sancang Town, Dongtai City, Jiangsu Province, the PRC, for construction of a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine. For details, please refer to discloseable transaction announcement of the Company dated 18 December 2024. The capital expenditure of the construction project is estimated at about RMB48 million (equivalent to approximately HK\$51.8 million).

## Formation of joint venture company in Guizhou

On 20 December 2024, Dynasty Winery and Guizhou Province Maotai Town Guowei Winery Group Co., Ltd.\* (貴州茅台鎮國威酒業(集團)有限責任公司) ("**Guowei Company**") entered into a joint venture cooperation agreement in respect of the formation of the joint venture company in Renhuai City, Guizhou Province, the PRC for trading of sauce-flavour baijiu products nationwide. Pursuant to the joint venture cooperation agreement, the total registered capital amount shall be RMB10 million (equivalent to approximately HK\$10.81 million), in which 51.0% (i.e. RMB5.1 million (equivalent to approximately HK\$5.51 million)) shall be contributed by Dynasty Winery and the remaining 49.0% (i.e. RMB4.9 million (equivalent to approximately HK\$5.3 million)) shall be contributed by Guowei Company. The abovementioned joint venture company in Guizhou, namely Dynasty Fine Wines (Renhuai) Co., Ltd.\* (王朝酒業(仁懷)有限公司), has been established in February 2025, and accounted for as a subsidiary of the Group.



## Management Discussion and Analysis

During 9 months after formation of the joint venture company, Dynasty Winery shall procure third party(ies) to acquire the option interests (being 39% interests of the joint venture company as held by Guowei Company), failing which Dynasty Winery shall acquire the same (being the put option). Upon the exercise of the put option, the joint venture company shall be held as to 90% by Dynasty Winery and 10% by Guowei Company. For details, please refer to announcement of the Company dated 20 December 2024.

The formation of the both joint venture companies can leverage on the respective professional edges of the Group and joint venture partners. This will also enhance the Group's further development of new alcoholic beverages, thereby diversifying the Group's source of revenue, enhancing the scale of its business and the "Dynasty" brand influence.

### Increase in shareholding by a controlling shareholder of the Company

Referring to the announcement of the Company dated 23 December 2024, Tianjin Food Group Company Limited (天津食品集團有限公司) ("**Tianjin Food**"), a controlling shareholder of the Company being interested in approximately 40.92% of the issued shares of the Company as at the date thereof, had informed the Company that Tianjin Food planned to increase its shareholding in the Company. The Board had been informed that Tianjin Food intended to do so through its wholly-owned subsidiary using its own funds by acquisition in the open market up to an aggregate amount not exceeding 2% from the lowest percentage holding (as the term is used under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**")) of Tianjin Food (and the parties acting in concert (as defined in the Takeovers Code) with it, including its ultimate and intermediate holding companies as well as fellow subsidiary, TEDA Investment Holding Co., Ltd., Tianjin TEDA Industrial Group Co., Ltd.\* (天津泰達實業集團有限公司), Tianjin Bohai State-owned Assets Management Co., Ltd.\* (天津渤海國有資產經營管理有限公司) and Tsinlien Group Company Limited) within the 12-month period ending on and inclusive of the date of the relevant acquisition ("**Shareholding Increase Plan**"). The lowest percentage holding of Tianjin Food (together with the parties acting in concert with it) for the 12-month period ending on the date of the announcement was approximately 40.92%, being the same as its shareholding percentage as at the date of the announcement. Subsequent to that announcement and up to 31 December 2024, Chenhai Investment Limited, an indirect wholly-owned subsidiary of Tianjin Food had purchased 26,000,000 ordinary shares of the Company, equivalent to approximate 1.85% of the Company's issued shares, in the open market.

Save disclosed above, no significant events had taken place after the year ended 31 December 2024 to the date of this report.

\* for identification purpose



# Management Discussion and Analysis

## Prospects and future plans

Looking ahead to 2025, the Group will continue to focus on market and consumer demand, reinvent consumption scenarios and promote product quality. At the same time, the Group will continue to innovate marketing strategies to stimulate brand vitality, further expand the market share of Dynasty's products, strengthen Dynasty's brand image as a representative of domestic wines, and set a benchmark for the Chinese wine industry, with the aim of bringing Dynasty's superior wines to more consumers in the PRC.

As one of key players in domestic wine market in the PRC, the Group will further strengthen presence in Ningxia and Xinjiang to secure the supply of quality grapes and grape juice. Following the completion of Tianxia Winery (Phase I) in Ningxia, related new quality wines brewed from locally sourced premier grapes and grape juice will be launched, heeding different market and consumer demands.

In addition to our commitment to core wine business in the PRC, the Group will further develop new alcoholic beverages segments such as sauce-flavour baijiu, yellow wine and special yellow wine – Chenpi wine, through the newly set up joint venture companies in 2025, so as to diversify the sources of revenue. The contributions of total capital of joint venture companies in Jiangsu and Guizhou by Dynasty Winery mentioned above are financed by internal resources of the Group.

The establishment of these new joint venture companies aims to effectively implement Dynasty's strategic plan, further improving the industrial layout, expanding category tracks, tapping into industry potential, creating new performance growth points, and realising Dynasty Group's transformation into a full category, full industry-chain enterprise.

For the sauce-flavour baijiu segment, Dynasty Group's strategic involvement in this field is an attempt to break through the current wine category innovation. By integrating upstream and downstream related parties to jointly establish a new company, we construct a business model of benefit sharing, risk sharing, continuous cooperation and innovation mechanism. Dynasty sauce-flavour baijiu products, namely 'Han (漢)', 'Tang (唐)', 'Song (宋)' and 'Ming (明)' are newly launched to the market, satisfying the needs of customer groups with different spending habits and contributing to the Group's business. In the future, the continuous development and expansion of the sauce-flavour baijiu industry and the enduring improvement of the level of customer groups will inevitably and effectively drive the increase in the sales scale of Dynasty wine and related products, thereby enhancing our industry influence and brand awareness.

For the yellow wine project, construction of a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine in Jiangsu will be kick-started by the joint venture company in the first half of 2025. The plan starts with special yellow wine – Dongtai Chenpi Wine with a goal to effectively expand product categories, seize development opportunities in the Chinese yellow wine industry, and achieve a major strategic move towards high-quality development of the wine industry.

In view of the continual resumption of economic growth and consumption in the PRC, the Board currently remains cautiously optimistic on the business in 2025. The Group will continue to proactively develop new marketing prospects through innovation in products categories and consumption scenarios, and cross-industry co-operations in order to boost sales volume, which is in line with the country's effort to promote domestic consumption and release the consumption growth potential.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue of the Group is mainly generated from sale of wine products. The Group's total revenue increased from approximately HK\$262.8 million in 2023 by 3% to approximately HK\$271.4 million in 2024. In terms of Renminbi ("**RMB**"), the revenue grew by about 5% during the year. The growth in revenue was mainly contributed by the improvement in sales mix of products, especially moderate increase in middle-end wine products, during the year.

The Group's average ex-winery sales price of red and white wine products under the "Dynasty" brand in RMB during the year slightly increased. The total number of bottles of wine sold kept stable to approximately 10.4 million in 2024 (2023 – approximately 10.3 million).

Benefited from new consumption scenario and continuing effort from "Dry White Wine Strategy in Coastal Regions" in the PRC, sales of white wine products grew well over the year and served as the Group's primary revenue contributor. Sales of red and white wines products accounted for approximately 41% and 56% of the revenue respectively for the year (2023: red and white wines: approximately 52% and 44% respectively).

### Cost of sales of goods

The following table sets forth the major components of the cost of sales of goods (before impact of impairment allowance of inventories) for the year:

	2024 %	2023 %
Cost of raw materials		
– Grapes and grape juice	46	49
– Yeast and additives	2	2
– Packaging materials	20	22
– Others	1	1
Total cost of raw materials	69	74
Manufacturing overheads	22	17
Consumption tax and other taxes	9	9
Total cost of sales of goods	100	100

The principal raw materials required by the Group for producing wine products are grapes and grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. During the year, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 46% of the Group's total cost of sales, and decreased during the year as compared with approximately 49% in 2023 mainly due to control in purchase costs of grapes and grape juice.





# Management Discussion and Analysis

Manufacturing overheads primarily consist of depreciation, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses in relation to production. During the year, manufacturing overheads increased as compared with 2023, mainly due to increase in wages and materials consumed.

## **Gross profit margin**

Margin is calculated based on cost of sales inclusive of consumption tax and gross sales. The overall gross profit margin increased to 39% in 2024 (2023 – 34%), mainly due to control in production costs and reduction in certain reimbursement of market expenses under sales arrangement during the year.

The gross margin of red wine products and white wine products in 2024 were 36% and 41% respectively (2023 – 32% and 38% respectively).

## **Other income, other gains and losses – net**

Other income, other gains and losses mainly comprises of emoluments of former Directors in prior years waived, write-off of payables with long ageing, gain on disposal of property, plant and equipment, gain on liquidation of an associate and government grants or subsidies related to industry and enterprise development.

Other income, other gains and losses for the year ended 31 December 2024 represented a net gain of approximately HK\$24.5 million (2023 – approximately HK\$13.8 million). The increase in net gain was mainly due to emoluments of certain former Directors in prior years waived of approximately HK\$12.2 million and an increase in government grants related to support for industry and enterprise development amounting to approximately HK\$8.5 million received during the year, while there was no write-off of payables with long ageing in the year (2023 – approximately HK\$9.3 million).

## **Distribution costs**

Distribution costs principally include advertising and market promotion expenses, storage charges in connection with the sales of wine products, salaries and related personnel expenses of the sales and marketing functions and other incidental expenses. During the year, distribution costs accounted for approximately 18% (2023 – 16%) of the Group's revenue. The increase in distribution costs and costs to revenue ratio were mainly due to the need for strengthening marketing support and promotion, especially for launch of new products, compared with last year.

During the year, the Group continued to promote and market its brand and products effectively through a range of joint promotions with local distributors, print and outdoor advertisements, wine dinners, wine tasting events, e-channels and digital communication, event sponsorships and exhibitions. The Group will ensure that its promotional strategy is responsive to market dynamics and competition.

# Management Discussion and Analysis

## Administrative expenses

Administrative expenses comprise salaries and related personnel expenses for administrative, finance and human resources departments, legal and professional fee, depreciation and amortisation expenses, impairment allowance and other incidental administrative expenses.

During the year, administrative expenses accounted for approximately 17% (2023 – 16%) of the Group's revenue. The slight increase in ratio and amounts was mainly attributable to increase in staff costs and office expenses.

## Finance income – net

During the year, finance income – net decreased mainly due to a drop in bank interest income compared with 2023.

## Income tax expense

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong for both financial years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Provision for the PRC Enterprise Income Tax was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries operated in the PRC.

## Cash flow

In 2024, investing and operating activities were the Group's main source of cash outflow.

The decrease in net cash outflow from operating activities from approximately HK\$11.1 million in 2023 to approximately HK\$9.9 million in 2024 was mainly due to the decrease in cash outflow from working capital during the year.

The increase in net cash outflow in investing activities from approximately HK\$10.8 million in 2023 to approximately HK\$29.4 million in 2024 was mainly because of increase in construction costs related to completion of Ningxia Tianxia Winery project during the year.

The cash flow from financing activities changed from net inflow of approximately HK\$29.8 million in 2023 to net outflow of approximately HK\$1.0 million in 2024 because placing of new shares did not take place during the year to provide proceeds, while such placing contributed the fund raising in 2023.



# Management Discussion and Analysis

## Financial management and treasury policy

For the year ended 31 December 2024, the Group's revenue, expenses, assets and liabilities were substantially denominated in RMB. The funding from the operations was placed on short-term deposits (denominated in RMB, US dollars or Hong Kong dollars) with authorised financial institutions. The Company would pay dividends in Hong Kong dollars when dividends were declared, if any. The Company did not implement any hedging or other derivatives against foreign exchange risk. Although the Group's operations currently would not generate any significant foreign currency exposure, the Group will continue to closely monitor foreign currency movements and adopt prudent measures as appropriate.

Armed with sufficient financial resources and net cash position, the Group had no borrowings and was exposed to minimal financial risk from interest rate fluctuation.

The purpose of the Group's investment policy is to ensure the investment of uncommitted funds to achieve the highest practicable returns while heeding the need to preserve capital and assure liquidity.

## LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial position of the Group remained solid as the Group continued to adopt a prudent approach in managing its financial resources. As at 31 December 2024, the Group's cash and short-term deposits with maturity up to three months amounted to HK\$122.1 million (2023 – HK\$166.2 million). The decrease was mainly attributed to the settlement of trade and other payables and related payments for additions to construction of Ningxia winery project during the year. The Company has sufficient financial resources and adequate cash position for satisfying the working capital requirements of business development, operations and capital expenditures. The capital contribution or expenditures in relation to set up of joint ventures companies, including construction of winery plant in Jiangsu or any new investment opportunities, shall be funded by the Group's internal resources or proceeds from issue of Shares, if any.

## CAPITAL STRUCTURE

The Group had cash and liquidity position of HK\$122.1 million (2023 – HK\$166.2 million) as at 31 December 2024, reflecting its sound capital structure. The Group expects its cash to be sufficient to support its operating and capital expenditure requirements in the foreseeable future.

The Group also monitored capital on the basis of the liability-to-asset ratio. As at 31 December 2024, the Group's gearing ratio (expressed as total liabilities divided by total assets, in percentage) was approximately 44% (2023 – 48%). The Group's gearing ratio decreased and maintained at a sound level.

As at 31 December 2024, the market capitalisation of the Company was approximately HK\$774.6 million (2023 – approximately HK\$591.5 million).

## CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGES ON ASSETS

As at 31 December 2024, the Group had no capital expenditure in respect of construction in progress contracted for but not recognised as liabilities (2023 – HK\$24.2 million) and there was no charge on assets of the Group.

The Group had no contingent liabilities as at 31 December 2024 (2023 – nil).



# Management Discussion and Analysis

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2024, except for the forthcoming establishment of joint venture companies with Jiu Zhongxian and Guowei Company mentioned above, as well as the ongoing liquidation processes of a non-major associate in Ningxia and a non-major non-wholly owned subsidiary in Shandong, the Group had not made any material acquisitions or disposal of subsidiaries, associates or joint ventures. Details of such liquidation process are set as below:

The Group held a 25% equity interest of an associate in Ningxia. The carrying amount of the investment in the associate has been reduced to zero since 2012. Raw wines of approximately HK\$1.6 million has been received as compensation after the proceedings by the local court in September 2024. The liquidation process has been substantially completed during the year, but still subject to certain administrative procedures.

The Group held a 65% equity interest in a subsidiary in Shandong. Except for the cash balance, the carrying amount of the investment in the subsidiary had been fully impaired in previous years. The liquidation application related to the subsidiary had been accepted in August 2024 per notification by the local court in November 2024.

## HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are the most important assets of the Group. The Group strives to ensure a strong team spirit among its employees so that they identify and contribute in unison to the Group's corporate objectives. To this end, the Group offers competitive remuneration packages commensurate with market practices and industry levels, and provides various fringe benefits including training, medical and insurance coverage as well as retirement benefits to all employees in Hong Kong and the PRC. The Group is committed to staff training and development to support the need of the business and individuals, so employees are encouraged to enrol in external professional and technical seminars, and other training programs and courses to update their technical knowledge and skills, enhance their market awareness and improve their business acumen. The Group has reviewed and adjusted its human resources and remuneration policies, especially the performance-based bonus award or remuneration, with reference to local legislation, market conditions, industry practice and achievements of the Group's targets as well as the performance of individual employee.

The Group employed a work force of 243 (including Directors) (2023 – 238) in Hong Kong and the PRC as at 31 December 2024. The total salaries and related costs (including the Directors' fees) for the year ended 31 December 2024 amounted to approximately HK\$70.7 million (2023 – HK\$61.7 million). During the year, the staff costs increased mainly as a result of increment of basic and performance-based remunerations and increase in casual labour for production.



# Management Discussion and Analysis

## PRINCIPAL RISKS AND UNCERTAINTIES

The following section lists out the principal risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. The Group will further improve its risk management, closely monitor the following risks and seek to adopt responsive measures:

### 1. Market risks

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity 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.

### 2. Commercial risks

The Group is facing various competitions by domestic and overseas companies in the wine industry, where a number of imported wines competitors have entered the markets, while local competitors are grabbing the market with lower selling prices and counterfeit wines. To maintain the Group's competitiveness, it continues to strengthen the brand value, quality of products and research and development to launch new products or products with distinctive characteristics, such as festival featured and China cultural products to diversity product mix; and product series which are focused on the all-level product price range and targeted at consumers fancying domestic-made products and China chic.

### 3. Operational risks

The production lines of the Group have been in use for years, resulting in ageing of certain machines and a decline in productivity. Failure to respond effectively to the decline in capacity may affect the sales plan of the Group. The production department has continuously researched to upgrade the technology of the production lines and to introduce suitable equipment to enable the Group to maintain a high level of production so as to cater for the customers' demand.

The policy prohibiting civil servants from consuming alcoholic beverages during the workdays continues to be in place. As a result, related sales from that consumer group may be adversely affected due to the tightening measures imposed by local governments, having a direct impact on the sales volume of wine products. To reduce the risk, the Group keeps looking for optimised channels for mass market (such as banquets and gatherings) and product strategies by developing and enhancing its point-of-sale network (both offline and online) and launching characteristic products with various customer bases coverage.

The Group's operations are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of the Group's operations depends upon its compliance with applicable environmental, health and safety and other regulations. The Group's in-house lawyer assists in identifying, monitoring and providing support to identify and manage legal risks across the legal and seek external legal advisers as and when appropriate.

# Management Discussion and Analysis

## 4. Loss of distributors/customers

Loss of distributors/customers could adversely affect the Group's business. The Group keeps in close touch with its distributors/customers and markets and focuses effort on delivery high quality wines to them in order to meet their purchase intention and satisfaction.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is fully aware of the importance of the environmental sustainability throughout its business operations. As a responsible corporation, the Group strives to ensure minimal environmental impacts by carefully managing its pollutant emissions, energy consumption and water usage level, including the establishment or upgrading of heating boiler and energy-saving solar panels, sewage station expansion and other initiatives. The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy, aiming at reducing resources consumption and saving costs which are beneficial to the environment and in line with the commercial goals of the Group.

During the year ended 31 December 2024, the Group has complied with the 'comply or explain' provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. Information about the Company's ESG policies and performance during the year are set out in the ESG Report published at the same time as the annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group is committed to complying with the relevant laws and regulations such as the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and other applicable laws and regulations. Based on the information available, the Directors took the view that during the year ended 31 December 2024, the Group was not aware of any non-compliance of the relevant laws and regulations that had a significant impact on the Group.



# Biographies of Directors and Senior Management

The biographies of the Directors and senior management is as follows:

## DIRECTORS

### Executive Directors

**Mr. WAN Shoupeng**, aged 51, senior engineer (正高級工程師), was appointed as the executive Director and the chairman of the Company in October 2020. Mr. Wan is also a chairman of nomination committee of the Company. He is currently the secretary of communist party committee, a director and chairman of Tianjin Food, a controlling shareholder of the Company. Mr. Wan was appointed as a director and the chairman of a subsidiary of the Company, namely, Sino-French Joint-Venture Dynasty Winery Limited, in September 2020. Mr. Wan graduated from Nanjing University of Economics (南京經濟學院) with a bachelor's degree in food engineering in 1997. After graduation, he worked in the Technology Development Department of Tianjin Food Research Institute (天津市食品研究所) from 1997 to 2001. From 2001 to 2007, he successively held the positions of assistant to general manager and deputy manager at Tianjin Limin Condiment Brewing Group Company Limited (天津市利民調料釀造集團有限公司). From November 2007 to March 2020, he held various senior management positions at Tianjin Limin Condiment Company Limited (天津市利民調料有限公司), including the deputy secretary of communist party committee, deputy general manager and general manager, and his last positions were secretary of the communist party committee and chairman of Tianjin Limin Condiment Company Limited (天津市利民調料有限公司). He further studied in Tianjin University of Science and Technology and obtained a master's degree in food science and engineering in 2006, and subsequently obtained a doctorate degree in biotechnology and food engineering in 2015. From 2013 to 2015, he also acted as chief engineer (總工程師) of Tianjin Ershang Group Company Limited (天津二商集團有限公司). He joined Tianjin Food in 2015 and served as chief engineer (總工程師) and subsequently a member of communist party committee. Mr. Wan has extensive experience in the food industry in the PRC and management. He joined the Group in September 2020.

**Mr. HE Chongfu**, aged 47, was appointed as an executive Director and general manager of the Company in March 2023. Mr. He joined the Group in January 2023 as a deputy secretary of communist party committee, director and the general manager of Dynasty Winery, a subsidiary of the Company. Mr. He graduated from University of Tianjin (天津大學), majoring in precision chemical engineering and engineering management, with double bachelor's degrees in 2000. He then worked at LG electronics (Tianjin) Appliances Company Limited (樂金電子天津電器有限公司) and Prysmian Group (普睿司曼集團) from 2000 to 2012. His then responsibilities ranged from marketing, sales and export business. Mr. He also obtained a master degree in business administration from Nankai University (南開大學) in 2009. From 2012 to 2020, he held sales and management positions at Tianjin Limin Condiment Company Limited (天津市利民調料有限公司) and his last held position there was a sales director. From 2020 to January 2023, he served as the deputy secretary of communist party committee, director and general manager of Tianjin Food Group Trading Company Limited (天津食品集團商貿有限公司, "**Tianjin Food Trading**"). Tianjin Limin Condiment Company Limited (天津市利民調料有限公司) and Tianjin Food Trading are both subsidiaries of Tianjin Food, the controlling shareholder of the Company. Mr. He has extensive experience in sales, trading and management.



## Biographies of Directors and Senior Management

**Mr. HUANG Manyou**, aged 59, accountant, was appointed as the executive Director in October 2020. Mr. Huang is also a member of remuneration committee of the Company. He has been deputy general manager of Dynasty Winery until January 2023 and is currently secretary of communist party committee and a director of Dynasty Winery and a director of Tianjin Dynasty Winery Sales Company Limited, both are subsidiaries of the Company. After graduating from Tianjin Second Commercial School (天津第二商業學校) majored in financial statistics in 1985, Mr. Huang worked successively in Tianjin Poultry and Egg Company (天津市禽蛋公司) and Tianjin Frozen Food Company (天津市冷凍食品公司) until 1995, during which he studied business management at Tianjin Xinhua Staff College (天津新華職工大學) with a diploma degree. In following years from 1995 to 2017, he held various management positions in Tianjin Lida Group Company Limited (天津立達集團有限公司) including accounting manager, assistant to the general manager, and his last positions were deputy chief accountant and head of finance department. During the period from 2008 to 2011, he graduated from the Party School of the Central Committee (中央黨校), majoring in economics and management for postgraduate. Mr. Huang has extensive experience in financial accounting and management. He joined the Group in August 2017. He is also a director of certain subsidiaries of the Group.

### Non-executive Directors

**Mr. HERIARD-DUBREUIL Francois**, aged 76, was appointed as the vice-chairman and a non-executive Director in August 2004. He has been the director and vice-chairman of Dynasty Winery, a subsidiary of the Company, since May 1980. He is also a director of subsidiary of the Group. He has also been the chairman of the supervisory board of Remy Cointreau S.A., a company listed on the Euronext Stock Exchange, from December 2000 to September 2004, chairman of Orpar S.A., the holding company of Remy Cointreau, from 1997 to 2021 and non-voting member of board of director of Oeneo S.A., a company listed on the Euronext Stock Exchange. Mr. Heriard-Dubreuil joined Remy Martin & Co. S.A. in 1977 prior to its merger with Cointreau & Cie. He was appointed as the director of the Remy Cointreau Group in 1990 and is currently the non-voting member of board of director of Remy Cointreau S.A. He has over 40 years of experience in the wines industry and has held various senior positions within Remy Martin Group, including chairman of the Remy Martin Group from September 1984 to July 1990. He is chairman of the Fondation INSEAD, France, Member of INSEAD French Council. He graduated from Université de Paris with a degree of Maitrise Es Sciences in 1970 and a master degree of business administration from INSEAD, France in 1975.

**Ms. Sophie PHE**, aged 44, was appointed a non-executive Director in August 2024. Ms. Phe is also a member of remuneration committee of the Company. Ms. Phe is an executive committee member of Rémy Cointreau Group, a substantial shareholder of the Company. Graduated from Toulouse Business School, Ms. Phe started her career in France in Marketing for Savencia group in 2003. She joined Rémy Cointreau in 2007 in Paris where she occupied different Marketing roles for Rémy Martin and Louis XIII cognacs before expatriating to Shanghai in 2016. She was appointed as China Vice President of Rémy Martin and Louis XIII Brands in 2021 and became the Chief Executive Officer of Rémy Cointreau Greater China in 2022. Ms. Phe is also a member of the Foreign Spirits Producers Association in China. Ms. Phe has extensive experience in marketing and management.



## Biographies of Directors and Senior Management

**Mr. Alain Jacques Gilbert LI**, aged 64, was appointed a non-executive Director in August 2024. Mr. Li was regional chief executive, Asia Pacific of luxury group Richemont from 2006 to 2023, where he was responsible for overseeing and cultivating Richemont's luxury Maisons in the APAC region. Prior to Richemont, Mr. Li was chief financial officer of IDT International and president of the group's lifestyle electronics brand, Oregon Scientific, from 2001 to 2005. From 1992 to 2001, he worked at Riso Europe in various capacities and ultimately as president of Riso Europe. Mr. Li served various finance and management capacities and positions in U.S., European and Japanese companies after graduation from City, University of London, with a bachelor degree in economics and accounting.

Mr. Li has extensive experience in finance and management. Mr. Li is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of The Institute of Directors. Mr. Li currently serves as an independent non-executive director of Rémy Cointreau S.A., a substantial shareholder of the Company, which is listed on Euronext Paris (EPA: RCO) and a director of Las Vegas Sands Corp., which is listed on New York Stock Exchange (NYSE: LVS). He also serves as a director of Laureus Sport For Good Hong Kong Ltd. He has been president of the French Chamber of Commerce and Industry in Hong Kong since 2022. He also holds a number of advisory positions with SIA Partners and Philips Auction House.

**Mr. WONG Ching Chung**, aged 85, was appointed a non-executive Director in August 2004 and retired in June 2024. Mr. Wong was a member of remuneration committee of the Company. He has been a director of Dynasty Winery since 1985. He was also a director of subsidiary of the Group. Mr. Wong was the regional managing director of Remy Associates and Maxxium Worldwide B.V. between 1986 and 2002. He was appointed a director of Remy Cointreau S.A. between 1999 and 2002 and a director of Orpar S.A. between 2002 and 2005. Graduated from The University of Hong Kong with a bachelor's degree in 1964 and from Hult International Business School (formerly Arthur D. Little Management Institute, USA) with a master of science in management degree in 1981. Mr. Wong has close to 40 years of extensive experience in the wines industry. He was awarded the Officier de l' Ordre du Merite Agricole by the French government in 1994 in recognition of his accomplishment in the wines and spirits industry.

**Mr. ROBERT Luc**, aged 68, was appointed as a non-executive Director in August 2004 and retired in June 2024. He was also a director of subsidiary of the Group. He has held various management positions in the Orpar S.A. – Remy Cointreau Group since 1987, including the deputy group controller, regional finance director for the America, finance director of the champagne division and the regional finance director of Asia Pacific. Prior to joining Remy Cointreau Group in 1987, he worked with Ernst & Whinney in Montreal and Paris. He graduated from University of Sherbrooke, Canada with a bachelor's degree in business administration (accounting) in 1979. He is a former Canadian Certified Public Accountant. Mr. Robert has extensive experience in the wines and spirits industry for over 30 years.

# Biographies of Directors and Senior Management

## Independent non-executive Directors

**Mr. YEUNG Ting Lap Derek Emory**, aged 52, was appointed as an independent non-executive Director in January 2011. Mr. Yeung is also chairman of audit committee, a member of remuneration committee and nomination committee of the Company. He holds a bachelor degree in applied mathematics and economics from Brown University and a master degree in business administration and accounting from Northeastern University, both in the United States of America. Mr. Yeung is also the chief executive officer and co-founder of she.com International Holdings Limited, a co-founder of Chef Nic Holdings Limited. Prior to founding she.com, Mr. Yeung was an associate with Telecom Venture Group Limited and a consultant with Arthur Andersen & Company both in Boston and Hong Kong. Mr. Yeung is qualified as a certified public accountant in the United States of America and he is a member of the Chinese People's Political Consultative Conference of Jiangsu Province.

**Mr. SUN David Lee**, aged 59, was appointed as an independent non-executive Director in November 2012. Mr. Sun is also a member of audit committee, remuneration committee and nomination committee of the Company. Mr. Sun is an executive director of Huicheng International Holdings Limited (formerly known as China Outfitters Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange. Until 2024, he was co-founder and chief operating officer of 01Fintech Group Limited, the general partner of 01Fintech LP ("**01Fintech**"), a fintech-focused private equity fund. Prior to 01Fintech, he was a director and co-founder of CEC Management Limited, the management company of China Enterprise Capital Limited ("**CEC**"), a China-focused private equity fund. Prior to CEC, he was a director at Pacific Alliance Group Limited, (now PAG). He was also a consultant in the corporate finance and strategy practice of McKinsey & Company, Inc. in Hong Kong. Prior to his position at McKinsey, Mr. Sun practised law with Mayer Brown and subsequently, Linklaters. Mr. Sun holds a Juris Doctor from the University of Illinois College of Law. He is a registered attorney in Illinois of the U.S.

**Ms. CHUNG Wai Hang**, aged 55, was appointed as an independent non-executive Director in December 2023. Ms. Chung is also the chairman of remuneration committee, a member of audit committee and nomination committee of the Company. Ms. Chung holds a bachelor's degree of Social Science from Lingnan University and a master's degree of Science in International Real Estate with distinction from Royal Agricultural University, the United Kingdom. Ms. Chung has about 30 years of experience in private enterprises and listed companies in Hong Kong, and has led one of the Hong Kong companies with manufacturing plants in mainland China to carry out business development and general management. She has professional knowledge in real estate development and corporate governance, and practical experience in domestic and overseas investment, asset and portfolio management and valuation in the past 10 years. Ms. Chung is a member of Hong Kong General Chamber of Wine & Spirits and a life member of The Hong Kong Independent Non-Executive Director Association, and she is also an independent non-executive director of Solargiga Energy Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange.



# Biographies of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. HO Yiu Sum**, aged 49, is the financial controller and company secretary of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of United Kingdom, and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He has a bachelor's honours degree in accountancy and a master's honours degree in Corporate Governance in Hong Kong Polytechnic University. Mr. Ho has extensive experience in auditing, company secretarial work and financial management of listed companies. Before joining the Group, he worked in one of international accounting firms.



# Corporate Governance Report

The board (the “**Board**”) of directors (the “**Directors**”) and senior management of the Company are committed to maintaining high standards of corporate governance and believe that high standards of corporate governance are essential to the sustainable growth and success of the Company and provide a practice enhancing greater accountability and transparency and meeting the expectations of all of the Group’s stakeholders.

## CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions of the Corporate Governance Code (the “**Code**”) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) for the year ended 31 December 2024. The current practices will be reviewed regularly to follow the latest practices in corporate governance.

The following sections set out how the principles in the Code have been complied with by the Company during the year ended 31 December 2024:

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors’ securities transactions (the “**Model Code**”). The Company has made specific enquiry of all Directors and that all Directors have confirmed their compliance with the required standards set out in the Model Code regarding Directors’ securities transactions throughout the year ended 31 December 2024.

## BOARD OF DIRECTORS

The Board believes that high standards of corporate governance are essential to the sustainable growth and success of the Company and provided guidelines enhancing greater accountability and transparency and meeting the expectations of all of the Group’s stakeholders.

The Board has adopted these guidelines, which reflect the Company’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Group.

The Board will review these guidelines annually, or more often if warranted, and recommend such changes as it determines necessary and appropriate in light of the needs of the Company and legal, regulatory and other developments.

The Board represents the Shareholders’ interests in maintaining and growing a successful business including optimising consistent long term financial returns. The Board is responsible for the stewardship of the Company and is accountable for determining that the Group is managed in such a way as to achieve this objective.

# Corporate Governance Report

## Composition of the Board

***For the year ended 31 December 2024***

### Board members

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#### ***Executive Directors***

Wan Shoupeng (*Chairman*)  
He Chongfu  
Huang Manyou

#### ***Non-executive Directors***

Heriard-Dubreuil Francois  
Sophie Phe (appointed on 14 August 2024)  
Alain Jacques Gilbert Li (appointed on 14 August 2024)  
Wong Ching Chung (retired on 26 June 2024)  
Robert Luc (retired on 26 June 2024)

#### ***Independent non-executive Directors***

Yeung Ting Lap Derek Emory  
Sun David Lee  
Chung Wai Hang

Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li have obtained the legal advice and finalised procedures referred to in Rule 3.09D of the Listing Rules on 9 August 2024.

The biographies of the Directors are set out in the “Biographies of Directors and Senior Management” section, which demonstrate a diversity of knowledge, skills, experience and qualifications.

Pursuant to the requirements of Rule 3.13 of the Listing Rules, the Company has also received annual confirmation of independence to the Company from all independent non-executive Directors (“INEDs”). The Board has assessed their independence and considered that all the INEDs are independent.

Mr. Heriard-Dubreuil Francois, Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li held or continue to hold directorships or other management positions within the group comprising Andromede S.A.S. (the ultimate controlling shareholder of Remy Pacifique Limited, a substantial shareholder of the Company), its subsidiaries and joint venture companies. Mr. Wan Shoupeng, Mr. He Chongfu and Mr. Huang Manyou held or continue to hold directorships or other management positions within the group comprising Tianjin Food (which is the controlling shareholder of the Company, its subsidiaries and associated companies). Other than as described above, there was no other relationship (including financial, business, family or other material/relevant relationship(s)) among the Directors and in particular, there was no relationship between Mr. Wan Shoupeng, the Chairman and Mr. He Chongfu, the general manager, during the year ended 31 December 2024.

# Corporate Governance Report

## The Board

The Board oversees the Group's overall strategic directions, businesses and financial performance. It assumes responsibilities for strategy formulation, corporate governance and performance monitoring. Daily operations and administration are delegated to the management with divisional heads responsible for different aspects of the business. The main responsibilities of the management of the Company is to manage, operate and co-ordinate the business of the Company, execute the strategies formulated by the Board and make decisions in respect of daily matters. Moreover, the Board has also delegated various responsibilities to the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the audit committee (the "**Audit Committee**") of the Company. Further details of the roles and duties of these committees are set out in this report.

The Board provides insights regarding the Group's culture and values. The Group's mission is to capture market opportunities in the wine industry in the PRC and to maintain as one of PRC leading grape wine producers. As a responsible food producer, the Company commits to fulfil its corporate social responsibility to ensure food safety and product quality. With the promotion of the Board, all Directors lead by example and employees follow regulations and act with integrity, and continually reinforce the value of acting lawfully, ethically and responsibly.

The Board is also responsible for performing corporate governance duties including the developing, reviewing and monitoring of the Company's corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of the Directors and senior management, the Company's policies and practices on the compliance with the legal and regulatory requirements, developing, reviewing and monitoring the Model Code, and reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the annual report of the Company.

The major work performed by the Board during the year ended 31 December 2024 included reviewing, monitoring and, where applicable, approving the following matters:

- the Company's policies and practices on corporate governance and code of conduct.
- training and continuous professional development of the Directors and senior management.
- the Company's policies and practices on compliance with legal and regulatory requirements.
- compliance with the Code and the disclosure in the corporate governance report.

# Corporate Governance Report

The Board has four scheduled meetings a year and meets more frequently as and when required. During the year, four regular board meetings were held. Notice of 14 days or more was given to all Directors to attend a regular board meeting. Their individual attendance record, on a named basis, during the year ended 31 December 2024 are set out in the table below:

<b>Board Members</b>	<b>Board meetings attended/held</b>
<b>Executive Directors</b>	
Wan Shoupeng ( <i>Chairman</i> )	4/4
He Chongfu	4/4
Huang Manyou	4/4
<b>Non-executive Directors</b>	
Heriard-Dubreuil Francois	4/4
Sophie Phe (appointed on 14 August 2024)	2/3
Alain Jacques Gilbert Li (appointed on 14 August 2024)	3/3
Wong Ching Chung (retired on 26 June 2024)	1/1
Robert Luc (retired on 26 June 2024)	1/1
<b>Independent non-executive Directors</b>	
Yeung Ting Lap Derek Emory	4/4
Sun David Lee	4/4
Chung Wai Hang	4/4

Board minutes prepared and kept by the company secretary are sent to the Directors for records and are opened for inspection at any reasonable time on reasonable notice by any Directors.

All Directors are supplied with comprehensive board papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event at least 3 days before the Board meeting), including business and financial reports covering the Group's principal business activities, financial highlights and operational review. All Directors are given opportunities to include matters in the agenda for regular board meetings. Where queries are raised by a Director, steps would be taken to respond as promptly and fully as possible.

If so required, the Directors are free to have access to the management for enquiries and to obtain further information so as to facilitate the decision-making process.

Every Director has unrestricted access to the advice and services of the company secretary.

The chairman of the Board also held meeting with INEDs without the presence of other Directors.



# Corporate Governance Report

The Directors are continually updated with legal and regulatory developments, business and market changes and development of the Company to facilitate the discharge of their responsibilities. The company secretary from time to time updates and provides briefings and written training materials to the Directors, regarding the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities. In addition, the Directors can obtain independent professional advice upon reasonable request at the Company's expense in discharging their duties to the Company.

Induction tailored kit would be given to newly appointed Directors, if any, to their individual needs. This would enable them to have better understanding of the Group's businesses and policies.

During the year ended 31 December 2024, all Directors participated in continuous professional development to develop and refresh their knowledge and skills by reading material relevant to the Directors' duties and responsibilities. The company secretary maintained Directors' records of training received by them during the year.

The training received by the Directors during the year 2024 is summarised below:

<b>Name of Directors</b>	<b>Types of training</b>
<b>Executive Directors</b>	
Wan Shoupeng	A, B
He Chongfu	A, B
Huang Manyou	A, B
<b>Non-executive Directors</b>	
Heriard-Dubreuil Francois	B
Sophie Phe (appointed on 14 August 2024)	A, B
Alain Jacques Gilbert Li (appointed on 14 August 2024)	A, B
Wong Ching Chung (retired on 26 June 2024)	B
Robert Luc (retired on 26 June 2024)	B
<b>Independent non-executive Directors</b>	
Yeung Ting Lap Derek Emory	B
Sun David Lee	B
Chung Wai Hang	A, B

A – Attending briefings/seminars/conferences/forums

B – Reading/studying training or other materials



# Corporate Governance Report

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

Non-executive Directors and independent non-executive Directors have the same fiduciary duties, duties of care and skills as executive Directors. Non-executive Directors provide the Group with a wide range of knowledge and expertise in the wine industry. INEDs also participate actively in board meetings, contribute to the development of strategies and policies and make sound judgement in various aspects. They will take a lead when potential conflicts of interest arise. Independent board committee comprising all INEDs will be formed to advise the independent Shareholders on those connected transactions to be approved by the independent Shareholders at the extraordinary general meeting (“**EGM**”) of the Company as appropriate. They are also members of various board committees who devote sufficient amount of time and attention to the affairs of the Company.

## **Mechanism ensuring independent views available to the Board**

The Company established these mechanisms which are to ensure that a strong independent element on, and independent views and input are available to, the Board.

## ***Composition of the Board and Board Committees***

The Board endeavours to ensure the appointment of at least three INED(s) and at least one-third of its members being INEDs. Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to other Board committees as far as practicable to ensure independent views are available.

## ***Independence Assessment***

The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules regarding the nomination and appointment of INEDs.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

## ***Board Decision Making***

INEDs (as other Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from company secretary of the Company and, where necessary, independent advice from external professional advisers at the expense of the Company.

# Corporate Governance Report

INEDs (as other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Chairman of the Board shall at least annually hold meetings with the INEDs without the presence of other Directors to discuss major issues and any concerns.

The Board has made a review of the implementation and effectiveness of this mechanism.

## Directors' appointment, re-election and removal

Pursuant to the articles of association of the Company (the “**Articles of Association**”), every Director shall be subject to retirement by rotation at least once every three years and a Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. The new Director shall not be taken into account in determining the number of Directors who are to retire by rotation at that general meeting.

All non-executive Directors and the independent non-executive Directors were appointed for a term of one to three years, but they are subject to retirement by rotation and re-election at the annual general meeting (the “**AGM**”) of the Company pursuant to the Articles of Association.

## Board Diversity Policy

The Board adopted the board diversity policy (“**Board Diversity Policy**”) in accordance with the requirement set out in the Code. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard to the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board.

Having reviewed the Board composition, Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level and had added female candidate and recommended to the board for the appointment as a director, so as to enhance the gender diversity among the Board members during the year ended 31 December 2024. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

# Corporate Governance Report

However, the Board recognises the importance of diversity in the workforce level. The Group employs staff by talents, covering different genders, ages, religions etc. The gender ratios in the workforce by the end of the year of 2024 were as follows:

Overall male to female ratio                      Male 66.7%; Female 33.3% (2023: Male 68.5%; Female 31.5%)

By rank and gender:

Office staff:

    Director and management level              Male 80.0%; Female 20.0% (2023: Male 90.0%; Female 10.0%)

    Officers and others                              Male 60.0%; Female 40.0% (2023: Male 63.9%; Female 36.1%)

Production staff:                                      Male 79.2%; Female 20.8% (2023: Male 78.4%; Female 21.6%)

## Whistleblowing Policy

The Group is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and those deal with the Group to raise concerns, in confidence, to Audit Committee and the Board about possible improprieties relating to the Group. The report from the whistleblower would be kept confidential.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to encourage employees and persons dealing with the Company to raise concerns about possible improprieties relating to the Group and to provide them with reporting channels in confidentiality for such purposes; and
- to enable the Group to remedy a misconduct or malpractice before serious damage is caused.

## Nomination Policy

Nomination policy of the Group ("**Nomination Policy**") is in place and was adopted in writing taking into consideration of the revised Listing Rules which became effective from 1 January 2019. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for appointment to the Board.

The Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the committee prior to its meeting. Alternatively, such nomination may be approved by the committee by way of written resolutions. For filling a casual vacancy, the committee shall make recommendations for the Board's consideration and approval.



# Corporate Governance Report

## Nomination Committee

The Nomination Committee was first formed in March 2012 with written terms of reference in compliance with the Code. The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering their experience in the industry, diversity, skill and competence, as well as the independence (in case of selection of INEDs) of the nominees, to ensure that nominations are fair. During the year ended 31 December 2024, the chairman of the Nomination Committee was Mr. Wan Shoupeng, an executive Director and other members comprised Mr. Yeung Ting Lap Derek Emory, Mr. Sun David Lee and Ms. Chung Wai Hang, all being INEDs. INEDs constituted the majority of the Nomination Committee.

During the year ended 31 December 2024, the Nomination Committee had reviewed the structure and diversity of the Board (including gender, age, competency, professional knowledge and experience), the existing Nomination Policy and updated Board Diversity Policy, and the implementations of the Policy; the re-appointment of Directors who retired from office by rotation at the AGM held in 2024 and offered themselves for re-election; appointment of new directors and assessed the independence of INEDs. The Board had approved the recommendations of the Nomination Committee during the year. Their individual attendance records, on a named basis, during the year ended 31 December 2024 are set out in the table below:

Name of member	Meetings attended/held
Wan Shoupeng ( <i>chairman</i> )	2/2
Yeung Ting Lap Derek Emory	2/2
Sun David Lee	2/2
Chung Wai Hang	2/2

The terms of reference of the Nomination Committee are available from the company secretary at any time and the information in respect of the Nomination Committee is included on the websites of the Company and the Stock Exchange.

## DIVISION OF RESPONSIBILITIES

The positions of the chairman of the Board (the “**Chairman**”) and general manager (“**General Manager**”) (which is equivalent to the chief executive) are separate to ensure a clear distinction between their responsibilities. Mr. Wan Shoupeng as the Chairman is responsible for the leadership to and effective running of the Board in terms of establishing policies and business directions. The Chairman ensures that the Board is functioning effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. Mr. He Chongfu as the General Manager is responsible for providing leadership for effective running of the Company’s business, implementation of the approved strategies in achieving the overall commercial objectives and management of Company’s relationships with its stakeholders.

# Corporate Governance Report

The Board comprises three INEDs who bring in strong independent judgement, knowledge and experience to the Board. In addition, each executive Director is delegated individual responsibility to monitor and oversee the operations of a specific area, and to implement the strategies and policies set by the Board. As noted above and below, all Audit Committee members and a majority of the Remuneration Committee and Nomination Committee members are INEDs. This structure ensures that a sufficient balance of power and authority exists within the Group. During the year ended 31 December 2024, the Chairman led the Board and ensured that all Directors were properly briefed on issues to be discussed at board meetings.

## REMUNERATION OF DIRECTORS

### Remuneration Committee

The Remuneration Committee was first formed in 2005. The Remuneration Committee is responsible for making recommendations to the board on the remuneration packages of individual executive Directors and the senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management of the Group and other matters relating to remuneration.

#### ***For the year ended 31 December 2024***

##### **Name of member**

---

Chung Wai Hang (*chairman*)  
Huang Manyou  
Wong Ching Chung (retired on 26 June 2024)  
Sophie Phe (appointed on 14 August 2024)  
Yeung Ting Lap Derek Emory  
Sun David Lee

INEDs constituted the majority of the Remuneration Committee. The terms of reference of the Remuneration Committee are summarised as follows:

- i) To make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on remuneration for the Company;
- ii) To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors and independent non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- iii) To review and approve performance-based remuneration with reference to the corporate goals and objectives resolved by the Board from time to time;

# Corporate Governance Report

- iv) To review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- v) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- vi) To ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- vii) To review and/or approve matters relating to share schemes under Chapter 17 of Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee had reviewed the remuneration package and performance of executive Directors as well as the terms of their service contracts, and reviewed Directors' remuneration package, and the remuneration of newly appointed directors. The Board had approved the recommendations of the Remuneration Committee during the year. The Remuneration Committee members' individual attendance record, on a named basis, during the year ended 31 December 2024 is set out in the table below:

<b>Name of member</b>	<b>Meeting attended/held</b>
Chung Wai Hang ( <i>chairman</i> )	1/1
Huang Manyou	1/1
Wong Ching Chung (retired on 26 June 2024)	0/0
Sophie Phe (appointed on 14 August 2024)	1/1
Yeung Ting Lap Derek Emory	1/1
Sun David Lee	1/1

The terms of reference of the Remuneration Committee are available from the company secretary at any time and the information in respect of the Remuneration Committee is included on the websites of the Company and the Stock Exchange.

## Remuneration package for Directors and senior management

The remuneration for the executive Directors comprises basic salary, discretionary annual bonus, housing allowances and pensions.

Salary adjustments were made where the Remuneration Committee took into account the performance, contribution and increased responsibilities of the individual during the year, the inflation price index and/or by reference to market/sector trends.

Apart from basic salary, executive Directors and employees were eligible to receive a discretionary bonus taking into account factors such as market conditions as well as the corporate and the individual's performance during the year. During the year ended 31 December 2024, the Company did not pay any discretionary bonus to the executive Directors.

# Corporate Governance Report

The remuneration payable to members of the senior management (including executive Directors) of the Company by band for the year ended 31 December 2024 was as follows:

Remuneration bands (HK\$)	Number of individuals
1,000,000 – 2,000,000	1
0 – 1,000,000	2

Details of the amount of Directors' emoluments during the year ended 31 December 2024 are set out in Note 30 to the financial statements.

## ACCOUNTABILITY AND AUDIT

The Board is responsible for continual enhancement of corporate governance practices and evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and the management should provide a confirmation to the Board on the effectiveness of these systems.

The Directors also acknowledge their responsibility for the preparation of the financial statements for the year ended 31 December 2024 which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows for that year. In preparing the financial statements for the year ended 31 December 2024, Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards have been adopted, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Directors and the auditor acknowledged their responsibilities for the consolidated financial statements for the year ended 31 December 2024 as set out in the independent auditor's report on pages 59 to 63 of this annual report.

## Risk management and internal control

The Board acknowledges its responsibilities for maintaining a sound risk management and internal control systems of the Group and reviewing their effectiveness on an ongoing basis. The risk management and internal control systems can only provide reasonable, though not absolute, assurance against material misstatement or loss, and manage rather than eliminate risks of failure to achieve business strategies. The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations from budgets and targets.

# Corporate Governance Report

The relevant executive Directors and senior management are delegated with respective level of authorities. Yearly budgets of the Company are reviewed and approved by the Board. The relevant executive Directors and senior management have specific responsibilities for monitoring the performance, conduct and operations of each subsidiary within the Group by the review of the disparity between actual results and yearly budgets. Regular and ad hoc reports will also be prepared for the Board and its committees, to ensure that Directors are supplied with all the information they require in a timely and appropriate manner.

In addition to the above, the Audit Committee has reviewed the effectiveness of its risk management (including risk related to environment, society and governance (“**ESG**”)) and internal control systems on all major operations of the Group by discussion with the management on risk areas identified by the management and/or auditors and by appointing internal control advisor to check and review the Group’s operations and transactions; and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting functions.

The Board and the Audit Committee considered that key areas of the Group’s risk management and internal control systems were reasonably implemented and the Group has substantially complied with the Code regarding risk management and internal control systems.

## ***Main features of the risk management and internal control systems***

Main features of the risk management and internal control systems are described 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 (by procedures including interview and questionnaires of divisions or departments, and process review on procedural controls) to identify, evaluate and manage material risks by the Group:

#### *Risk Identification*

- To identify risks that may potentially affect the Group’s business and operations, a risk management framework is established to identify the targeted risks after considering their potential business impact and the likelihood of occurrence;

#### *Risk Assessment*

- To consider the impact on the business and the likelihood of their occurrence;

#### *Risk Response*

- To prioritise the risks by comparing the results of the risk assessment;
- To determine the processes to prevent, avoid or mitigate the risks;





# Corporate Governance Report

## *Risk Monitoring and Reporting*

- To perform ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; and
- If found any material risks, immediately reports to the Board and follows up the status of the improvement of the matter.

## ***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 Group has engaged internal control adviser to assist the annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2024. Such review is conducted annually. The scope of review covering material controls was determined and approved by the Audit Committee. The assessment report was reviewed by the Audit Committee and the Board. No major issue but areas for improvement to the Group’s risk management and internal control systems have been identified. All recommendations are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board and the Audit Committee therefore considered that the risk management and internal control systems were effective and adequate.

## ***Internal Audit Function***

The Company has set up the audit department (serving function of the internal audit team) to facilitate the reform of the Company’s procedures. The department is separate and independent of the operation and management system of the Group. The upmost responsible officer for internal control and audit of the Group is the professional staff with internal control and/or audit experience.

The department plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports on a regular basis throughout the year.

The department works with the internal control adviser to conduct internal audit reviews on the relevant controls and compliance with policies and procedures of the Group at both operational and corporate levels.

# Corporate Governance Report

## **Information Disclosure Policy**

The Company has adopted an information disclosure policy to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules.

The policy regulates the handling and dissemination of inside information, which includes:

- The designated department reports any potential inside information to designated persons;
- Designated persons to determine disclosure as required;
- Designated persons authorized to act as spokespersons and respond to external enquiries; and
- Information being non-exclusively and widely disclosed to the public through various ways such as reviewed or audited financial reports and announcements published on the Company's website where its fair disclosure policy is disclosed.

## **AUDIT COMMITTEE**

The Audit Committee is primarily responsible for reviewing and supervising the financial reporting process, risk management and internal control systems of the Group, ensuring compliance with the applicable accounting principles and practices, and to provide advice and comments thereon to the Board, as well as to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and assessing their independence and performance.

During the year ended 31 December 2024, the Audit Committee comprised three INEDs, the chairman of the Audit Committee was Mr. Yeung Ting Lap Derek Emory and the other members were Mr. Sun David Lee and Ms. Chung Wai Hang, who together have substantial experience in audit, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has reviewed the Group's financial and accounting policies and practices, and the Group's financial statements for the year ended 31 December 2023 in conjunction with the Company's auditors and reviewed the risk management and internal control systems of the Group.

In fulfilling its responsibilities, the work performed by the Audit Committee during the year ended 31 December 2024 included the following:

- reviewed the draft annual financial statements for the year ended 31 December 2023 of the Group prior to recommending them to the Board for discussion;
- reviewed the draft interim financial statements for the six months ended 30 June 2024 of the Group prior to recommending them to the Board for discussion;
- reviewed and considered the audit quotes and proposals provided by professional accounting firms; and recommended the change of auditor to the Board for discussion;

# Corporate Governance Report

- reviewed the progress results of external audit, and discussion with the external auditors on any key findings on internal control and audit issues, as well as the reports relating to 2024 annual audit plan;
- reviewed the developments of accounting standards in conjunction with the external auditors;
- reviewing the Company's compliance with the Code and other legal and regulatory requirements;
- reviewing the disclosure in the corporate governance report;
- reviewing the annual cap of continuing connected transactions for purchase of sauce-flavour baijiu products by Dynasty Winery and its subsidiaries (including the joint venture company) from Guowei Company and its subsidiaries. for the three years ending 31 December 2025-2027;
- reviewed the effectiveness of the Company's internal audit function;
- considered major assessment findings on internal control matters as delegated by the Board or on its own initiative and the management's response to these findings; and
- reviewed and considered effectiveness of the Company's risk management and internal control systems including the assessment report from internal control adviser (please also refer to the above section headed "Accountability and audit" for details).

During the year ended 31 December 2024, the Audit Committee met three times, together with executive Directors, the financial controller and/or the external auditors. Please refer to the table below for the attendance record of individual Audit Committee members:

Name of member	Meeting attended/held
Yeung Ting Lap Derek Emory ( <i>chairman</i> )	3/3
Sun David Lee	3/3
Chung Wai Hang	3/3

The terms of reference of the Audit Committee is available from the company secretary at any time and the information in respect of the Audit Committee is included on the websites of the Company and the Stock Exchange.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the remuneration paid/payable to the auditor in respect of audit and non-audit services provided by the auditor to the Group is set out below:

Nature of services	Amount (HK\$'000)
Audit services	1,682
Non-audit services	–

## DIVIDEND POLICY

The payment and the amount of any dividends are subject to the recommendation of the Directors in accordance with the relevant laws, rules and regulations and dependent on, inter alia, the Group's operating results, cash requirements and availability, financial position, acquisition opportunities and future prospects.

Referring to the announcement of the Company dated 10 December 2024, under the Dividend Distribution Plan for the three financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 approved by the Board, having considered the Company's current development, future capital expenditure, cash flow position, and subject to the provisions of the Company's articles of association, as well as the final approval by the Board at the relevant time, it is envisaged that the amount of dividend payment of the Company in financial years 2024 to 2026 will be at a range of 30% to 50% of the annual recurring net profit attributable to the owners of the Company relating to the principal business of the Group. During the aforesaid period, the Company will strive to increase the dividend payout amount year by year.

## COMMUNICATION WITH SHAREHOLDERS

### Policy and channels

The Board has adopted a Shareholders' communication policy which aims to ensure the Company's Shareholders, both individual and institutional and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.



# Corporate Governance Report

Communication with the Shareholders is given high priority. In order to develop and maintain a continuing investors' relationship with the Shareholders, the Company has established various channels of communication with its Shareholders:

- 1) The AGM provides opportunities for the Shareholders to meet and raise questions to the Directors, the management and the external auditors. Members of the Board and the Audit, the Remuneration and the Nomination Committees, and external auditors will attend the AGM. The Group encourages all Shareholders to attend. Shareholders can raise any comments on the performance and future directions of the Company and exchange views with the Directors, members of Board Committees, the management and the external auditors at the AGM. The notice of the AGM will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders after the date of the forthcoming AGM has been determined. The Company will also publish further announcement in respect of the closure of register of members for AGM (if applicable);
- 2) The Company's website at [www.dynasty-wines.com](http://www.dynasty-wines.com) provides regularly updated information of interest to the Shareholders, including corporate information, biographical details of the Directors, shareholding structure, annual and interim reports, ESG reports, major historical developments with comprehensive and user-friendly information about the Group, as well as announcements and press releases issued by the Company, and a channel for enquiries and feedback; and
- 3) Information relating to the Company's financial results, corporate details, notifiable transactions and other major events are timely disseminated through publication of interim and annual reports, announcements, ESG reports, circulars and press releases.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and was of the view that the Company establishes various communication tools as above to ensure the Shareholders are kept well informed of timely information of the Company, the policy was effective and adequately implemented during the financial year.

## Meetings

The Board and senior management recognise the importance of their responsibility to represent the interests of all Shareholders and to maximise Shareholders' value. The AGM is a valuable forum for the Board to communicate directly with the Shareholders. At the AGM, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors.

An AGM circular will be distributed to Shareholders at least 21 days before the AGM and included with the notice to Shareholders of any future AGM. It sets out the procedures for conducting a poll and other relevant information of the proposed resolutions.

The most recent AGM was held on 26 June 2024.



# Corporate Governance Report

Individual attendance record of Directors at the Company's general meetings, on a named basis, is set out in the table below:

<b>Board Members</b>	<b>AGM attended/held</b>
<b>Executive Directors</b>	
Wan Shoupeng ( <i>Chairman</i> )	1/1
He Chongfu	1/1
Huang Manyou	1/1
<b>Non-executive Directors</b>	
Heriard-Dubreuil Francois	1/1
Wong Ching Chung (retired on 26 June 2024)	1/1
Robert Luc (retired on 26 June 2024)	1/1
Sophie Phe (appointed on 14 August 2024)	0/0
Alain Jacques Gilbert Li (appointed on 14 August 2024)	0/0
<b>Independent non-executive Directors</b>	
Yeung Ting Lap Derek Emory	1/1
Sun David Lee	1/1
Chung Wai Hang	1/1

Board members, in particular, the respective chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee or their delegates and the external auditors of the Company had attended the annual general meeting of the Company held on 26 June 2024 to response to shareholders' questions.

The matters proposed to be passed by ordinary resolutions of the Company at the AGM were, including but not limited to, as follows:

- adoption of audited consolidated financial statements of the Company for the year ended 31 December 2023;
- re-election and re-appointment of Ms. Chung Wai Hang and Mr. Yeung Ting Lap Derek Emory as Directors of the Company;
- re-appointment of PricewaterhouseCoopers as the Company's auditor; and
- approval of Issue Mandate, Buy Back Mandate and Extension Mandate (as defined in the circular of the Company dated 30 April 2024).

The matter proposed to be passed by special resolution was:

- approval of amendments and restatements of articles of association.

All resolutions were passed as separate resolutions at the AGM by way of poll. No other general meeting was held during the financial year.



# Corporate Governance Report

The Company has updated its status to the Shareholders from time to time through announcements and information as appeared on the websites of the Company and the Stock Exchange.

The notice of the AGM will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course after the date of the forthcoming AGM has been determined. The Company will hold the AGM to adopt the financial results for the year ended 31 December 2024 as soon as practicable which is expected no later than the end of June 2025. The Company will also publish further announcement in respect of the closure of register of members for AGM in due course (if applicable).

AGM minutes prepared and kept by the company secretary are sent to the Directors for records and are opened for inspection at any reasonable time on reasonable notice by any Director.

## **Shareholders' right**

### ***Convening Extraordinary General Meeting(s)***

The Board may whenever it thinks fit call an EGM. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the Hong Kong office of the Company at Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so 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 to the requisitionist(s) by the Company.

Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals at the Shareholders' meeting to the Board at the above-mentioned address.

### ***Procedure for Shareholders to Propose a Person for Election as Director***

Pursuant to Article 85 of the Company's articles of association if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Board, for election as a Director at a general meeting, such Shareholder (other than the person to be proposed), who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the Hong Kong office of the Company at Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; or at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

# Corporate Governance Report

## ***Putting Forward Proposals at General Meetings***

There are no provisions under the Company's articles of association or the Companies Act, Cap 22 of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

## **Enquiries to the Board**

Shareholders may put forward enquiries to the Board through the company secretary who will direct the enquiries to the Board for handling.

## **Contact details of the company secretary**

The company secretary  
Dynasty Fine Wines Group Limited  
Room 4309, 43/F, China Resources Building,  
26 Harbour Road,  
Wanchai, Hong Kong

Tel No.: (852) 2918-8000  
Fax No.: (852) 2918-8099

## **Matters relating to share registration**

Shareholders can contact Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shares and dividends.

Contact details

Address: 17/F, Far East Finance Centre,  
16 Harcourt Road, Hong Kong

Tel No.: (852) 2980-1333  
Fax No.: (852) 2810-8185

## **Significant changes in memorandum and articles of association**

During the year, there were amendments and restatements to the Company's articles of association (the "**Articles**") to (i) bring the Articles in line with the latest legal and regulatory requirements, including amendments made to the then Rule 2.07A of the Listing Rules in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; and (ii) incorporate certain housekeeping amendments.

## **Market Capitalisation**

The market capitalisation of the Company as at 31 December 2024 was approximately HK\$774.6 million (issued share capital: 1,408,405,886 shares at closing market price: HK\$0.55 per share).



# ***Financial Section***

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# Directors' Report

The Directors are pleased to submit the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and sale of wine products. The principal activities of the Company's principal subsidiaries are production and sale of wine products. Particulars of the Company's subsidiaries are set out in Note 10 to the financial statements. The nature of the principal activities of the Group had not changed during the year.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of financial year, an indication of likely future development in the Group's business, the Group's financial review, the Group's environmental policies and performance and the Group's compliance with laws and regulations, can be found in the Management Discussion and Analysis set out on pages 7 to 21 of the annual report. This discussion forms part of this directors' report.

The principal activities of the Group during the financial year are set out in Note 10 to the financial statements.

## RESULTS AND DIVIDENDS

The financial results of the Group for the year ended 31 December 2024 are set out in the section headed "Consolidated Statement of Profit or Loss" of the annual report.

The Directors recommend the payment of a final dividend of HK0.35 cents per share to the shareholders of the Company (the "**Shareholder**") for the year ended 31 December 2024.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in Note 21 to the financial statements.

## RESERVES

Details of the movements in reserves of the Group during the year are set out in Note 22 to the financial statements.

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of dividends to the Shareholders subject to the provisions of the Company's articles of association ("**Articles of Association**"). With the sanction of an ordinary resolution, dividends may be declared and paid out of share premium account of any other fund or account which can be summarized for this purpose.

## GROUP FINANCIAL SUMMARY

The consolidated results and the assets and liabilities of the Group for the latest five financial years are summarized in the section headed "Five Years Summary" of the annual report.



# Directors' Report



## PROPERTY, PLANT AND EQUIPMENT

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

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands where the Company was incorporated, that would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

## DIRECTORS

The Directors who held office during the year and up to the date of this report are as follows:

### Executive Directors:

Mr. Wan Shoupeng (*Chairman*)

Mr. He Chongfu

Mr. Huang Manyou

### Non-executive Directors:

Mr. Heriard-Dubreuil Francois

Ms. Sophie Phe (appointed on 14 August 2024)

Mr. Alain Jacques Gilbert Li (appointed on 14 August 2024)

Mr. Wong Ching Chung (retired on 26 June 2024)

Mr. Robert Luc (retired on 26 June 2024)

### Independent non-executive Directors:

Mr. Yeung Ting Lap Derek Emory

Mr. Sun David Lee

Ms. Chung Wai Hang

Details of the Directors' biographies are set out on pages 22 to 26 of the annual report.

Mr. Wong Ching Chung and Mr. Robert Luc retired as non-executive Directors of the Company with effect from the conclusion of AGM on 26 June 2024 due to their retirements. Both had confirmed that there was no disagreement with the Board and there was no matter relating to their retirements that needed to be brought to the attention of the holders of securities of the Company.

Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li were appointed as non-executive Directors with effect from 14 August 2024. Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. Therefore, Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li shall retire from her/his office at the forthcoming AGM and, being eligible, will offer herself/himself for re-election at the forthcoming AGM.

## Directors' Report

In accordance with Article 84 of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, offer themselves for re-election at each AGM, provided that every Director shall be subject to retirement by rotation at an AGM at least once every three years. Mr. Heriard-Dubreuil Francois has informed the Board his intention of not seeking for re-election and will retire from the Board with effect from conclusion of the AGM. Mr. He Chonggfufu and Mr. Sun David Lee will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

### **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors and non-executive Directors has entered into a service contract or a appointment letter with the Company for a term of ranging from two years to three years. Each of these contracts or appointment letters may be terminated by either party giving not less than two months' notice in writing.

The independent non-executive Directors are appointed for a term ranging from one year to three years in accordance with their respective appointment letters.

None of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### **COMPETING BUSINESS**

None of the Directors was interested in any businesses which competed or was likely to compete, either directly or indirectly, with the Group's business during the year, which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

### **RELATED PARTY TRANSACTIONS**

The related party transactions of the Group are disclosed in Note 28(c) to the consolidated financial statements. These related party transactions were exempted from the reporting, announcement and independent shareholder approval requirements of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

### **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

During the year ended 31 December 2024, there was no transaction, arrangement or contract entered into by the Company, its subsidiaries, its fellow subsidiaries or its holding company in which a Director had, directly or indirectly, a material interest.

Save as disclosed in Note 28 to the consolidated financial statements, (i) there was no contract of significance between the Company or any of its subsidiaries on the one hand, and the controlling shareholder of the Company or any of its subsidiaries on the other; (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries.

# Directors' Report



## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries was entered into or existed during the year.

## RELATIONSHIPS WITH EMPLOYEES, DISTRIBUTORS, CUSTOMERS AND SUPPLIERS

The Group values its employees and provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews and makes necessary adjustments on its human resources and remuneration policies to conform to market standard. The Group is also committed to staff training and development to support the need of the business and individuals by encouraging employees to enrol external training or courses.

The Group mainly sells its wine products to distributors. The Group requires the distributors to comply with the relevant laws and regulations, as well as the Group's credit policy and sales and marketing policies, and monitors the performance of distributors. The Group also values the views and opinions of its distributors and end user customers, and the sales department of the Group regularly communicates with and obtains feedback from distributors in order to understand their business needs and market demands.

Production of quality wines greatly depends on a sufficient supply of quality grapes or grape juice. The Group has developed good and long-term relationships with its suppliers including major grape juice suppliers. The Group actively works with vignerons to enlarge their existing vineyards in order to enjoy better economies of scale and equip their vineyards with state-of-the-art techniques for assuring quality. The procurement department of the Group also works closely with suppliers to ensure that the sourcing process is conducted in a fair and open manner.

## EMPLOYEE AND REMUNERATION POLICIES

Quality and dedicated staff are the most important assets of the Group. The Group's policy on remuneration is to maintain fair and competitive packages to employees who contribute in unison to the Group's corporate objectives. The Group determined the remuneration packages of employees with reference to local legislation, market conditions, industry practice and achievements of the Group's targets as well as the performance of the individual employee. The remuneration packages of each Director are determined, with regard to comparable market securities and factors such as workload and responsibility of each Director. Factors comprising the results of the Group and economic situation are also considered when determining the remuneration packages of executive Directors.

## RETIREMENT SCHEMES

The Group participates in various post-employment schemes which covered the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in Note 31.10(ii) to the financial statements.

## TAX RELIEF AND EXEMPTION

Shareholders are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the Shares.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force as at the date of approval of this report and was in force throughout the financial year.

The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers, but shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Directors and officers.

## DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The particulars of the Directors' and senior management's remuneration and the five highest paid employees during the financial year ended 31 December 2024 are set out in Notes 8 and 30 respectively to the financial statements.

## ARRANGEMENTS TO ACQUIRE SHARES

At no time during the year ended 31 December 2024 or as at 31 December 2024 was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangements to enable the Directors or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), Chapter 571 of the Laws of Hong Kong) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

# Directors' Report

## PERSONS HOLDING 5% OR MORE INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the interests or short positions of any persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### (i) Long position in Shares

Name	Interests in shares other than pursuant to equity derivatives (and capacity)	Aggregate long position	Approximate percentage of the Company's issued voting shares
Famous Ever Group Limited	558,000,000 ordinary shares (beneficial owner)	558,000,000 ordinary shares	39.62%
Tianjin Food Group Co. Ltd. (天津食品集團有限公司) ("Tianjin Food") (Note 1)	602,298,000 ordinary shares (interest of a controlled corporation)	602,298,000 ordinary shares	42.76%
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) ("Bohai") (Note 1)	602,319,922 ordinary shares (interest in controlled corporation)	602,319,922 ordinary shares	42.77%
Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) ("TEDA Industrial") (Note 1)	602,319,922 ordinary shares (interest in controlled corporation)	602,319,922 ordinary shares	42.77%
TEDA Investment Holdings Co., Ltd. (天津泰達投資控股有限公司) ("Tianjin TEDA") (Note 1)	602,319,922 ordinary shares (interest in controlled corporation)	602,319,922 ordinary shares	42.77%
Remy Pacifique Limited (Note 2)	336,528,000 ordinary shares (beneficial owner)	336,528,000 ordinary shares	23.90%
Remy Concord Limited (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Remy Cointreau Services S.A.S. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Remy Cointreau S.A. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%



## Directors' Report

Name	Interests in shares other than pursuant to equity derivatives (and capacity)	Aggregate long position	Approximate percentage of the Company's issued voting shares
Orpar S.A. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Andromede S.A.S. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Zengli Investment Group Co. LTD (Note 3)	115,394,944 ordinary shares (beneficial owner)	115,394,944 ordinary shares	8.19%
Tianjin Zengli Trading Group Co. LTD (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%
Li Junjie (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%
Hao Mingzhen (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%

# Directors' Report

## Notes:

- (1) Based on the disclosure of interests forms filed on 3 January 2025 (being the last disclosure of interests forms filed by the relevant entities as at 31 December 2024), Tianjin TEDA is a state-owned enterprise established in the PRC, which is indirectly wholly-owned by the Tianjin Municipal People's Government of the PRC. Tianjin TEDA was interested in approximately 59.52% equity interests of TEDA Industrial. TEDA Industrial was interested in the entire equity interests of Bohai. Bohai was:
  - (i) interested in the entire equity interests of Tsinlien Group Company Limited (津聯集團有限公司), which in turn was interested in 21,922 Shares, representing approximately 0.002% of the issued share capital of the Company; and
  - (ii) interested in the entire equity interests of Tianjin Food, which in turn was:
    - (a) interested in the entire equity interests of Famous Ever Group Limited, which in turn was interested in 558,000,000 Shares, representing approximately 39.62% of the issued share capital of the Company; and
    - (b) interested in the entire equity interests of Tianjin Agriculture Hongyilian Investment Co., Ltd.\* (天津農墾宏益聯投資有限公司), which in turn was interested in the entire equity interests of Tianjin Chenhai Enterprise Management Co., Ltd.\* (天津宸海企業管理有限公司), which in turn was interested in the entire equity interests of Chenhai Investment Limited, which in turn was interested in 44,298,000 Shares, representing approximately 3.15% of the issued share capital of the Company.

Accordingly,

1. Tianjin TEDA, TEDA Industrial and Bohai were deemed to be interested in the aggregate number of Shares (being 602,319,922 Shares, representing approximately 42.77% of the issued share capital of the Company) held by (1) Tsinlien Group Company Limited (津聯集團有限公司); (2) Famous Ever Group Limited; and (3) Chenhai Investment Limited pursuant to the SFO; and
2. Tianjin Food was deemed to be interested in the aggregate number of Shares (being 602,298,000, representing approximately 42.76% of the issued share capital of the Company) held by (1) Famous Ever Group Limited; and (2) Chenhai Investment Limited pursuant to the SFO.

Mr. Wan Shoupeng, an executive Director and chairman of the Company, is also a director and chairman of Tianjin Food.

- (2) Remy Concord Limited is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Pacifique Limited. Remy Cointreau Services S.A.S. is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Concord Limited. Remy Cointreau S.A. is entitled to exercise or control the exercise of approximately 93% of the voting power at general meetings of Remy Cointreau Services S.A.S.. Orpar S.A. is entitled to exercise or control the exercise of approximately 51% of the voting power at general meetings of Remy Cointreau S.A.. Orpar S.A. is also entitled to exercise or control the exercise of approximately 73% of the voting power at general meetings of Recopart, which is entitled to exercise or control the exercise of approximately 19% of the voting power at general meetings of Remy Cointreau S.A.. Andromede S.A.S. is entitled to exercise or control the exercise of 100% of the voting power at general meetings of Orpar S.A.. By virtue of Part XV of the SFO, each of Remy Concord Limited, Remy Cointreau Services S.A.S., Remy Cointreau S.A., Orpar S.A. and Andromede S.A.S. is deemed to be interested in the Shares held by Remy Pacifique Limited. Mr. Heriard-Dubreuil Francois, a non-executive Director, who is also a director and/or an employee of Andromede S.A.S., Remy Cointreau S.A., Remy Concord Limited and Remy Pacifique Limited.
- (3) Zengli Investment Group Co. LTD. is direct wholly-owned subsidiary of Tianjin Zengli Trading Group Co. LTD, which is in turn directly owned by Li Junjie and Hao Mingzhen as to 51.22% and 48.78% respectively. By virtue of the SFO, each of Tianjin Zengli Trading Group Co. LTD and Li Junjie and Hao Mingzhen is deemed to be interested in the same parcel of shares of the Company in which Zengli Investment Group Co. LTD. is interested.

\* for identification purpose

Apart from the aforesaid, as at 31 December 2024, no person, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue and purchase for the year attributable to the Group's major customers and suppliers are as follows:

### Revenue

– the largest customer	15%
– five largest customers in aggregate	52%

### Purchases

– the largest supplier	12%
– five largest suppliers in aggregate	35%

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

## CORPORATE GOVERNANCE

In respect of the year ended 31 December 2024, save as disclosed in the Corporate Governance Report on pages 27 to 47 of the annual report, all the code provisions set out in the Code (as defined in the Corporate Governance Report) were met by the Company.

## CONFIRMATION OF INDEPENDENCE

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

## MINIMUM PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, there was sufficient public float of the Shares as required under the Listing Rules.

# Directors' Report



## AUDITOR

The financial statements have been audited by Deloitte Touche Tohmatsu who shall retire and, being eligible, offer itself for re-appointment as independent auditor of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu as independent auditor of the Company is to be proposed at the forthcoming AGM.

On 23 October 2024, PricewaterhouseCoopers, who acted as auditor of the Company for the past three years, resigned and Deloitte Touche Tohmatsu was appointed as auditor of the Company.

On behalf of the Board  
**Mr. Wan Shoupeng**  
*Chairman*

Tianjin, 28 March 2025

# Independent Auditor's Report

# Deloitte.

# 德勤

## TO THE MEMBERS OF DYNASTY FINE WINES GROUP LIMITED

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

### OPINION

We have audited the consolidated financial statements of Dynasty Fine Wines Group Limited (the **"Company"**) and its subsidiaries (collectively referred to as the **"Group"**) set out on pages 64 to 119, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss 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 material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (**"HKFRSS"**) issued by the Hong Kong Institute of Certified Public Accountants (**"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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.





# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Revenue recognition from distributors

The Group recognised revenue from sales of goods to distributors amounted to HK\$243.33 million for the year ended 31 December 2024, representing 90% of the Group's total revenue.

The Group manufactures and sells wine products to a large number of distributors. Revenue is recognised when control of the products has been transferred, being when the products are delivered to distributors.

We identified revenue recognition from distributors as a key audit matter because significant resources and efforts were involved in auditing this area due to the large volume of transactions from sales of different kinds of products and the significance of such revenue to the consolidated financial statements.

Our procedures in relation to revenue recognition from distributors included:

- Understanding the business process of revenue recognition from distributors and testing the design, implementation and operating effectiveness of key controls in relation to revenue recognition from distributors;
- Reviewing sales contracts with major distributors to understand key terms and conditions and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- Performing confirmation procedures for the revenue generated from the Group's major distributors;
- Testing revenue transactions, on a sample basis, by examining the relevant supporting documents, including customer orders and customers' acknowledgement of receipt notes; and
- Inspecting, on a sample basis, the specific revenue transactions recorded before the balance sheet date and assessing whether the related revenue was recognised in the appropriate reporting period by checking the customers' acknowledgement of receipt notes and other supporting documents.

# Independent Auditor's Report

## Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2024.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



# 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



## Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yim, Ka Wai.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

28 March 2025



# Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	Year ended 31 December	
		2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	6	271,372	262,801
Cost of sales of goods	7	(166,652)	(172,135)
<b>Gross profit</b>		<b>104,720</b>	90,666
Distribution costs	7	(49,428)	(42,489)
Administrative expenses	7	(46,893)	(43,099)
Loss allowance (recognised)/reversed on financial assets – net	4.1	(215)	397
Other income, other gains and losses – net	9	24,485	13,760
<b>Operating profit</b>		<b>32,669</b>	19,235
Finance income	12	948	1,469
Finance costs	12	(65)	(57)
Finance income – net	12	883	1,412
<b>Profit before income tax</b>		<b>33,552</b>	20,647
Income tax expense	13	(12)	(39)
<b>Profit for the year</b>		<b>33,540</b>	20,608
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		33,440	21,338
Non-controlling interests		100	(730)
		<b>33,540</b>	20,608
<b>Earnings per share, in HK cents</b>			
– Basic earnings per share	14	2.37	1.62



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
<b>Profit for the year</b>	<b>33,540</b>	20,608
<b>Other comprehensive expense</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	(9,135)	(4,168)
<b>Total comprehensive income for the year</b>	<b>24,405</b>	16,440
<b>Total comprehensive income/(expense) for the year attributable to:</b>		
– Owners of the Company	24,885	17,409
– Non-controlling interests	(480)	(969)
	<b>24,405</b>	16,440

# Consolidated Statement of Financial Position

As at 31 December 2024

		At 31 December	
	Notes	2024 HK\$'000	2023 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	118,209	71,320
Right-of-use assets	16	21,438	23,465
Deposits	17(b)	872	823
Prepayments	17(c)	–	6,646
Investment in an associate	11	–	–
Deferred income tax assets	25	–	–
Total non-current assets		140,519	102,254
<b>Current assets</b>			
Inventories	19	231,275	235,746
Trade receivables	17(a)	47,348	22,644
Notes receivable	18	20,009	34,735
Other receivables	17(b)	9,865	7,865
Prepayments	17(c)	8,919	8,903
Cash and bank balances	20	122,592	166,741
Total current assets		440,008	476,634
<b>Total assets</b>		<b>580,527</b>	<b>578,888</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	16	311	1,187
<b>Current liabilities</b>			
Trade payables	23	101,195	115,478
Contract liabilities	24	29,372	36,314
Other payables and accruals	23	124,308	124,876
Lease liabilities	16	1,018	1,115
Total current liabilities		255,893	277,783
<b>Total liabilities</b>		<b>256,204</b>	<b>278,970</b>

# Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	At 31 December	
		2024 HK\$'000	2023 HK\$'000
<b>Equity</b>			
Share capital	21	140,840	140,840
Other reserves	22	1,152,844	1,161,399
Accumulated losses		(983,679)	(1,017,119)
Equity attributable to owners of the Company		310,005	285,120
Non-controlling interests		14,318	14,798
<b>Total equity</b>		<b>324,323</b>	<b>299,918</b>
<b>Total equity and liabilities</b>		<b>580,527</b>	<b>578,888</b>

The consolidated financial statements on pages 64 to 119 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

**Wan Shoupeng**  
Director

**He Chongfu**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital HK\$'000	Other reserves HK\$'000 (Note 22)	Accumulated losses HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
<b>1 January 2023</b>	124,820	1,143,456	(1,038,457)	229,819	15,767	245,586
<b>Comprehensive income</b>						
Profit/(loss) for the year	–	–	21,338	21,338	(730)	20,608
<b>Other comprehensive expense</b>						
Currency translation differences	–	(3,929)	–	(3,929)	(239)	(4,168)
<b>Total comprehensive (expense)/income</b>	–	(3,929)	21,338	17,409	(969)	16,440
Placement of new shares (Note 21)	16,020	21,872	–	37,892	–	37,892
<b>31 December 2023</b>	140,840	1,161,399	(1,017,119)	285,120	14,798	299,918
<b>1 January 2024</b>	140,840	1,161,399	(1,017,119)	285,120	14,798	299,918
<b>Comprehensive income</b>						
Profit for the year	–	–	33,440	33,440	100	33,540
<b>Other comprehensive expense</b>						
Currency translation differences	–	(8,555)	–	(8,555)	(580)	(9,135)
<b>Total comprehensive (expense)/income</b>	–	(8,555)	33,440	24,885	(480)	24,405
<b>31 December 2024</b>	140,840	1,152,844	(983,679)	310,005	14,318	324,323

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	Year ended 31 December	
		2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations	26(a)	(10,853)	(12,513)
Interest received		948	1,469
Income tax paid		(12)	(39)
Net cash outflow from operating activities		(9,917)	(11,083)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(30,649)	(17,736)
Proceeds from disposal of property, plant and equipment		1,203	6,891
Net cash outflow from investing activities		(29,446)	(10,845)
<b>Cash flows from financing activities</b>			
Proceeds from placing of new shares	21	–	37,892
Principal elements of lease payments		(973)	(8,041)
Interest paid on lease liabilities		(65)	(57)
Net cash (outflow)/inflow from financing activities		(1,038)	29,794
<b>Net (decrease)/increase in cash and cash equivalents</b>		(40,401)	7,866
Cash and cash equivalents at beginning of year		166,249	160,734
Effects of exchange rate changes on cash and cash equivalents		(3,722)	(2,351)
<b>Cash and cash equivalents at end of year</b>	20(b)	122,126	166,249



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

Dynasty Fine Wines Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, whilst the principal office is Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries are hereinafter collectively referred to as the Group. The Company is an investment holding entity and the principal activities of the subsidiaries are manufacturing and sales of wine products. Details of the subsidiaries are set out in Note 10.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 January 2005.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company (the “**Directors**”) anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance. Summary of the Group’s material accounting policies are set out in Note 31.

## 4. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity 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. As at 31 December 2024, the Group does not use any derivative financial instruments to hedge certain risk exposures.

### Categories of financial instruments

	The Group	
	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Financial assets at		
– Amortised cost	174,380	195,263
– fair value through other comprehensive income (“ <b>FVTOCI</b> ”)	20,009	34,735
	<b>194,389</b>	<b>229,998</b>
<b>Financial liabilities</b>		
Financial liabilities at		
– Amortised cost	191,581	193,488
Lease liabilities	1,329	2,302

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT (*continued*)

### 4.1 Financial risk factors

The Group's risk management is predominately controlled by a treasury department (Group treasury) under policies approved by the board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

#### **Market risk**

##### *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency which is not the entity's functional currency.

There is no material foreign exchange risk noted for the Group as:

- the transactions of the Company are mainly denominated in HK\$, which is the functional currency of the Company; and
- the operations and customers of the Group's subsidiaries are located in the People's Republic of China ("**PRC**") with most of the operating assets and transactions denominated and settled in Renminbi ("**RMB**"), which is the functional currency of the Group's subsidiaries.

#### **Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, restricted cash, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group mitigates its exposure to credit risk by placing deposits with stated-owned banks in the PRC and other financial institutions with established credit rating. The Group has policies in place to ensure that sales of procedures are made to customers with an appropriate financial strength and credit history.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT *(continued)*

### 4.1 Financial risk factors *(continued)*

#### ***Credit risk and impairment assessment (continued)***

##### *Impairment of financial assets*

The Group has two type of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of products
- other receivables

While cash and cash equivalents, restricted cash and note receivables are also subject to the impairment requirements of HKFRS 9 *Financial Instruments* (“**HKFRS 9**”), the identified impairment loss was immaterial because the counterparties are reputable banks with high credit ratings assigned by credit agencies.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance 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.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.1 Financial risk factors (continued)

#### Credit risk and impairment assessment (continued)

##### Impairment of financial assets (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before each reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance at the reporting date was determined as follows:

	Current HK\$'000	More than 30 days past due HK\$'000	More than 90 days past due HK\$'000	More than 270 days past due HK\$'000	Total HK\$'000
<b>31 December 2024</b>					
Expected loss rate	0.5%	25%	70%	100%	
Gross carrying amount – trade receivables	47,212	211	714	11,669	59,806
Loss allowance	236	53	500	11,669	12,458
	Current HK\$'000	More than 30 days past due HK\$'000	More than 90 days past due HK\$'000	More than 270 days past due HK\$'000	Total HK\$'000
<b>31 December 2023</b>					
Expected loss rate	0%	20%	42%	100%	
Gross carrying amount – trade receivables	22,323	302	299	12,233	35,157
Loss allowance	94	60	126	12,233	12,513

Other receivables including deposits are all considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. Management consider 'low credit risk' for financial instruments when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligation in the near term. The Group has policies in place to ensure that counter party are financially viable and with an appropriate credit history. As at 31 December 2024, the loss allowance for other receivables was HK\$0.15 million (2023: HK\$0.15 million).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.1 Financial risk factors (continued)

#### **Credit risk and impairment assessment (continued)**

##### *Impairment of financial assets (continued)*

During the year, the following losses were recognised/(reversed) in profit or loss in relation to impairment of trade receivables:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Loss allowance recognised/(reversed), net	215	(397)

#### **Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting periods, the Group held cash and cash equivalents of HK\$122.13 million (2023: HK\$166.25 million) (Note 20), trade receivables HK\$47.35 million (2023: HK\$22.64 million) (Note 17) and notes receivable of HK\$20.01 million (2023: HK\$34.74 million (Note 18) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.1 Financial risk factors (continued)

#### Liquidity risk (continued)

##### Maturities of financial liabilities

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2024</b>					
Trade payables	-	101,195	-	101,195	101,195
Other payables	-	90,386	-	90,386	90,386
Lease liabilities	3.65-4.75	1,045	312	1,357	1,329
		<u>192,626</u>	<u>312</u>	<u>192,938</u>	<u>192,910</u>
<b>At 31 December 2023</b>					
Trade payables	-	115,478	-	115,478	115,478
Other payables	-	78,010	-	78,010	78,010
Lease liabilities	3.65-4.75	1,181	1,213	2,394	2,302
		<u>194,669</u>	<u>1,213</u>	<u>195,882</u>	<u>195,790</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. FINANCIAL RISK MANAGEMENT *(continued)*

### 4.2 Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the liability-to-asset ratio, which represents total liabilities divided by total assets. As at 31 December 2024, the Group's liability-to-asset ratio was 44% (2023: 48%).

### 4.3 Fair value estimation

The Group's notes receivable at FVTOCI are measured at fair value based on level 2 of the fair value measurement hierarchy, which is based on discounted cash flow valuation technique. The future cash flows are estimated based on expected settlement amounts and discounted at rates that reflect the credit risk of the counterparties.

The management considers that the carrying amounts of the Group's financial assets (including cash and cash equivalents, restricted cash, trade receivables, other receivables and notes receivable) and financial liabilities (including trade payables, other payables) and lease liabilities approximate their fair values.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 5.1 Key sources of estimation uncertainty

#### *Impairment allowance of inventories*

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. The determination of the impairment allowance for inventories involves significant management judgment and estimates including factors such as historical usage of raw wine, ageing profile of the raw materials and finished wine products, historical sales track records, forecasted sales volumes, selling prices as well as selling expenses and physical condition. As at 31 December 2024, the carrying amount of inventories is HK\$231.28 million (2023: HK\$235.75 million) (net of the provision of HK\$24.87 million (2023: HK\$29.61 million)). Details of impairment assessment of inventories are disclosed in note 19.

#### *Impairment allowance of trade receivables*

The loss allowances for trade receivables are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2024, the carrying amount of trade receivables is HK\$47.35 million (2023: HK\$22.64 million) (net of the loss allowance of HK\$12.46 million (2023: HK\$12.51 million)). Details of the key assumptions and inputs used are disclosed in the tables set out in Note 4.1.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with the Group's internal reporting, the chief operating decision-maker ("CODM") considers the business from product perspective and has determined the operating segments to be red wines, white wines and all other products primarily related to the sale of sparkling wines, brandy, ice wine and liquor. The executive Directors (being the CODM) assess the performance of the operating segments based on gross profit. All revenue of the Group are from external customers.

	Red wines HK\$'000	White wines HK\$'000	Others HK\$'000	Total HK\$'000
<b>2024</b>				
<b>Revenue from contracts with customers</b>	<b>110,937</b>	<b>150,613</b>	<b>9,822</b>	<b>271,372</b>
<b>Gross profit</b>	<b>40,220</b>	<b>61,500</b>	<b>3,000</b>	<b>104,720</b>
<i>Amounts included in the measure of segment gross profit:</i>				
Impairment allowance of inventories	(540)	(734)	(48)	(1,322)
Depreciation and amortisation (Note)	(1,448)	(1,966)	(128)	(3,542)
	Red wines HK\$'000	White wines HK\$'000	Others HK\$'000	Total HK\$'000
<b>2023</b>				
<b>Revenue from contracts with customers</b>	<b>137,888</b>	<b>114,862</b>	<b>10,051</b>	<b>262,801</b>
<b>Gross profit</b>	<b>44,624</b>	<b>43,311</b>	<b>2,731</b>	<b>90,666</b>
<i>Amounts included in the measure of segment gross profit:</i>				
Impairment allowance of inventories	(440)	(835)	(16)	(1,291)
Depreciation and amortisation (Note)	(1,342)	(1,118)	(98)	(2,558)

Note: Depreciation and amortisation included in the cost of sales of goods.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

A reconciliation of total segment gross profit to total profit before income tax is provided as follows:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Gross profit for reportable segments	104,720	90,666
Distribution costs	(49,428)	(42,489)
Administrative expenses	(46,893)	(43,099)
Loss allowance (recognised)/reversed on financial assets – net	(215)	397
Other income, other gains and losses – net	24,485	13,760
Operating profit	32,669	19,235
Finance income – net	883	1,412
Profit before income tax	33,552	20,647

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 31. Segment gross profit represents the profit earned by each segment without allocation of distribution costs, administrative expenses, loss allowance (recognised)/reversed on financial assets – net, other income, other gains and losses – net, and finance income – net. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

- (a) The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.
- (b) During the years, the following three (2023: two) external customers contributed more than 10% of total revenue of the Group. Those revenues were attributed to the red wines and white wines segments.

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Customer A	39,609	36,796
Customer B	36,965	N/A*
Customer C	33,299	28,291

\* Not applicable ("N/A"): the corresponding revenue did not contribute over 10% of the total revenue of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(c) Substantially all of the sales and non-current assets of the Group were from PRC.

(d) Disaggregation of revenue from contracts with customers:

Types of customers	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Distributorship	243,325	226,921
Online sales	24,649	27,154
Retails	3,398	8,726
Total	271,372	262,801

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed. The Group applies the practical expedient of not disclosing the information about its remaining performance obligation when the performance obligation is part of a contract that has an original expected duration of one year or less.

### (e) Accounting policy of revenue recognition

The Group manufactures and sells a range of wine products. Revenue is recognised when control of the products has been transferred, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contracts, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The wine products are often sold with reimbursement of marketing expenses to the distributors for the sales transactions conducted under the sales arrangements. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated marketing expense. Accumulated experience is used to estimate and provide for the marketing expense, using the expected value method.

As receivable is recognised when the goods are delivered 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 7. EXPENSES BY NATURE

The aggregate of cost of sales of goods, distribution costs and administrative expenses are analysed by nature as follows:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Raw materials and consumables used	84,899	153,425
Employee benefit expenses ( <i>Note 8</i> )	70,731	61,673
Changes in finished goods and work in progress	21,683	(39,848)
Advertising, marketing, and other promotion expenses	20,587	16,061
Consumption tax of domestic sales and other taxes	17,157	18,913
Transportation	9,880	9,328
Travelling expenses	5,702	5,395
Energy and power costs	4,575	5,275
Consultancy and professional fee	2,826	4,279
Depreciation of property, plant and equipment	3,618	2,587
Auditor's remuneration	1,682	2,222
Maintenance expenses	2,307	1,943
Depreciation of right-of-use assets	1,639	1,855
Impairment allowance of inventories	1,322	1,291
Other expenses	14,365	13,324
Total	262,973	257,723

## 8. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Wages and salaries	56,491	48,531
Social security costs – other insurances	6,725	6,739
Social security costs – retirement insurance	4,721	4,669
Other benefits	2,794	1,734
Total employee benefit expenses	70,731	61,673

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 8. EMPLOYEE BENEFIT EXPENSES *(continued)*

### (a) Five highest paid individuals

The emoluments of two (2023: three) executive Directors and none (2023: none) non-executive Directors are disclosed in the analysis set out in Note 30 and the emoluments of the remaining three (2023: two) individuals for the year are as follows:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	2,987	2,175
Contributions to retirement benefits scheme	328	90
	<b>3,315</b>	<b>2,265</b>

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2024 HK\$'000	2023 HK\$'000
Emolument bands		
Nil – HK\$1,000,000	2	1
HK\$1,500,001 – HK\$2,000,000	1	1
	<b>3</b>	<b>2</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 9. OTHER INCOME, OTHER GAINS AND LOSSES – NET

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Emoluments of former Directors in prior years waived (a)	12,216	–
Write-off of payables with long ageing	–	9,261
Gains on disposal of property, plant and equipment	1,115	3,788
Government grants (b)	8,778	272
Gain on liquidation of an associate (Note 11)	1,480	–
Others	896	439
	<b>24,485</b>	<b>13,760</b>

- (a) During the year ended 31 December 2024, the Company entered into deeds of waiver with certain former Directors who agreed to waive their prior years' emoluments accrued by the Company aggregating to HK\$12.22 million at HK\$1 consideration for each former Director. Based on legal opinion, the deeds of waiver are legally enforceable and the Group has no further obligation to settle the outstanding emoluments upon execution of the deeds of waiver. Therefore, the aforesaid amount was reversed and recognised as a gain in the profit or loss during the year.
- (b) During the current year, the Group recognised government grants of HK\$8.78 million (2023: HK\$0.27 million) related to support for industry and enterprise development.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 10. SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name	Place of incorporation or establishment/type of legal entity	Principal activities/ place of operation	Paid up/ share capital	Ownership interest held by the Group	
				2024 %	2023 %
<i>Directly held:</i>					
Grand Spirit Holdings Limited	British Virgin Islands/ limited liability company	Investment holding/ Hong Kong	US\$200	100	100
Smiling East Resources Limited	British Virgin Islands/ limited liability company	Investment holding/ Hong Kong	US\$1	100	100
Ho Tin International Co., Ltd.	British Virgin Islands/ limited liability company	Investment holding/ Hong Kong	US\$1	100	100
Dynasty Fine Wines (Asia Pacific) Limited	Hong Kong/limited liability company	Trading of wine products/ Hong Kong	HK\$10,000,000	100	100
<i>Indirectly held:</i>					
Sino-French Joint-Venture Dynasty Winery Ltd.	PRC/limited liability company	Manufacturing and sale of wine products/PRC	RMB425,659,000	100	100
Shandong Yu Huang Grape Wine Co., Ltd. ("Yuhuang") (Note)	PRC/limited liability company	Manufacturing and sale of unprocessed wine/PRC	RMB6,860,000	65	65
Tianjin Tianyang Grape Winery Co., Ltd.	PRC/limited liability company	Manufacturing and sale of unprocessed wine/PRC	RMB41,532,000	60	60
Tianjin Tianyang Grape Winery Sales Co., Ltd.	PRC/limited liability company	Sale of wine products/PRC	RMB500,000	60	60
Shanghai Dynasty Grape Winery Sales Co., Ltd.	PRC/limited liability company	Sale of wine products/PRC	RMB1,000,000	100	100
Tianjin Dynasty Winery Sales Co., Ltd.	PRC/limited liability company	Sale of wine products/PRC	HK\$69,800,000	100	100
Tianjin Dynasty International Winery Co., Ltd.	PRC/limited liability company	Sale of wine products/PRC	RMB50,000,000	100	100
Dynasty Fine Wines Group (Xinjiang) Co., Ltd.	PRC/limited liability company	Manufacturing and sale of unprocessed wine/PRC	RMB5,000,000	100	100
Dynasty Fine Wines (Ningxia) Co., Ltd. ("Ningxia Company")	PRC/limited liability company	Manufacturing and sale of unprocessed wine/PRC	RMB28,900,000	100	100

Note: The liquidation application related to Yuhuang had been accepted by the local court during the current year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 11. INVESTMENT IN AN ASSOCIATE

Set out below are details of an unlisted associate of the Group as at 31 December 2024 and 2023. The country of establishment is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2024 %	2023 %			2024 HK\$'000	2023 HK\$'000
Dynasty Yuma Vineyard (Ningxia) Co., Ltd. ("Yuma")	PRC	N/A	25	Associate	Equity method	N/A	-

The carrying amount of the investment in Yuma has been reduced to zero since 2012 due to the continuing losses of Yuma. The associate became inactive without any production activities since October 2011 and the liquidation process was substantially completed during the current year, subject to certain administrative procedures, resulting in a liquidation gain amounting to HK\$1.48 million (Note 9).

## 12. FINANCE INCOME – NET

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Interest income	948	1,469
Interest on lease liabilities	(65)	(57)
Finance income – net	883	1,412

## 13. INCOME TAX EXPENSE

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Current income tax	12	39



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 13. INCOME TAX EXPENSE (continued)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. No provision for Hong Kong profits tax has been made for both years as there was no estimated assessable profit derived from Hong Kong or the estimated assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Profit before income tax	33,552	20,647
Income tax calculated at the PRC tax rate 25%	8,388	5,162
Difference in tax rates applicable for entities outside the PRC	(211)	320
Expenses not deductible for tax purposes	541	70
Changes in the temporary differences for which no deferred income tax asset was recognised	(4,749)	(4,000)
Utilisation of previous years' tax losses for which no deferred income tax asset was recognised	(6,443)	(5,326)
Tax losses for which no deferred income tax asset was recognised	2,486	3,813
	12	39

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company,
- by the weighted-average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (HK\$'000)	33,440	21,338
Weighted-average number of ordinary shares in issue ('000)	1,408,406	1,314,952
Earnings per share – basic (HK Cents)	2.37	1.62

### (b) Diluted earnings per share

The Group had no potential dilutive instruments in issue during the years ended 31 December 2024 and 2023 and the Group's diluted earnings per share is not presented for both financial years.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 January 2023	257,614	381,670	103,283	11,524	–	754,091
Exchange differences	(3,678)	(5,343)	(1,712)	(142)	(26)	(10,901)
Additions	409	1,302	5,519	–	3,889	11,119
Disposals	(722)	(17,191)	(11,635)	–	–	(29,548)
At 31 December 2023	253,623	360,438	95,455	11,382	3,863	724,761
Exchange differences	(4,567)	(8,079)	(2,054)	(226)	(43)	(14,969)
Additions	6,672	3,350	6,872	171	35,593	52,658
Transfer	39,413	–	–	–	(39,413)	–
Disposals	(232)	–	(418)	(309)	–	(959)
At 31 December 2024	<b>294,909</b>	<b>355,709</b>	<b>99,855</b>	<b>11,018</b>	<b>–</b>	<b>761,491</b>
<b>DEPRECIATION AND IMPAIRMENT</b>						
At 1 January 2023	(230,665)	(347,790)	(97,245)	(11,204)	–	(686,904)
Exchange differences	3,298	4,867	1,303	137	–	9,605
Depreciation provided for the year	(964)	(387)	(1,236)	–	–	(2,587)
Eliminated on disposals	606	15,199	10,640	–	–	26,445
At 31 December 2023	(227,725)	(328,111)	(86,538)	(11,067)	–	(653,441)
Exchange differences	4,194	6,691	1,810	211	–	12,906
Depreciation provided for the year	(1,215)	(139)	(2,264)	–	–	(3,618)
Eliminated on disposals	209	–	378	284	–	871
At 31 December 2024	<b>(224,537)</b>	<b>(321,559)</b>	<b>(86,614)</b>	<b>(10,572)</b>	<b>–</b>	<b>(643,282)</b>
<b>CARRYING VALUES</b>						
At 31 December 2023	25,898	32,327	8,917	315	3,863	71,320
At 31 December 2024	<b>70,372</b>	<b>34,150</b>	<b>13,241</b>	<b>446</b>	<b>–</b>	<b>118,209</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. PROPERTY, PLANT AND EQUIPMENT (*continued*)

### Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings and constructions	20 years
Plant and machinery	5 – 10 years
Furniture and equipment	3 – 5 years
Motor vehicles	4 – 5 years

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

The Directors have assessed and concluded that there were no indicator for further impairment to be provided or reversal of the impairment to be made related to the Group's property, plant and equipment (included in Note 15) and land-use rights (included in Note 16) as at 31 December 2024.

## 16. LEASES

This note provides information for leases where the Group is a lessee.

- (a) The consolidated statement of financial position shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
<b>Right-of-use assets</b>		
Land-use rights	20,268	21,251
Buildings	1,170	2,214
	<b>21,438</b>	<b>23,465</b>
<b>Lease liabilities</b>		
Within one year	1,018	1,115
Within a period of more than one year but not more than two years	311	876
Within a period of more than two years but not more than five years	–	311
	<b>1,329</b>	<b>2,302</b>
Less: Amount due for settlement with 12 months shown under current liabilities	(1,018)	(1,115)
Amount due for settlement after 12 months shown under non-current liabilities	<b>311</b>	<b>1,187</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 16. LEASES (continued)

- (a) The consolidated statement of financial position shows the following amounts relating to leases: (continued)

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 4.75% (2023: from 3.65% to 4.75%).

- (b) The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets		
Land-use rights	(604)	(555)
Buildings	(1,035)	(1,300)
	<u>(1,639)</u>	<u>(1,855)</u>
Interest expense (included in finance costs)	(65)	(57)
Expense relating to short-term leases (included in cost of sales of goods and administrative expenses)	(559)	(572)

There was no addition of right-of-use assets for the year (2023: HK\$9.4 million).

The total cash outflow from leases in 2024 was HK\$1.6 million (2023: HK\$8.7 million).

### (c) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 24 – 36 months.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In addition, the Group has several industrial leasehold lands arrangement with mainland China government. The Group is the registered owner of the leasehold lands. Lump sum payments were made upfront to acquire these lands.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Payments associated with short-term lease are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group regularly entered into short-term leases for warehouses. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

### (a) Trade receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables from contracts with customers	59,806	35,157
Loss allowance (Note 4.1)	(12,458)	(12,513)
Trade receivables – net	47,348	22,644

The Group grants a credit period of 90 days (2023: 90 days) to its customers. The following is an aged analysis of trade receivables – net (including those with related parties as disclosed in Note 28) presented based on dates of delivery of goods.

	2024 HK\$'000	2023 HK\$'000
Up to 90 days	46,976	22,229
More than 30 days past due	158	242
More than 90 days past due	214	173
	47,348	22,644

As at 1 January 2023, trade receivables from contracts with customers amounted to HK\$8.63 million.

### (i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 90 days and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 4.1.

### (ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

### (a) Trade receivables *(continued)*

#### (iii) Impairment and risk exposure

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 4.1 provides for details about the calculation of the allowance.

The loss allowance on trade receivables was HK\$12.46 million as at 31 December 2024 (2023: HK\$12.51 million).

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk are set out in Note 4.1.

### (b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

	2024 HK\$'000	2023 HK\$'000
<b>Non-current</b>		
– Deposits paid to e-commerce platform entities	872	823
<b>Current</b>		
– Expenses to be reimbursed	864	2,765
– Taxes to be recoverable	4,024	2,143
– Cash advance to employees and deposits	389	369
– Advance payments for online promotion expenses	2,273	667
– Other receivables	2,462	2,071
	10,012	8,015
Loss allowance ( <i>Note 4.1</i> )	(147)	(150)
	9,865	7,865
	10,737	8,688



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

### (c) Prepayments

	2024 HK\$'000	2023 HK\$'000
<b>Non-current</b>		
– Prepayments for purchase of property, plant and equipment	–	6,646
<b>Current</b>		
– third parties	8,556	8,560
– related parties <i>(Note 28(e))</i>	363	343
	8,919	8,903
	8,919	15,549

## 18. NOTES RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Bank acceptance bills	20,009	34,735

Notes receivable were all bank acceptance bills with maturity dates within 6 months, which are classified as financial assets at FVTOCI.

During the year, the Group endorsed certain notes receivables to suppliers (the “**Relevant Notes**”) to settle its trade payables. In the opinion of the Directors, the Group has transferred the significant risks and rewards relating to the Relevant Notes, and the Group’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the Relevant Notes endorsed is low because all the Relevant Notes are issued and guaranteed by the reputable banks in the PRC. As a result, the Group derecognised the full carrying amounts of the Relevant Notes and the associated trade payables when the Relevant Notes are endorsed. The maximum exposure to the Group that may result from the default of the Relevant Notes endorsed at 31 December 2024 amounted to approximately HK\$1.54 million (2023: nil).

The information relating to the fair value measurement of the notes receivable is provided in Note 4.3.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials (a)	101,758	82,066
Work in progress (b)	92,612	110,317
Finished goods (c)	42,492	51,952
Low value consumables	19,281	21,017
	<b>256,143</b>	265,352
Inventory provision (d)	<b>(24,868)</b>	(29,606)
	<b>231,275</b>	235,746

(a) The raw materials mainly contain raw wines, yeast and additives.

(b) Work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(c) Finished goods are bottled wine products, ready for sale.

(d) Inventory impairment allowance movement

	2024 HK\$'000	2023 HK\$'000
As at 1 January	(29,606)	(33,616)
Charged to profit or loss	(1,322)	(1,291)
Utilised upon the sales of the inventories	5,482	4,845
Exchange differences	578	456
As at 31 December	<b>(24,868)</b>	(29,606)

As at 31 December 2024, raw materials and work in progress with costs amounted to HK\$19.79 million (2023: HK\$21.96 million) were considered as obsolete, which were redistilled from obsolete finished goods. As at 31 December 2024, finished goods with costs of HK\$1.4 million (2023: HK\$1.57 million) were considered as obsolete, while finished goods of HK\$2.72 million (2023: HK\$5.91 million) were considered as slow-moving and full provision have been recognised on these inventories of finished goods. The remaining provision for impairment allowance of inventories of HK\$0.96 million (2023: HK\$0.17 million) as at 31 December 2024 was recognised to write down the remaining inventories of finished goods to their estimated net realisable values by reference to the market price of certain imported wines.

(e) Inventories recognised (included impairment allowance of inventories) as “cost of sales of goods” and “distribution costs” during the year ended 31 December 2024 amounted to HK\$157.26 million and HK\$0.47 million respectively (2023: HK\$162.86 million and HK\$0.39 million).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 20. CASH AND BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Restricted cash ( <i>Note a below</i> )	466	492
Cash and cash equivalents ( <i>Note b below</i> )	122,126	166,249
Total	122,592	166,741

### (a) Restricted cash

These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group, which carry interest at market rates range from 0.05% to 0.1% (2023: 0.05% to 0.1%).

### (b) Cash and cash equivalents in cash flow statement

Cash at bank were primarily deposited in the banks in the PRC and were principally denominated in RMB. The balances carrying interest at variable interest rates ranging from 0.05% to 0.2% (2023: 0.05% to 0.2%) per annum.

## 21. SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024	3,000,000	300,000
Issued:		
At 1 January 2023	1,248,200	124,820
Placement of new shares ( <i>Note a below</i> )	160,206	16,020
At 31 December 2023 and 2024	1,408,406	140,840

### Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

- (a) On 21 June 2023, the Company entered into a placing agreement to issue 160,205,886 placing shares at a price of HK\$0.2475 per share and completed the placement on 31 July 2023. The net proceeds from this placement after deducting related fees were approximately HK\$37.89 million.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 22. OTHER RESERVES

	Share premium <i>HK\$'000</i> <i>(Note a)</i>	Merger reserve <i>HK\$'000</i> <i>(Note b)</i>	Reserve fund <i>HK\$'000</i> <i>(Note c)</i>	Enterprise expansion fund reserve <i>HK\$'000</i> <i>(Note c)</i>	Exchange reserve <i>HK\$'000</i> <i>(Note d)</i>	Total <i>HK\$'000</i>
As at 1 January 2023	464,464	74,519	158,928	94,434	351,111	1,143,456
Placement of new shares <i>(Note 21(a))</i>	21,872	–	–	–	–	21,872
Currency translation differences	–	–	–	–	(3,929)	(3,929)
As at 31 December 2023	486,336	74,519	158,928	94,434	347,182	1,161,399
Currency translation differences	–	–	–	–	(8,555)	(8,555)
As at 31 December 2024	<b>486,336</b>	<b>74,519</b>	<b>158,928</b>	<b>94,434</b>	<b>338,627</b>	<b>1,152,844</b>

### (a) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is 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 of the Company.

### (b) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that were acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Group re-organisation in preparation for listing its shares on the Main Board of The Stock Exchange of Hong Kong Limited.

### (c) Reserve fund and enterprise expansion fund reserve

According to the Articles of Association of the Group's subsidiaries established in the PRC, a percentage of net profit as reported in the PRC statutory financial statements should be transferred to reserve fund and enterprise expansion fund reserve. The percentage of appropriation may be determined at the discretion of the board of Directors of the respective subsidiaries. The reserve fund can be used to set off accumulated losses whilst the enterprise expansion fund reserve can be used for expansion of production facilities or increase in registered capital. In 2024 and 2023, there was no net profit for appropriation.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 22. OTHER RESERVES (continued)

### (d) Exchange reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 31.3 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the foreign operations are disposed of.

## 23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Trade payables	101,195	115,478
Other payables and accruals		
– Amount due to a shareholder of the Company (Note a below)	42,404	42,404
– Amount due to a related party (Note b below)	10,799	11,035
– Payroll payable	18,225	28,381
– Other taxes payables	15,697	18,485
– Deposit	4,400	4,624
– Others (Note c below)	32,783	19,947
	124,308	124,876
	225,503	240,354

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

- The amount due to a shareholder of the Company, Tianjin Food Group Company Limited (“**Tianjin Food**”), is non-trade related, unsecured, interest free and has no fixed terms of repayment.
- The amount due to a subsidiary of Tianjin Food, is non-trade related, unsecured, interest free and has no fixed terms of repayment.
- Included in others are mainly construction payables of HK\$15.27 million (2023: nil) related to the construction of property, plant and equipment of Ningxia company.
- The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

- (e) The ageing analysis of the trade payables (including amounts due to related parties of trading in nature as disclosed in Note 28) based on invoice date were as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	41,225	69,138
31 – 90 days	17,602	7,178
91 to 180 days	674	986
Over 180 days	41,694	38,176
	<b>101,195</b>	<b>115,478</b>

## 24. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advances received from distributors	<b>29,372</b>	<b>36,314</b>

As at 1 January 2023, contract liabilities amounted to HK\$55.86 million.

The Group requests certain customers an advance payment before the delivery of wines products. The Group expects to realise them within one year from the end of the reporting period.

## 25. DEFERRED INCOME TAX

There was no significant movement in deferred income tax assets or liabilities during the year ended 31 December 2024 and 2023.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2024, the Group did not recognise deferred income tax assets in respect of tax losses and other temporary differences which are primarily arising from asset impairment, amounting to HK\$98.83 million and HK\$159.09 million respectively (2023: HK\$300.15 million and HK\$178.04 million respectively) that can be carried forward against future taxable income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 25. DEFERRED INCOME TAX (continued)

Unrecognised tax losses are expiring as below:

	2024 HK\$'000	2023 HK\$'000
2024	–	203,574
2025	15,453	22,469
2026	40,866	42,437
2027	19,103	18,599
2028	13,460	13,069
2029	9,944	–
Total	98,826	300,148

## 26. CASH FLOW INFORMATION

### (a) Cash generated in operations

	2024 HK\$'000	2023 HK\$'000
Profit before income tax	33,552	20,647
Adjustments for:		
Interest income (Note 12)	(948)	(1,469)
Finance costs (Note 12)	65	57
Depreciation of property, plant and equipment (Note 15)	3,618	2,587
Depreciation of right-of-use assets (Note 16)	1,639	1,855
Emoluments of former Directors in prior years waived (Note 9)	(12,216)	–
Write-off of payables with long ageing (Note 9)	–	(9,261)
Gains on disposal of property, plant and equipment, net (Note 9)	(1,115)	(3,788)
Loss allowance recognised/(reversed) on financial assets – net (Note 4.1)	215	(397)
Impairment allowance of inventories (Note 19)	1,322	1,291
Change in operating assets and liabilities (excluding the effects of currency translation differences on consolidation):		
– Increase in inventories	(1,903)	(2,073)
– Increase in trade and other receivables	(28,250)	(12,395)
– Decrease/(increase) in notes receivable	14,136	(23,242)
– (Increase)/decrease in prepayments	(209)	2,839
– (Decrease)/increase in trade and other payables and accruals	(14,527)	29,713
– Decrease in contract liabilities	(6,232)	(18,877)
Net cash used in operations	(10,853)	(12,513)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 26. CASH FLOW INFORMATION (continued)

### (b) Major non-cash transactions

During the year ended 31 December 2024, the Group has endorsed bank acceptance bills with an aggregated amounts of HK\$50.45 million (2023: HK\$12.22 million) to its suppliers as the Group's settlement of the payable balances due to the respective suppliers.

### (c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liability HK\$'000
As at 1 January 2023	(990)
Cash flows	8,098
Acquisition – leases	(9,353)
Finance costs	(57)
As at 31 December 2023	(2,302)
Cash flows	1,038
Finance costs	(65)
As at 31 December 2024	(1,329)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 27. CAPITAL COMMITMENTS

Significant capital expenditure in respect of construction in progress contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	24,189

## 28. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the year which in the opinion of the Directors were conducted in the normal courses of the Group's business.

Other than the related party balance disclosed in Note 23, the remaining significant related party transactions/balances are summarised as follows.

### (a) Related parties

The Group treated the following parties as the major related parties:

Related parties	Relationship
Tianjin Food	Shareholder of the Company
Zengli Investment Group Co. LTD. ("Zengli Investment")	Shareholder of the Company
National Tide Era Holding Limited ("National Tide Era")	Shareholder of the Company

### (b) Key management personal compensation

Key management includes Directors (executive and non-executive), the company secretary and the senior management. The compensation paid or payable to key management for employee services is shown below:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	4,039	4,023
Long-term benefits	328	324
	<u>4,367</u>	<u>4,347</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 28. RELATED PARTY TRANSACTIONS (continued)

### (c) Transactions with related parties

	2024 HK\$'000	2023 HK\$'000
Sales of goods		
– Associates of Zengli Investment	9,744	8,433
– Tianjin Food, its subsidiaries and associates	1,123	1,341
– Associates of National Tide Era	1,111	573

### (d) Outstanding balances arising from sales of goods

	2024 HK\$'000	2023 HK\$'000
Trade receivables from related parties:		
– Tianjin Food, its subsidiaries and associates	392	1,085

### (e) Outstanding balances arising from purchases of goods and services

	2024 HK\$'000	2023 HK\$'000
(i) Trade payables to related parties:		
– Tianjin Food, its subsidiaries and associates	31,391	31,766
(ii) Prepayment to related parties		
– Tianjin Food, its subsidiaries and associates (Note)	363	343

*Note:* The amounts represent prepayments to Tianjin Food, its subsidiaries and associates, which are unsecured, interest free and expect to be settled within 90 days.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33	39
Right-of-use assets	996	1,794
Interests in subsidiaries	530,090	554,998
Dividend receivable from subsidiaries	104,739	104,739
Total non-current assets	635,858	661,570
<b>Current assets</b>		
Other receivables and prepayments	1,772	604
Cash and cash equivalents	6,812	1,488
Total current assets	8,584	2,092
<b>Total assets</b>	<b>644,442</b>	<b>663,662</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	223	1,063
<b>Current liabilities</b>		
Other payables and accruals (Note a)	51,689	63,953
Amounts due to subsidiaries	26,950	26,950
Lease liabilities	840	811
<b>Total current liabilities</b>	<b>79,479</b>	<b>91,714</b>
<b>Total liabilities</b>	<b>79,702</b>	<b>92,777</b>
<b>Equity</b>		
Share capital	140,840	140,840
Other reserves (Note b)	926,661	926,661
Accumulated losses	(502,761)	(496,616)
<b>Total equity</b>	<b>564,740</b>	<b>570,885</b>
<b>Total equity and liabilities</b>	<b>644,442</b>	<b>663,662</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) As at 31 December 2024, other payables and accruals included amounts totalling HK\$42.40 million (2023: HK\$42.40 million) due to a shareholder of the Company (Note 23).

### (b) Reserve movement of the Company

	Other reserves				
	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Sub-total HK\$'000	Accumulated losses HK\$'000
As at 1 January 2023	464,464	331,286	109,039	904,789	(491,330)
Loss and total comprehensive expense for the year	–	–	–	–	(5,286)
Placement of new shares (Note 21(a))	21,872	–	–	21,872	–
As at 31 December 2023	486,336	331,286	109,039	926,661	(496,616)
Loss and total comprehensive expense for the year	–	–	–	–	(6,145)
As at 31 December 2024	<b>486,336</b>	<b>331,286</b>	<b>109,039</b>	<b>926,661</b>	<b>(502,761)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 30. DIRECTORS' EMOLUMENTS

The remuneration of each director of the Company is set out below:

	Fees HK\$'000	Salary HK\$'000	Other benefits HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
<b>2024</b>					
<b>Executive Directors</b>					
Mr. Wan Shoupeng	-	-	-	-	-
Mr. Huang Manyou	-	870	-	128	998
Mr. He Chongfu (b)	-	800	-	128	928

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the subsidiaries.

### Non-executive Directors

Mr. Heriard-Dubreuil Francois	360	-	-	-	360
Mr. Wong Ching Chung (e)	176	-	-	-	176
Mr. Robert Luc (e)	176	-	-	-	176
Ms. Sophie Phe (f)	110	-	-	-	110
Mr. Alain Jacques Gilbert Li (f)	110	-	-	-	110

The non-executive directors' emoluments shown above were for their services as directors of the Company.

### Independent non-executive Directors

Mr. Yeung Ting Lap Derek Emory	288	-	-	-	288
Mr. Sun David Lee	288	-	-	-	288
Ms. Chung Wai Hang (d)	180	-	-	-	180

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total	1,688	1,670	-	256	3,614
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# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 30. DIRECTORS' EMOLUMENTS (continued)

	Fees HK\$'000	Salary HK\$'000	Other benefits HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
<b>2023</b>					
<b>Executive Directors</b>					
Mr. Wan Shoupeng	–	–	–	–	–
Mr. Li Guanghe (a)	–	297	61	10	368
Mr. Huang Manyou	–	806	–	126	932
Mr. He Chongfu (b)	–	341	–	116	457

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the subsidiaries.

### Non-executive Directors

Mr. Heriard-Dubreuil Francois	360	–	–	–	360
Mr. Wong Ching Chung (e)	360	–	–	–	360
Mr. Robert Luc (e)	360	–	–	–	360

The non-executive Directors' emoluments shown above were for their services as directors of the Company.

### Independent non-executive Directors

Mr. Yeung Ting Lap Derek Emory	288	–	–	–	288
Mr. Sun David Lee	288	–	–	–	288
Dr. Zhang Guowang (c)	119	–	–	–	119
Ms. Chung Wai Hang (d)	2	–	–	–	2

The independent non-executive Directors' emoluments shown above were for their services as directors of the Company.

Total	1,777	1,444	61	252	3,534
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(a) Resigned on 17 March 2023.

(b) Appointed on 17 March 2023.

(c) Resigned on 29 December 2023.

(d) Appointed on 29 December 2023.

(e) Retired on 26 June 2024.

(f) Appointed on 14 August 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 30. DIRECTORS' EMOLUMENTS *(continued)*

Except for the waiver of emoluments of certain former Directors as disclosed in Note 9, there was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 31.1 Principles of consolidation and equity accounting

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, equities, cash flows and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

#### *(ii) Associate*

Associate is the entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.1 Principles of consolidation and equity accounting *(continued)*

#### *(iii) Equity method*

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in Note 31.5.

### 31.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.3 Foreign currency translation

#### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Group 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 HK\$, which is the Company’s functional and presentation currency. The functional currency of the Company’s subsidiaries in the PRC is RMB.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

#### *(iii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) 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,
- (b) income and expenses for each consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this 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 dates of the transactions), and
- (c) all resulting exchange differences are recognised in other comprehensive income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### 31.5 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.6 Financial assets

#### *(i) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.6 Financial assets *(continued)*

#### *(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to expected credit losses assessments, the Group measures the loss allowance equal to 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit losses.

### 31.7 Inventories

Inventories comprise raw materials, work in progress, finished goods and low value consumables, and are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. An impairment allowance for inventories is recognised where necessary in order to record inventories at their net realisable values.

### 31.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### *(i) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### *(ii) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.9 Current and deferred income tax *(continued)*

#### *(ii) Deferred income tax (continued)*

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 31.10 Employee benefits

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to maternity leave are not recognised until the time of leave.

#### *(ii) Post-employment obligations*

The employees of the Group's subsidiaries in the PRC are members of a state-managed employee pension scheme operated by the Tianjin municipal government which undertakes to assume the retirement benefit obligations of all existing and future retired employees.

The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In addition, the Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. All these contributions are based on a certain percentage of the employee's salary and are charged to the statement of profit or loss as incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES (*continued*)

### 31.11 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

#### (i) **Buildings**

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.11 Leases *(continued)*

#### *(i) Buildings (continued)*

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of warehouse and office are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

#### *(ii) Land use rights*

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses (Note 31.5). Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating license period, whichever is shorter.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

### 31.12 Government grants

Grants from governments are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under Other income, other gains and losses – net.

### 31.13 Interest income

Interest income on financial assets at amortised cost and financial assets at FVTOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes (Note 12). Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## 32. SUBSEQUENT EVENTS

On 28 March 2025, the board recommends the payment of a final dividend of HK\$0.35 cents per share amounting to approximately HK\$4.93 million to the shareholders of the Company for the year ended 31 December 2024.





# Five Years Summary

Following is a summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests in equity of the Group for the last five financial years.

## CONSOLIDATED RESULTS

	<b>2024</b>	<b>Year ended 31 December</b>			
	<b>HK\$'000</b>	2023	2022	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers	<b>271,372</b>	262,801	241,363	305,950	238,673
Profit before income tax	<b>33,552</b>	20,647	15,493	32,955	178,122
Income tax expense	<b>(12)</b>	(39)	–	(20)	(62,430)
Profit after income tax	<b>33,540</b>	20,608	15,493	32,935	115,692
Non-controlling interests	<b>100</b>	(730)	(840)	124	(686)
Profit attributable to owners of the Company	<b>33,440</b>	21,338	16,333	32,811	116,378

## CONSOLIDATED ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS IN EQUITY

	<b>2024</b>	2023	2022	2021	2020
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	<b>140,519</b>	102,254	85,318	93,819	92,295
Current assets	<b>440,008</b>	476,634	440,274	504,518	494,669
Current liabilities	<b>(255,893)</b>	(277,783)	(279,880)	(340,050)	(369,713)
Non-current liabilities	<b>(311)</b>	(1,187)	(126)	(757)	(2,094)
Non-controlling interests in equity	<b>(14,318)</b>	(14,798)	(15,767)	(18,135)	(17,483)
Equity attributable to owners of the Company	<b>310,005</b>	285,120	229,819	239,395	197,674