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## **JIN MI FANG GROUP HOLDINGS LIMITED**

**今米房集團控股有限公司**

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

**(Stock Code: 8300)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of JIN MI FANG GROUP HOLDINGS LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL HIGHLIGHTS

- The Group recorded revenue of approximately HK\$51.7 million for the year ended 31 March 2024 (for the year ended 31 March 2023: approximately HK\$29.7 million), representing an increase of approximately 74.1% in comparison.
- The Group recorded net loss of approximately HK\$32.1 million for the year ended 31 March 2024 (for the year ended 31 March 2023: net loss of approximately HK\$22.3 million, representing an increase of approximately 43.9% in comparison).
- The basic and diluted loss per share attributable to owners of the Company for the year ended 31 March 2024 was HK1.15 cents (for the year ended 31 March 2023: HK0.83 cents).

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>51,729</b>	29,744
Cost of inventories sold		<u>(21,027)</u>	<u>(8,974)</u>
Gross profit		<b>30,702</b>	20,770
Other income and other gain or loss, net	6	<b>855</b>	2,267
Staff costs		<b>(20,817)</b>	(18,790)
Depreciation		<b>(4,481)</b>	(6,728)
Property rentals and related expenses		<b>(4,200)</b>	(1,290)
Fuel and utility expenses		<b>(2,235)</b>	(1,720)
Impairment loss recognised in respect of property, plant and equipment		<b>(4,503)</b>	(799)
Impairment loss recognised in respect of right-of-use assets		<b>(7,875)</b>	(1,779)
Impairment loss recognised in respect of intangible assets		<b>(256)</b>	(407)
Allowance for expected credit losses in respect of deposits and other receivables		<b>(418)</b>	–
Reversal of expected credit losses in respect of loan receivables		<b>69</b>	4
Selling expenses		<b>(1,450)</b>	(2,453)
Administrative and operating expenses		<u><b>(13,894)</b></u>	<u>(10,383)</u>
<b>Loss from operations</b>		<b>(28,503)</b>	(21,308)
Finance costs	7	<u><b>(906)</b></u>	<u>(973)</u>
<b>Loss before tax</b>	8	<b>(29,409)</b>	(22,281)
Income tax expense	9	<u><b>(2,655)</b></u>	<u>(29)</u>
<b>Loss for the year</b>		<u><u><b>(32,064)</b></u></u>	<u><u>(22,310)</u></u>

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(30,374)</b>	(22,002)
Non-controlling interests		<b>(1,690)</b>	(308)
		<u><b>(32,064)</b></u>	<u>(22,310)</u>
<b>Loss per share</b>			
Basic and diluted loss per share (HK cents)	<i>11</i>	<u><b>(1.15)</b></u>	<u>(0.83)</u>
<b>Loss for the year</b>		<b>(32,064)</b>	(22,310)
<b>Other comprehensive expense:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u><b>(8)</b></u>	–
Other comprehensive expense for the year		<u><b>(8)</b></u>	–
<b>Total comprehensive expense for the year</b>		<u><b>(32,072)</b></u>	<u>(22,310)</u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(30,382)</b>	(22,002)
Non-controlling interests		<b>(1,690)</b>	(308)
		<u><b>(32,072)</b></u>	<u>(22,310)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		–	3,707
Right-of-use assets		<b>38</b>	7,329
Intangible assets		–	289
Rental deposits and prepayments		<b>949</b>	1,884
Deferred tax asset		–	742
		<u>987</u>	<u>13,951</u>
<b>Current assets</b>			
Inventories		<b>4,691</b>	6,517
Trade receivables	<i>12</i>	<b>467</b>	178
Loan receivables		–	1,971
Deposits, prepayments and other receivables		<b>3,490</b>	4,067
Prepaid tax		<b>109</b>	206
Cash and cash equivalents		<b>9,114</b>	26,697
		<u>17,871</u>	<u>39,636</u>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>1,189</b>	1,458
Accruals and other payables		<b>10,319</b>	9,707
Amount due to a related company		<b>217</b>	–
Amount due to a director		<b>2,380</b>	–
Bank borrowings		<b>7,104</b>	10,979
Lease liabilities		<b>4,669</b>	5,246
Tax payables		<b>57</b>	14
		<u>25,935</u>	<u>27,404</u>
<b>Net current (liabilities)/assets</b>		<u><b>(8,064)</b></u>	<u>12,232</u>
<b>Total assets less current liabilities</b>		<u><b>(7,077)</b></u>	<u>26,183</u>

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Provision for reinstatement costs	<b>172</b>	160
Lease liabilities	<b>3,786</b>	4,871
Deferred tax liability	<u>–</u>	<u>115</u>
	<b><u>3,958</u></b>	<u>5,146</u>
<b>Net (liabilities)/assets</b>	<b><u><u>(11,035)</u></u></b>	<u><u>21,037</u></u>
<b>Capital and reserves</b>		
Share capital	<b>26,434</b>	26,434
Reserves	<b><u>(35,771)</u></b>	<u>(5,389)</u>
<b>Equity attributable to owners of the Company</b>	<b>(9,337)</b>	21,045
Non-controlling interest	<b><u>(1,698)</u></b>	<u>(8)</u>
<b>Total equity</b>	<b><u><u>(11,035)</u></u></b>	<u><u>21,037</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
At 1 April 2022	26,434	113,760	2,750	-	(99,897)	43,047	-	43,047
Loss and total comprehensive expense for the year	-	-	-	-	(22,002)	(22,002)	(308)	(22,310)
Capital injection from non- controlling interest	-	-	-	-	-	-	300	300
At 31 March 2023 and 1 April 2023	26,434	113,760	2,750	-	(121,899)	21,045	(8)	21,037
Loss for the year	-	-	-	-	(30,374)	(30,374)	(1,690)	(32,064)
Other comprehensive expense for the year								
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive expense for the year	-	-	-	(8)	(30,374)	(30,382)	(1,690)	(32,072)
Transfer of share option reserve upon the cancellation of share options	-	-	(2,750)	-	2,750	-	-	-
<b>At 31 March 2024</b>	<b>26,434</b>	<b>113,760</b>	<b>-</b>	<b>(8)</b>	<b>(149,523)</b>	<b>(9,337)</b>	<b>(1,698)</b>	<b>(11,035)</b>

*Note:* Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

## 1. GENERAL

The Company was incorporated in the Cayman Islands on 19 August 2015 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business in Hong Kong of the Company is Room 07, 8/F, Kam Bun Industrial Building, Nos. 13-19 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong. Its immediate and ultimate holding company is Sky Shield Investment Limited, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and wholly-owned by Mr. Zhou Feng (“**Mr. Zhou**”), a director of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of casual dining food catering services and trading of luxury watches business in Hong Kong and wine business in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

On 18 January 2024, the English name of the Company has been changed from “**Royal Group Holdings International Company Limited**” to “**JIN MI FANG GROUP HOLDINGS LIMITED**”, and its Chinese name of “**皇璽集團控股國際有限公司**” has been replaced by “**今米房集團控股有限公司**” as the dual foreign name in Chinese of the Company.

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

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”) for the first time, which are mandatorily effective for their annual reporting period commencing 1 April 2023 for the preparation of consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and 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.



## **New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA**

In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“**Amendment Ordinance**”), which will come into effect from 1 May 2025 (“**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

### **Amendments to HKFRSs in issue but not yet effective**

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-Current Liabilities with Covenant <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</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 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

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.

### 3. BASIS OF PREPARATION OF CONSOLIDATION 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 GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **Going concern**

During the year ended 31 March 2024, the Group incurred net loss of approximately HK\$32,064,000 and, as of that date, the Group’s current liabilities exceeded its total assets by approximately HK\$7,077,000. In view of such circumstances, the Directors have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding borrowings. In order to improve the Group’s financial position, the Directors have been implementing various measures as follows:

- implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and
- negotiated with financial institution to grant the facility for financing the Group’s working capital and commitments in the foreseeable future; and
- executive director of the Company has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

The Directors have carried out detail review on the Group’s cash flow projections prepared by the management. The cash flow projections cover a period up to 30 June 2025. In preparing the cash flow projections, the Directors have considered the historical cash requirements of the Group as well as other key factors, including the availability of loan financing which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the consolidated financial statements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2024 on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

#### 4. SEGMENT INFORMATION

The board of directors is the chief operating decision maker (“CODM”). The Group is principally engaged in provision of catering services through a chain of casual dining food catering services restaurants. During the year, the Group commenced engaging in wine business, and it is considered as a new operating and reportable segment by the CODM.

##### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

##### For the year ended 31 March 2024

	<b>Restaurant operations</b>	<b>Trading of luxury watches business</b>	<b>Money lending business</b>	<b>Wine business</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	<u>31,454</u>	<u>5,499</u>	<u>–</u>	<u>14,776</u>	<u>51,729</u>
Segment (loss)/profit	(18,490)	(1,136)	(240)	6,902	(12,964)
Unallocated other income					150
Unallocated corporate expenses					(15,689)
Finance costs					<u>(906)</u>
Loss before tax					<u><u>(29,409)</u></u>

**For the year ended 31 March 2023**

	Restaurant operations <i>HK\$'000</i>	Trading of luxury watches business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Wine business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	27,598	2,146	–	–	29,744
Segment (loss)/profit	(3,247)	(1,625)	168	–	(4,704)
Unallocated other income					512
Unallocated corporate expenses					(17,116)
Finance costs					(973)
Loss before tax					(22,281)

Amounts included in the measure of segment profit or loss:

**For the year ended 31 March 2024**

	Restaurant operations <i>HK\$'000</i>	Trading of luxury watches business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Wine business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Addition to non-current assets	5,428	–	391	42	–	5,861
Depreciation and amortisation	4,455	–	55	4	–	4,514
Impairment loss recognised in respect of property, plant and equipment	4,475	–	28	–	–	4,503
Impairment loss recognised in respect of right-of-use assets	7,566	–	309	–	–	7,875
Impairment loss recognised in respect of intangible assets	256	–	–	–	–	256
Allowance for ECL in respect of other receivables and deposits	132	–	–	–	286	418
Reversal of ECL in respect of loan receivables	–	–	(69)	–	–	(69)

**For the year ended 31 March 2023**

	Restaurant operations <i>HK\$'000</i>	Trading of luxury watches business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Wine business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Addition to non-current assets	13,251	2,141	–	–	–	15,392
Depreciation and amortisation	5,980	764	–	–	64	6,808
Impairment loss recognised in respect of property, plant and equipment	56	743	–	–	–	799
Impairment loss recognised in respect of right-of-use assets	1,146	633	–	–	–	1,779
Impairment loss recognised in respect of intangible assets	407	–	–	–	–	407
Reversal of ECL in respect of loan receivables	–	–	(4)	–	–	(4)
Loss on deregistration of an associate	–	–	–	–	14	14
Written-down of inventories	–	473	–	–	–	473

*Note:* Non-current assets included property, plant and equipments, right-of-use assets and intangible assets .

The CODM makes decisions according to operating results of each segment. The Group does not monitor the measurement of total assets and liabilities by each reportable segment due to the nature of the Group's operations. Therefore, only segment revenue and segment results are presented.

## 5. REVENUE

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers:</i>		
Restaurants operations	<b>31,454</b>	27,598
Trading of luxury watches business	<b>5,499</b>	2,146
Wine business	<b>14,776</b>	–
	<u><b>51,729</b></u>	<u>29,744</u>

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Timing of revenue recognition:		
At a point in time	<u><b>51,729</b></u>	<u>29,744</u>

The Group's revenue by geographical location is as follows:

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>36,953</b>	29,744
The PRC	<b>14,776</b>	–
	<u><b>51,729</b></u>	<u>29,744</u>

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 6. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest income on bank balances	<b>30</b>	16
Interest income on loan receivables	<b>200</b>	240
Government grant ( <i>Note</i> )	–	1,580
Gain on termination of leases	<b>397</b>	–
Loss on deregistration of an associate	–	(14)
Covid-19-related rental concession	–	257
Sundry income	<b>228</b>	188
	<hr/> <b>855</b> <hr/>	<hr/> 2,267 <hr/>

*Note:* During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$1,080,000 relates to Employment Support Scheme and HK\$500,000 relates to Food Licence Holders Subsidy Scheme.

## 7. FINANCE COSTS

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank borrowings	<b>325</b>	384
Interest on lease liabilities	<b>569</b>	583
Interest on provision for reinstatement costs	<b>12</b>	6
	<hr/> <b>906</b> <hr/>	<hr/> 973 <hr/>

## 8. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Auditors' remuneration:		
— Audit service	<u>650</u>	<u>550</u>
	<b>650</b>	550
Cost of inventories sold	<b>21,027</b>	8,974
Written down of inventories (included in cost of inventories sold)	–	473
Amortisation of intangible assets	<b>33</b>	79
Depreciation of property, plant and equipment	<b>1,028</b>	415
Depreciation of right-of-use assets	<b>3,453</b>	6,314
Employee benefit expenses (excluding directors' remuneration)		
— Salaries, allowance and benefits in kind	<b>13,744</b>	10,835
— Retirement benefit scheme contributions	<b>535</b>	461
— Discretionary bonus	<u>–</u>	<u>600</u>
	<b><u>14,279</u></b>	<b><u>11,896</u></b>



## 9. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax		
— Current tax	43	14
The PRC Enterprise Income Tax		
— Current tax	1,985	—
Deferred tax		
— Charge for the year	<u>627</u>	<u>15</u>
	<u><u>2,655</u></u>	<u><u>29</u></u>

Under the two-tiered profits tax rates regime, 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 for both years.

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

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of both periods.

## 11. LOSS PER SHARE

The computations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<i>Loss</i>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><b>(30,374)</b></u>	<u>(22,002)</u>
	<b>2024</b>	2023
	<b>'000</b>	<b>'000</b>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>2,643,360</b></u>	<u>2,643,360</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the year ended 31 March 2023.

For the year ended 31 March 2024, 60,000,000 share options have been cancelled with a compensation of HK\$6,000. No options had been granted, agreed to be granted, exercised, forfeited or lapsed under the Share Option Scheme during the year ended 31 March 2024 and up to the date of this announcement.

## 12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date. The credit terms of the Group's trade receivables granted to corporate customers are generally ranging from 1 day to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivables balances. Trade receivables are interest-free.

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Credit card receivables	<b>292</b>	63
Receivables from corporate debtors	<b>175</b>	115
	<b>467</b>	178

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for ECL, if any:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0–30 days	<b>357</b>	138
31–60 days	<b>15</b>	11
61–90 days	<b>57</b>	1
Over 90 days	<b>38</b>	28
	<b>467</b>	178

## 13. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0–30 days	<b>762</b>	506
31–60 days	<b>203</b>	551
61–90 days	<b>75</b>	229
Over 90 days	<b>149</b>	172
	<b>1,189</b>	1,458

The average credit period granted by suppliers range from 30 to 90 days.

## **EXTRACT OF THE INDEPENDENT AUDITORS' REPORT**

The section below sets out an extract of the independent auditors' report (the “**Report**”) regarding the consolidated financial statements of the Group for the year ended 31 March 2024. The Report includes particulars of the material uncertainty related to going concern without qualified opinion:

### **Opinion**

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

### **Material Uncertainty related to Going Concern**

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred net loss of approximately HK\$32,064,000 during the year ended 31 March 2024 and, as of that date, the Group's current liabilities exceeded its total assets by approximately HK\$7,077,000. As stated in note 3 to the consolidated financial statements, these events or conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY OVERVIEW**

#### **Economic growth in the PRC and Hong Kong**

The PRC's GDP grew 5.3% year-on-year in the first quarter of 2024, as compared to the 5.2% growth recorded in the fourth quarter of 2023 which exceeds market expectations. This growth was driven by the implementation of equipment renewal policies and the recovery of external economies. The rebound in industrial production and manufacturing investment was the main contributor to the growth of the PRC's economy. Therefore, we are optimistic about the new wine business of market trend for the sales of Chinese liquor in the PRC.

Hong Kong's economy experienced a cyclical upturn in 2023 and recorded a moderate growth in the first quarter of 2024. However, external headwinds, policy uncertainty and the lingering effects of COVID-19 resulted in uneven economic performance. This led to instability in the retail market and catering industry in Hong Kong.

## **BUSINESS REVIEW AND PROSPECT**

During the year ended 31 March 2024, our Group has developed a new business relating to the supply of wine in the PRC. The new business scope includes, but is not limited to, brand management, customisation, marketing, and distribution of premium wines, with a focus on business-to-business sales of Chinese liquor. We aim to become a well-known supplier of wine in the PRC. Currently, we have established our wine supply department, been developing wine-making recipes and negotiating with winemakers to cooperate with the Group in producing customised wines on an OEM (original equipment manufacturer) basis. Benefiting from the PRC's economic growth in the fourth quarter of 2023 and the first quarter of 2024, the sales of Chinese liquor have contributed a considerable part of the Group's sales for the year ended 31 March 2024.

In addition, our Group continues with its operation of casual dining restaurants in different brands in the urban areas of Hong Kong. As at 31 March 2024, we operated four restaurants in Hong Kong under the brands “*Du Hsiao Yueh Restaurant (度小月)*” and “*和順記神級雞脾皇*”. Due to the uncertainty of Hong Kong's economy and the instability of the local retail market and catering industry, the financial performance and condition of our Group's catering business were adversely affected during the year ended 31 March 2024. In order to cope with the difficulties faced by the Group's catering business, the management adopted cost control measures and periodically evaluated our business strategies for the catering business. In response to the uncertainty of Hong Kong's economy, particularly the catering industry, the Group will take conservative and prudent business strategies to support the daily catering business operations, including but not limited to maintaining sufficient general working capital to support the daily business operation.

Our strategic objective is to continue to strengthen our position as a well-known supplier of wine and operator of catering businesses in both the PRC and Hong Kong. As set out in the announcement of the Company dated 19 June 2024, we also plan to tap into the business segment of sales and distribution of food products and development of catering and related supply chain business across the PRC. In addition, we will also carefully monitor the business trends and determine if there are strong entrepreneurial environments for us to leverage. We shall remain conservative and prudent towards our profitability in the coming months and will continue to manage the Group's expenditure and keep monitoring and searching for market opportunities for our expansion plan in order to improve our financial performance.

Looking ahead, we will endeavor to strengthen the development of our existing businesses and to provide steady returns as well as growth prospects for the shareholders of the Company (the “Shareholders”).

As at 31 March 2024, we had one subsidiary in the PRC for the sales of Chinese liquor (as at 31 March 2023: nil), four restaurants in Hong Kong (as at 31 March 2023: four) and nil physical store of trading luxury branch watches in Hong Kong in operation (as at 31 March 2023: one).

During the years ended 31 March 2023 and 2024, we operated the following restaurants in Hong Kong:

Brand name	Location	Self-owned/ franchised brand	Operations during the year ended 31 March		Proportion of ownership interest of the restaurants held by the Group as at 31 March	
			2024	2023	2024	2023
<i>Da Shia Taiwan</i> (大呷台灣)	Central	Self-owned	✓ (Note 1)	✓	–	100%
<i>Du Hsiao Yueh Restaurant</i> (度小月)	Harbour City, Tsim Sha Tsui	Franchised	✓	✓	100%	100%
<i>Du Hsiao Yueh Restaurant</i> (度小月)	Times Square, Causeway Bay	Franchised	– (Note 2)	✓	–	100%
<i>Du Hsiao Yueh Restaurant</i> (度小月)	Jaffe Road, Causeway Bay	Franchised	✓ (Note 2)	✓	–	100%
<i>Du Hsiao Yueh Restaurant</i> (度小月)	Portland Street, Mongkok	Franchised	✓ (Note 3)	N/A	–	N/A
和順記神級雞脾皇	Central	Franchised	✓ (Note 4)	N/A	100%	N/A
和順記神級雞脾皇	Jaffe Road, Causeway Bay	Franchised	✓ (Note 5)	N/A	100%	N/A
和順記神級雞脾皇	Portland Street, Mongkok	Franchised	✓ (Note 6)	N/A	100%	N/A

Notes:

1. “*Da Shia Taiwan (大呷台灣)*” in Central was closed in July 2023.
2. “*Du Hsiao Yueh Restaurant (度小月)*” in Times Square, Causeway Bay was closed in August 2022 and was relocated to Jaffe Road, Causeway Bay which commenced operations in October 2022 and was closed in July 2023.
3. “*Du Hsiao Yueh Restaurant (度小月)*” in Portland Street, Mongkok commenced operations in January 2023 and was closed in August 2023.
4. “*和順記神級雞脾皇*” in Central commenced operations in July 2023.
5. “*和順記神級雞脾皇*” in Jaffe Road, Causeway Bay commenced operations in August 2023 and was closed in April 2024.
6. “*和順記神級雞脾皇*” in Portland Street, Mongkok commenced operations in October 2023.

As disclosed in the Company’s announcement dated 10 September 2020, the Group has obtained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong). During the year ended 31 March 2024, the Group recognised interest income on loan receivables of approximately HK\$0.2 million (2023: approximately HK\$0.2 million).

## FINANCIAL REVIEW

### Revenue

The Group’s revenue increased by approximately HK\$22.0 million or 74.1% from approximately HK\$29.7 million for the year ended 31 March 2023 to approximately HK\$51.7 million for the year ended 31 March 2024. The increase in revenue was mainly attributable to (i) the Group’s commencement of the new wine business of sales of Chinese liquor in the PRC in the year ended 31 March 2024, which contributed sales amount of approximately HK\$14.8 million for the year ended 31 March 2024; and (ii) the increase in sales from trading of luxury watches business by approximately HK\$3.4 million or 161.9% from approximately HK\$2.1 million for the year ended 31 March 2023 to approximately HK\$5.5 million for the year ended 31 March 2024, while the revenue from restaurant operations remained relatively stable.

## Cost of inventories sold

The Group's cost of inventories sold primarily consisted of (i) the cost of Chinese liquor; packaging materials and bottle; (ii) the cost of all the food and beverages used in restaurant operations; and (iii) the cost of purchase of luxury branded watches. The Group's cost of inventories sold increased by approximately HK\$12.0 million or 133.3% from approximately HK\$9.0 million for the year ended 31 March 2023 to approximately HK\$21.0 million for the year ended 31 March 2024. The increase in cost of inventories sold was mainly attributable to the cost associated with the new wine business in the PRC and the increased sales from trading of luxury branded watches during the year.

## Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2024 amounted to approximately HK\$30.7 million, representing an increase of approximately HK\$9.9 million or 47.6% as compared to approximately HK\$20.8 million for the year ended 31 March 2023. The increase in gross profit was driven by the increase in revenue during the year.

The Group's gross profit margin was approximately 69.8% and 59.4% for the years ended 31 March 2023 and 2024, respectively. The decrease in gross profit margin for the year ended 31 March 2024 was mainly driven by the effect of the relatively low profit margin from the business of trading of luxury branded watches in Hong Kong.

## Other income and other gain or loss, net

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Interest income on bank balances	30	16
Interest income on loan receivables	200	240
Government grant	–	1,580
Gain on termination of leases	397	–
Loss on deregistration of an associate	–	(14)
Covid-19-related rental concession	–	257
Sundry income	228	188
	<hr/>	<hr/>
Total	<b>855</b>	<b>2,267</b>



The Group's other income and other gain or loss, net comprised (i) gain on termination of leases; (ii) interest income on bank balances and loan receivables; and (iii) sundry income. The Group's other income and other gain or loss, net decreased by approximately HK\$1.4 million or 60.9% from approximately HK\$2.3 million for the year ended 31 March 2023 to approximately HK\$0.9 million for the year ended 31 March 2024. The decrease in other income and other gain or loss, net was mainly attributable to the non-recurring gain on the government grant recognised for the year ended 31 March 2023 which amounted to approximately HK\$1.6 million.

### **Staff costs**

The Group's staff costs, which primarily comprised salaries, wages and allowances, pension costs and other employee benefits, amounted to approximately HK\$20.8 million for the year ended 31 March 2024, representing an increase of approximately HK\$2.0 million or 10.6% from approximately HK\$18.8 million for the year ended 31 March 2023. The increase in staff costs was mainly attributable to the increase in number of employees primarily due to the commencement of the new wine business in the PRC during the year ended 31 March 2024.

### **Depreciation**

The Group's depreciation expenses, which mainly included the depreciation of right-of-use assets, building, leasehold improvements and catering and other equipment, amounted to approximately HK\$4.5 million for the year ended 31 March 2024, representing a decrease of approximately HK\$2.2 million or 32.8% from approximately HK\$6.7 million for the year ended 31 March 2023. The decrease in depreciation expense was mainly attributable to the significant amount of impairment on property, plant and equipment and right-of-use assets incurred in the year ended 31 March 2024.

### **Property rentals and related expenses**

The Group's property rentals and related expenses amounted to approximately HK\$4.2 million for the year ended 31 March 2024, representing an increase of approximately HK\$2.9 million or 223.1% from approximately HK\$1.3 million for the year ended 31 March 2023. The increase in property rentals and related expenses was primarily due to the new rental costs for the new wine business in the PRC commenced during the year ended 31 March 2024.

## Fuel and utility expenses

The Group's fuel and utility expenses, which primarily comprised fuel expenses, electricity expenses and water supplies of the Group, amounted to approximately HK\$2.2 million for the year ended 31 March 2024, representing an increase of approximately HK\$0.5 million or 29.4% from approximately HK\$1.7 million for the year ended 31 March 2023. The increase in fuel and utility expenses was primarily due to inflation during the year ended 31 March 2024.

## Impairment loss

The Group is required to assess its non-financial assets for impairment if events indicate the carrying value of the assets may not be recovered. During the year ended 31 March 2024, the Group conducted impairment assessments to its non-financial assets with impairment indicators and recognised a non-cash impairment on non-financial assets of approximately HK\$12.6 million. The breakdown is as follows:

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Impairment of property, plant and equipment	<b>4,503</b>	799
Impairment of right-of-use assets	<b>7,875</b>	1,779
Impairment of intangible assets	<b>256</b>	407
	<hr/>	<hr/>
Total impairment	<b>12,634</b>	2,985
	<hr/> <hr/>	<hr/> <hr/>

## Selling expenses

Selling expenses, which primarily comprised dining coupon promotion in shopping malls of the Group, amounted to approximately HK\$1.5 million for the year ended 31 March 2024, representing a decrease of approximately HK\$1.0 million or 40.0% from approximately HK\$2.5 million for the year end 31 March 2023. The decrease in selling expenses was primarily due to the reduction in promotional activities for the catering business, as a result of cost control measures implemented for the year ended 31 March 2024. The effect was partially offset by increase in promotional activities for the new wine business in the PRC commenced during the year ended 31 March 2024.

## **Administrative and operating expenses**

The Group's administrative and operating expenses mainly represented expenses incurred for its operations, including cleaning expenses, consumables stores, transportation and travelling, credit card commission, entertainment, repair and maintenance, insurance, and legal and professional fees.

The Group's administrative and operating expenses amounted to approximately HK\$10.4 million and HK\$13.9 million for the years ended 31 March 2023 and 2024, respectively, representing an increase of approximately HK\$3.5 million or 33.7%. Such increase was mainly due to the increase in cleaning expenses, takeaway platform commission fee and legal and professional fee.

## **Finance costs**

The Group's finance costs remained stable at approximately HK\$1.0 million and HK\$0.9 million for the years ended 31 March 2023 and 2024, respectively.

## **Income tax expense**

The Group's income tax expense amounted to approximately HK\$29,000 and HK\$2.7 million for the years ended 31 March 2023 and 2024, respectively. The significant increase in income tax expenses was primarily due to the taxable profits generated from the new wine business in the PRC commenced during the year ended 31 March 2024.

## **Loss for the year**

The Group recorded net loss of approximately HK\$32.1 million for the year ended 31 March 2024 as compared to net loss of approximately HK\$22.3 million for the year ended 31 March 2023. The increase in net loss was mainly due to (i) the increase in cost of inventories sold by approximately HK\$12.0 million; (ii) the increase in impairment loss recognised in respect of right-of-use assets by approximately HK\$6.1 million; (iii) the increase in impairment loss recognised in respect of property, plant and equipment by approximately HK\$3.7 million; and (iv) the increase in administrative and operating expenses by approximately HK\$3.5 million during the year. The effect was partially offset by the increase in revenue by approximately HK\$22.0 million during the year ended 31 March 2024.

## Use of proceeds from issue of Shares

Apart from the net proceeds from the Listing, the Company raised funds from the following issue of ordinary shares of the Company (“**Shares**”):

1. On 13 March 2017, the Company placed an aggregate of 202,800,000 new ordinary Shares (with aggregate nominal value of HK\$2,028,000) to not less than six placees, who were independent third parties at the placing price of HK\$0.15 per share (the “**First Placing**”). The net proceeds from the First Placing, after deducting the placing agent commission and other expenses incurred for the First Placing, amounted to approximately HK\$29.84 million. The net price per First Placing Share was approximately HK\$0.147 and the closing price on the date of the First Placing agreement was HK\$0.165 per Share.
2. On 5 January 2018, the Company placed an aggregate of 440,560,000 new ordinary Shares (with aggregate nominal value of HK\$4,405,600) to not less than six placees, who were independent third parties at the placing price of HK\$0.105 per share. The net proceeds from the Second Placing, after deducting the placing agent commission and other expenses incurred for the Second Placing, amounted to approximately HK\$45.2 million. The net price per Second Placing Share was approximately HK\$0.103 and the closing price on the date of the Second Placing agreement was HK\$0.101 per Share.

As disclosed in the Company’s announcements dated 24 June 2020 and 7 April 2022 (collectively, the “**Placing Announcements**”), the intended use of the unutilised proceeds from the First Placing and the Second Placing (the “**Placings Proceeds**”) was adjusted. The Company has fully utilised all the proceeds from the First Placing before 31 March 2022. For the Second Placing, it was initially conducted as the Group was in need of capital to support its business growth and development in the catering industry in Hong Kong as detailed in the announcement of the Company dated 13 December 2017, and the Company intended to apply the net proceeds from the Second Placing for (i) acquiring a property in the urban area of Hong Kong to operate a new restaurant by the Group; and (ii) opening Du Hsiao Yueh (度小月) restaurants in Hong Kong. In view of the adverse impact of the Covid-19 pandemic on the Group’s businesses, the Board resolved to change the proposed use of the net proceeds from the Second Placing to apply all the unutilised amount for acquiring a property in the urban area of Hong Kong as at 31 December 2021 to general working capital for the Group’s

businesses. The amount of unutilised Placings Proceeds from the Second Placing and the intended use as at 31 March 2023 and the actual use of the Placings Proceeds from the Second Placing from 1 April 2023 to 31 March 2024 are set forth below:

<b>Intended use</b>	<b>Adjusted use of Placing Proceeds as stated in the Placing Announcements <i>HK\$'000</i></b>	<b>Amount of unutilised Placing Proceeds as at 1 April 2023 <i>HK\$'000</i></b>	<b>Actual use of the Placings Proceeds from 1 April 2023 to 31 March 2024 <i>HK\$'000</i></b>	<b>Amount of unutilised Placing Proceeds as at 31 March 2024 <i>HK\$'000</i></b>	<b>Expected timeline for the intended use of the unutilised Placing Proceeds</b>
General working capital for the Group's businesses	<u>37,500</u>	<u>1,312</u>	<u>1,312</u>	<u>-</u>	<u>N/A</u>

As at 31 March 2024, all the Placing Proceeds had been fully utilised in accordance with the intended use of the unutilised Placing Proceeds Stated in the Placing Announcements.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of a final dividend for the year ended 31 March 2024 (2023: nil).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The following are the principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

1. Approximately 60.8% of the Group's revenue was derived from restaurants in urban area of Hong Kong during the year ended 31 March 2024, which may experience fluctuations from period to period due to seasonality and other factors. Also, the Group's operation in Hong Kong may be affected by any future development in urban area of Hong Kong.
2. During the year ended 31 March 2024, approximately 60.8% of the Group's revenue was generated from catering business in Hong Kong. If Hong Kong experiences any adverse economic condition due to events beyond our control, such as natural disasters, contagious disease outbreaks, terrorist attacks, local economic downturn, mass civil disobedience movements or if the local authorities place additional restrictions or burdens on us or on the catering industry in general, our majority of business and results of operations may be materially and adversely affected.

Cost of inventories sold, administrative and operating expenses, staff costs and property rentals and related expenses contributed to the majority of the Group's operating cost. The following factors are uncertain and may affect the cost control measures of our Group:

1. The Group's business depends on reliable sources of large quantities of food ingredients such as vegetable and meat, wine such as Chinese liquor, packaging materials and bottles. The price of food ingredients and wine may continue to rise or fluctuate.
2. Minimum wage requirements in Hong Kong was raised from HK\$37.5 per hour to HK\$40.0 per hour with effect from 1 May 2023, and may further increase and affect our staff costs in the future.
3. As at 31 March 2024, all the properties utilised by the Group for its restaurant operations and wine business in the urban area of Hong Kong or the PRC were leased or licensed by the Group. Therefore, the Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Saved as disclosed in this announcement, the Group did not have other future plans for material investments and capital assets as at 31 March 2024.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Capital structure**

There has been no material change in the capital structure of the Company during the year ended 31 March 2024.

### **Cash position**

As at 31 March 2024, the cash and cash equivalents of the Group amounted to approximately HK\$9.1 million (as at 31 March 2023: approximately HK\$26.7 million), which were mainly denominated in Hong Kong dollar, representing a decrease of approximately 65.9% as compared to that as at 31 March 2023. The decrease was mainly resulted from (i) the increasing working capital needs of the Group's daily business operations due to business expansion; (ii) the relocation costs and renovations costs of the new restaurants in Hong Kong; (iii) the startup costs of the new wine business in the PRC; and (iv) the repayment of bank borrowing, during the year ended 31 March 2024.

## **Borrowing**

As at 31 March 2024, the total interest-bearing borrowings of the Group comprising bank borrowings and lease liabilities, all of which were denominated in Hong Kong dollars, amounted to approximately HK\$15.6 million (as at 31 March 2023: approximately HK\$21.1 million) and the Group had approximately HK\$7.1 million of outstanding committed banking facilities (as at 31 March 2023: approximately HK\$11.0 million), further details of which are set out below:

1. approximately HK\$7.1 million (as at 31 March 2023: HK\$11.0 million) was derived from bank borrowings which bears interest rate at 3.63% per annum (as at 31 March 2023: 3.38%); and
2. approximately HK\$8.5 million was derived from lease liabilities of the Group's properties and motor vehicles (as at 31 March 2023: HK\$10.1 million), which had interest rate ranging from 7.10% to 9.41% per annum (as at 31 March 2023: ranging from 1.81% to 8.06% per annum).

## **Pledge of assets**

There was no pledge of asset of the Group as at 31 March 2024 (as at 31 March 2023: nil).

## **Gearing ratio**

As at 31 March 2024, the gearing ratio of the Group was not applicable (as at 31 March 2023: approximately 100.2%). The change of gearing ratio was mainly attributable to the decrease in the equity attributable to owners of the Company. The gearing ratio is calculated based on the total interest-bearing borrowings, which include bank borrowings and lease liabilities divided by the equity attributable to owners of the Company at the end of the respective period.

## **COMMITMENTS**

As at 31 March 2024, the Group had no significant capital commitments (as at 31 March 2023: nil).

## **SIGNIFICANT INVESTMENTS HELD**

During the year ended 31 March 2024, the Group did not hold any significant investments.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year ended 31 March 2024, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures (as at 31 March 2023: nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2024, the Group had no significant contingent liabilities (as at 31 March 2023: nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's sales and purchases for the year ended 31 March 2024 were mostly denominated in Hong Kong dollars (**HK\$**), Renminbi ("**RMB**") and US dollars. The RMB is not a freely convertible currency. In view of the above, future exchange rates of the above currencies may vary significantly from the current or historical exchange rates as a result of foreign exchange controls that could be imposed by respective governments and the depth and breadth of respective markets of currency exchange. The respective exchange rates may also be affected by economic developments and geopolitical changes domestically and internationally, and the demand and supply of the respective currencies. The appreciation or devaluation of the respective currencies against HK\$ may also have an impact on the Group's results of operation.

The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group did not enter into any foreign currency forward contracts to hedge against foreign currency risk as at 31 March 2024, but with consider the same when the need arises in the future.

## **TREASURY POLICIES AND RISK MANAGEMENT**

The main objective of the Group's treasury policies is to seek capital appreciation with the surplus fund in short term and non-speculative in nature. The surplus fund is the fund after reserving the working capital requirement for the next 12-month period of the Group and excluding any unused proceeds from the listing and other fund raising activities by the Company including the placings as disclosed in the Company's announcements dated 24 June 2020 and 7 April 2022 respectively. The investment activities of the Group shall be undertaken by the investment committee of the Board.



As at 31 March 2024, the Group's credit risk is primarily attributable to trade receivables, loan receivables, deposits, other receivables and bank balances.

As at 31 March 2023 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

### **Trade receivables**

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determining credit limits and credit approvals. The Group's monitoring procedures are in place to ensure that follow-up actions are taken to recover overdue debts.

In addition, the Group performs impairment assessment under expected credit losses ("ECL") model upon application of HKFRS 9 on credit card trade receivables individually and the remaining trade receivables are grouped using a provision matrix with past due status grouping. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

### **Deposits and other receivables**

The management of the Group makes periodic assessments on the recoverability of deposits paid and other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under ECL model upon application of HKFRS 9.

### **Loan receivables**

The Group applies the general approach to determine the ECL on loan receivables based on (i) the changes in credit quality of the loan receivables since initial recognition; and (ii) the estimated expectation of an economic loss of the loan receivables under consideration. The Group had reversal of ECL for the year ended 31 March 2023 on loan receivables of approximately HK\$69,000 (2023: reversal of ECL of approximately HK\$4,000).

## **Bank balances**

The Group deposited its cash with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. The Directors monitor the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk were minimal.

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

## **RETIREMENT BENEFIT SCHEME**

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (“**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries up to a maximum of HK\$1,500 and they can choose to make additional contributions. Employers' monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK\$1,500 (the “**Mandatory Contributions**”). Employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

During the years ended 31 March 2023 and 31 March 2024, the Group had no forfeited contributions under the MPF Scheme and schemes in the PRC utilised to reduce the existing levels of contributions. As at 31 March 2023 and 31 March 2024, there was no forfeited contribution which may be used by the Group to reduce the contributions payable in the future years.

The total retirement benefit scheme contributions made by the Group remained stable at approximately HK\$0.5 million for the years ended 31 March 2023 and 31 March 2024.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2024, the Group had 93 employees (31 March 2023: 77 employees). Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the year ended 31 March 2024 amounted to approximately HK\$20.8 million (2023: approximately HK\$18.8 million).

### **The Remuneration Policy of Directors**

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Company's remuneration policy of Directors is built upon the principles of providing market-competitive remuneration package that supports the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration packages to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The emoluments of the Directors have been reviewed by the remuneration committee of the Board annually, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

### **The Remuneration Policy of Employees**

In order to attract and retain high quality staff and to enable smooth operations within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from contributions to the MPF Scheme, state managed retirement benefit schemes operated by the PRC government and job training programmes, salary increments and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation.

## LITIGATIONS

As at 31 March 2024, the Group was not engaged in any litigation or arbitration or claim of material importance and there was no litigation or arbitration or claim of material importance that was pending or threatened by or against any member of the Group.

## MANDATORY UNCONDITIONAL CASH OFFERS

Reference is made to the the joint announcement dated 9 October 2023 (the “**Offers Announcement 1**”), the composite offer and response document dated 30 October 2023 (the “**Composite Document**”), and the joint announcement dated 20 November 2023 (the “**Offers Announcement 2**”), jointly issued by Sky Shield Investment Limited as offeror (the “**Offeror**”) and the Company in relation to, among other things, (i) the Offeror (as purchaser) and Fortune Round Limited, Mr. Wong Man Wai and Keenfull Investments Limited (collectively, the “**Selling Shareholders**”) (as vendors) entered into a sale and purchase agreement, pursuant to which the Selling Shareholders agreed to sell, and the Offeror agreed to acquire 1,729,440,000 Shares, representing approximately 65.42% of the then total issued share capital of the Company, at a total consideration of HK\$55,342,080, which is equivalent to HK\$0.032 per sale share; and (ii) Ms. Kong Yuen Man (as purchaser) and Fortune Round Limited (as vendor) entered into a sale and purchase agreement, pursuant to which Fortune Round Limited agreed to sell, and Ms. Kong Yuen Man agreed to acquire 250,000,000 Shares, representing approximately 9.46% of the then total issued share capital of the Company at a total consideration of HK\$8,000,000, which is equivalent to HK\$0.032 per sale share; and (iii) the mandatory unconditional cash offers (i) to acquire all of the Shares in the issued share capital of the Company (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) (the “**Share Offer**”); and (ii) to cancel all outstanding options (the “**Option Offer**”). Sorrento Securities Limited, on behalf of the Offeror, made the offers pursuant to Rule 26.1 and 13.5 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (the “**Offers**”). The Share Offer price for each offer share was HK\$0.032 in cash and the Option Offer price for cancellation of each such option was HK\$0.0001 in cash and the Offers were unconditional in all respects. During the offer period, there were (i) 4 valid acceptances in respect of a total of 1,120,000 offer Shares under the Share offer, representing approximately 0.04% of the then issued share capital of the Company; and (ii) 3 valid acceptances in respect of a total of 60,000,000 options under the Option Offer, representing all the then Options. For further details of the Offers, please refer to the Offers Announcement 1, Offers Announcement 2 and the Composite Document.

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

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

## **EVENTS AFTER THE REPORTING PERIOD**

Reference is made to the announcement of the Company dated 19 June 2024. In June 2024, the Company entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with a supplier (the “**Supplier**”) in relation to the business cooperation between the parties for sales and distribution of food products (such as chicken and beef). Pursuant to the Strategic Cooperation Agreement, the parties agreed, among other things, that (i) the Company shall provide sales channels to the Supplier for the sale and distribution of the Supplier’s products in the PRC; (ii) the Supplier shall provide high quality products and services to the Company at competitive prices; and (iii) the parties shall establish a team to proactively promote the above-mentioned cooperation and shall be jointly responsible for negotiation and daily coordination of the cooperation projects under the Strategic Cooperation Agreement. The entering into of the Strategic Cooperation Agreement enables the Group to tap into the business segment of sales and distribution of food products through cooperation with the Supplier. In order to fully capitalise the competitive advantages derived from distribution channels available to the Group pursuant to the Strategic Cooperation Agreement, the Group established a wholly-owned subsidiary, Jin Mi Fang (Nanjing) Catering Management Company Limited\* (今米房(南京)餐飲管理有限公司), in Nanjing, Jiangsu Province, the PRC in June 2024, for the development of catering and related supply chain business across the PRC.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICE**

The Shares were successfully listed on GEM of the Stock Exchange on 8 August 2016. The Board recognised that the transparency and accountability are important to a listed company. Therefore, the Company is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of its shareholders.

\* For identification purposes only

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code for the year ended 31 March 2024.

## **AUDIT COMMITTEE**

The Group’s annual results for the year ended 31 March 2024 have been reviewed by the audit committee of the Board, who is of the opinion that applicable accounting standards and the requirements under the GEM Listing Rules and other legal requirements have been complied with and that adequate disclosures have been made.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 9 August 2024 to 14 August 2024, both days inclusive, during which period no transfer of the Shares will be registered. Shareholders are reminded to ensure that all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 8 August 2024.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to our valued customers, business partners, and shareholders for their persistent support, and express my appreciation to the management team and employees for their valuable contribution to the development of the Group. Finally, I would like to express my sincere appreciation to the officers of the Stock Exchange for their guidance.

By order of the Board  
**JIN MI FANG GROUP HOLDINGS LIMITED**  
今米房集團控股有限公司  
**Zhou Feng**  
*Chairman and Executive Director*

Hong Kong, 27 June 2024

*As at the date of this announcement, the executive Directors are Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao and Mr. Wong Man Wai, the non-executive Director is Ms. Mak Suet Man and the independent non-executive Directors are Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing.*

*This announcement will remain on the ‘‘Latest Listed Company Information’’ page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at [www.jmfghl.com](http://www.jmfghl.com).*