



JIN MI FANG GROUP HOLDINGS LIMITED

今米房集團控股有限公司

(formerly known as Royal Group Holdings International Company Limited 皇璽集團控股國際有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8300)



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ANNUAL REPORT
2023/24
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*This annual report, 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 annual report 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 annual report misleading.*

JIN MI FANG GROUP HOLDINGS LIMITED

ANNUAL REPORT

2023/24

CONTENTS

	Pages
Corporate Information	2
Chairman's Statement	4
Financial Highlights	5
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	20
Corporate Governance Report	25
Report of Directors	45
Environmental, Social & Governance Report	63
Independent Auditors' Report	90
Consolidated Statement of Profit or Loss and Other Comprehensive Income	96
Consolidated Statement of Financial Position	98
Consolidated Statement of Changes in Equity	100
Consolidated Statement of Cash Flows	101
Notes to the Consolidated Financial Statements	103
Financial Summary	178

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

- Mr. Zhou Feng (*Chairman*)
(Appointed with effect from 23 November 2023)
- Mr. Wang Yongqiang (*Chief Executive Officer*)
(Appointed with effect from 23 November 2023)
- Ms. Zhang Miao
(Appointed with effect from 23 November 2023)
- Mr. Wong Man Wai (*Note*)
- Mr. Chan Chak To Raymond
(Resigned with effect from 23 November 2023)
- Ms. Lam Wai Kwan
(Resigned with effect from 23 November 2023)

Non-executive Director

- Ms. Mak Suet Man
(Appointed with effect from 23 November 2023)

Independent non-executive Directors

- Mr. Ho Lik Kwan Luke
(Appointed with effect from 23 November 2023)
- Mr. Lam Lap Sing
(Appointed with effect from 23 November 2023)
- Ms. Lau Wai Hing
(Appointed with effect from 23 November 2023)
- Mr. Ma Yiu Ho Peter
(Resigned with effect from 23 November 2023)
- Mr. Cai Chun Fai
(Resigned with effect from 23 November 2023)
- Mr. Ng Sai Cheong
(Resigned with effect from 23 November 2023)

COMPLIANCE OFFICER

- Mr. Zhou Feng
(Appointed with effect from 23 November 2023)
- Mr. Wong Man Wai (*Note*)
(Resigned with effect from 23 November 2023)

AUTHORISED REPRESENTATIVES

- Mr. Zhou Feng
(Appointed with effect from 23 November 2023)
- Mr. Wong Man Wai (*Note*)
(Resigned with effect from 23 November 2023)
- Mr. Ng Shing Kin

COMPANY SECRETARY

- Mr. Ng Shing Kin (*HKICPA*)

AUDIT COMMITTEE

- Mr. Ho Lik Kwan Luke (*Chairman*)
(Appointed with effect from 23 November 2023)
- Mr. Lam Lap Sing
(Appointed with effect from 23 November 2023)
- Ms. Lau Wai Hing
(Appointed with effect from 23 November 2023)
- Mr. Ma Yiu Ho Peter (*Chairman*)
(Resigned with effect from 23 November 2023)
- Mr. Cai Chun Fai
(Resigned with effect from 23 November 2023)
- Mr. Ng Sai Cheong
(Resigned with effect from 23 November 2023)

REMUNERATION COMMITTEE

- Mr. Lam Lap Sing (*Chairman*)
(Appointed with effect from 23 November 2023)
- Mr. Zhou Feng
(Appointed with effect from 23 November 2023)
- Mr. Ho Lik Kwan Luke
(Appointed with effect from 23 November 2023)
- Ms. Lau Wai Hing
(Appointed with effect from 23 November 2023)
- Mr. Cai Chun Fai (*Chairman*)
(Resigned with effect from 23 November 2023)
- Mr. Wong Man Wai (*Note*)
(Resigned with effect from 23 November 2023)
- Mr. Ng Sai Cheong
(Resigned with effect from 23 November 2023)

CORPORATE INFORMATION

NOMINATION COMMITTEE

Mr. Zhou Feng (*Chairman*)
(Appointed with effect from 23 November 2023)

Mr. Ho Lik Kwan Luke
(Appointed with effect from 23 November 2023)

Mr. Lam Lap Sing
(Appointed with effect from 23 November 2023)

Ms. Lau Wai Hing
(Appointed with effect from 23 November 2023)

Mr. Wong Man Wai (*Note*)
(Resigned with effect from 23 November 2023)

Mr. Cai Chun Fai
(Resigned with effect from 23 November 2023)

Mr. Ng Sai Cheong
(Resigned with effect from 23 November 2023)

INVESTMENT COMMITTEE

Mr. Zhou Feng (*Chairman*)
(Appointed with effect from 23 November 2023)

Mr. Wang Yongqiang
(Appointed with effect from 23 November 2023)

Mr. Wong Man Wai (*Note*)
(Resigned with effect from 23 November 2023)

Ms. Lam Wai Kwan
(Resigned with effect from 23 November 2023)

Mr. Ng Shing Kin

Note: Mr. Wong Man Wai resigned from the positions of chairman of the Board, chief executive officer, the chairman of each of Nomination Committee and Investment Committee, a member of Remuneration Committee, an authorised representative of the Company and the compliance officer of the Company with effect from 23 November 2023, and remains as an executive Director.

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law
Howse Williams
27th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
83 Des Voeux Road Central, Hong Kong

Nanyang Commercial Bank, Ltd.
151 Des Voeux Road Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower, 1 Garden Road
Hong Kong

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 07, 8/F, Kam Bun Industrial Building
Nos. 13–19 Kwai Wing Road
Kwai Chung, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1–1103
Cayman Islands

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.jmfghl.com

GEM STOCK CODE

8300

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of Directors, I am pleased to present the annual report of the Company for the year ended 31 March 2024.

During the year ended 31 March 2024, we have developed a new business relating to the supply of wine in the People's Republic of China (the “**PRC**”). Our 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. Our group is committed to becoming a well-known supplier of wine supplier in the PRC. Currently, we have established our wine supply department, been developing wine-making recipes and negotiating with wine-makers to cooperate with the Group in producing customised wines on OEM (original equipment manufacturer) basis.

In addition, our Group also continues with its operation of casual dining restaurants in different brands in the urban areas of Hong Kong. As at 31 March 2024, we operate four restaurants in Hong Kong under the brands “*Du Hsiao Yueh Restaurant (度小月)*” and “*和順記神級雞腩皇*”.

Looking ahead, we are optimistic about the market trend for the sales of Chinese liquor in the PRC. This optimism is primarily due to the stable and high growth rate of the PRC's GDP, driven by the implementation of equipment renewal policies and the recovery of external economies. The rebound in industrial production and manufacturing investment were the main contributor to the growth of the PRC's economy. However, the Directors will continue to closely monitor and manage any associated risks. To achieve this goal, the Group will deploy more resources towards talent recruitment and strengthening of its business development and marketing strategy. Furthermore, the Group will proactively seek out potential business opportunities that can broaden its sources of income and enhance its value for its Shareholders.

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.

Zhou Feng
Chairman

Hong Kong, 27 June 2024

FINANCIAL HIGHLIGHTS

CONSOLIDATED RESULTS

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Revenue	51,729	29,744
Loss before tax	(29,409)	(22,281)
Loss and total comprehensive expense for the year attributable to owners of the Company	(30,382)	(22,002)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Non-current assets	987	13,951
Current assets	17,871	39,636
Total assets	18,858	53,587
Non-current liabilities	3,958	5,146
Current liabilities	25,935	27,404
Total liabilities	29,893	32,550
Total equity	(11,035)	21,037
Total equity and liabilities	18,858	53,587
Net current (liabilities)/assets	(8,064)	12,232
Total assets less current liabilities	(7,077)	26,183

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 contributors to the growth of the PRC's economy. Therefore, we are optimistic about the new wine business trend for the sale 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 the Hong Kong under the brands “*Du Hsiao Yueh Restaurant (度小月)*” and “*和順記神級雞腩皇*”. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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").

At 31 March 2024, we had one subsidiary in the PRC for the sale of Chinese liquor (at 31 March 2023: nil), four restaurants in Hong Kong (at 31 March 2023: four) and nil physical store of trading luxury branch watches in Hong Kong in operation (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		Proportion of ownership interest of the restaurants held by the Group as at	
			31 March 2024	2023	31 March 2024	2023
<i>Da Shia Taiwan (大呷台灣)</i>	Central	Self-owned	✓ (Note 1)	✓	–	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Harbour City, Tsim Sha Tsui	Franchised	✓	✓	100%	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Times Square, Causeway Bay	Franchised	– (Note 2)	✓	–	100%
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Jaffe Road, Causeway Bay	Franchised	✓ (Note 2)	N/A	–	N/A
<i>Du Hsiao Yueh Restaurant (度小月)</i>	Portland Street, Mongkok	Franchised	✓ (Note 3)	N/A	–	N/A
<i>和順記神級雞髀皇</i>	Central	Franchised	✓ (Note 4)	N/A	100%	N/A
<i>和順記神級雞髀皇</i>	Jaffe Road, Causeway Bay	Franchised	✓ (Note 5)	N/A	100%	N/A
<i>和順記神級雞髀皇</i>	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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. “和順記神級雞腩皇” in Central commenced operations in July 2023.
5. “和順記神級雞腩皇” in Jaffe Road, Causeway Bay commenced operations in August 2023 and was closed in April 2024.
6. “和順記神級雞腩皇” 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 a 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 to the increase in revenue during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

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 HK\$'000	2023 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
Total	855	2,267

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 "**Second Placing**"). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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:

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

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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, a 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:

- 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.
- 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.
- 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 annual report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowing

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 (the "**Investment Committee**"). Details of the Investment Committee is set out in the section headed "Corporate Governance Report" of this annual report.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 employees’ 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (including sale of treasury shares, if any) 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 report.

* For identification purposes only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Feng (周峰) (“Mr. Zhou”), aged 54, has been the chairman of the Board (the “**Chairman**”), an executive Director, the chairman of each of the nomination committee of the Board (the “**Nomination Committee**”) and the investment committee of the Board (the “**Investment Committee**”) and a member of the Remuneration Committee, since 23 November 2023. Mr. Zhou is responsible for formulating the overall business strategy and planning; overseeing the Group’s performance generally, leading and representing the Group in negotiation with potential business partners. He is one of the controlling shareholders (“**Controlling Shareholders**”) of the Company.

Mr. Zhou has extensive experience in management, marketing and corporate planning. Before joining the Group, he had served in a number of companies, including Fujian Wanghe Food Co., Ltd.* (福建旺禾食品有限公司) as the deputy chairman of the board of directors and Beijing Jinmifang Technology Co., Ltd.* (北京今米房科技有限公司) as the chairman of the board of directors. He completed his studies in architectural engineering (建築工程) at the Anhui Institute of Architecture and Industry* (安徽建築工業學院) (currently known as Anhui Jianzhu University (安徽建築大學)) in the People’s Republic of China in July 1990.

Mr. Zhou is the sole legal and beneficial owner and the sole director of Sky Shield Investment Limited, which holds 1,730,560,000 Shares representing approximately 65.46% of the issued Shares as at the date of this annual report. By virtue of Part XV of the SFO, Mr. Zhou is deemed to be interested in the above-mentioned Shares held by Sky Shield Investment Limited. In addition, he legally and beneficially owns 148,980,000 Shares in his own name as at the date of this annual report.

Mr. Zhou is the spouse of Ms. Zhang Miao, an executive Director.

Ms. Zhang Miao (張苗) (“Ms. Zhang”), aged 61, has been an executive Director since 23 November 2023. She is also a director of certain subsidiaries, namely Centric Cloud Investment Limited, Fulton Asia Investment Limited and 今米房 (江蘇南京) 酒業有限公司. Ms. Zhang is responsible for overseeing the day-to-day business operation in the People’s Republic of China operated by the Group.

Ms. Zhang has extensive experience in corporate management, operation and risk management. From October 2009 to January 2013, she served as the sole director and general manager of Xuzhou Yaobang Commerce and Trading Co., Ltd.* (徐州耀邦商貿有限公司), a company principally engaged in the wholesale and sales of pre-packaged food.

Ms. Zhang is the spouse of Mr. Zhou, the Controlling Shareholder of the Company and an executive Director. She is deemed to be interested in all the 1,879,540,000 Shares in which Mr. Zhou is interested or deemed to be interested under Part XV of the SFO.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yongqiang (王勇強) (“Mr. Wang”), aged 39, has been the chief executive officer of the Company (the “**Chief Executive Officer**”), an executive Director and a member of the Investment Committee, since 23 November 2023. He is also a director of a subsidiary, namely Jin Mi Fang Wine Holdings Limited, of the Group. Mr. Wang is responsible for overseeing the day-to-day business operation in the People’s Republic of China operated by the Group.

Mr. Wang has extensive experience in corporate management and operation. From March 2016 to May 2019, Mr. Wang served as the vice president of Zhongneng Dongdao (Shenzhen) Investment Holding Management Co., Ltd.* (中能東道(深圳)投資控股管理有限公司), a company principally engaged in investment management, asset management and corporate management consultancy services. He obtained a bachelor’s degree in machine design and manufacturing and automation (機械設計製造及其自動化) from Anshan University of Science and Technology* (鞍山科技大學) (currently known as University of Science and Technology Liaoning (遼寧科技大學)) in the People’s Republic of China in July 2006 and completed his further studies in industrial engineering (工業工程) at Northeastern University (東北大學) in the People’s Republic of China in December 2006.

* For identification purposes only

Mr. Wong Man Wai (王文威) (“Mr. Wong”), aged 45, is an executive Director. He is also a director of certain subsidiaries, namely Simple Future Investment Ltd., Royal HR Management Limited, Palace Corporation Limited, Deberie Investment Limited, Airport Catering Services Company Limited, Top Future Management Ltd., Sky Grand International Development Limited, Alliance Catering Company Limited, Du Hsiao Yueh (Hong Kong) Limited, Mountain Channel Limited, Royal Capital (HK) Limited, Rich Pond Limited, Grand Richest Limited, Kingdom Star Investment Limited, Forever Drinks Limited, Bright Up (HK) Limited, Cormer Enterprises Limited, Wo Shun Kee Alliance Limited, Wo Shun Kee (Central) Limited, Royal Time Enterprises Limited, Du Hsiao Yueh (Singapore) Company Limited, Victory Island Limited and Hong Kong Watches Trading Center Limited of the Group. Mr. Wong is responsible for overseeing the day-to-day operation of the catering business in Hong Kong operated by the Group.

Mr. Wong obtained his Bachelor of Commerce in Accounting and Finance from The University of New South Wales in May 2003. Afterwards, he joined the Group and started taking part in the operation of the restaurants of the Group since April 2004. Up until now, he has over 20 years of experience in the restaurant and catering business.

Mr. Wong is a cousin-in-law of Ms. Mak Suet Man, a non-executive Director.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Mak Suet Man (麥雪雯) (“Ms. Mak”), aged 37, has been appointed as a non-executive Director with effect from 23 November 2023.

Ms. Mak possesses extensive experience in accounting, corporate finance, risk management and internal controls. She has been an independent non-executive director of (i) Hang Yick Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1894), since November 2023; (ii) Alco Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 328), since October 2023; and (iii) HSC Resources Group Limited (formerly known as Windmill Group Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1850), since July 2023. Ms. Mak obtained a degree of Bachelor of Business Administration in Marketing and Management of Organizations from The Hong Kong University of Science and Technology in Hong Kong in November 2009. She is a responsible officer of Type 6 (advising on corporate finance) regulated activity under the the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). She was admitted as a member of the Association of Chartered Certified Accountants in October 2022 and a fellow member of the Hong Kong Institute of Certified Public Accountants in October 2020.

Ms. Mak is a cousin-in-law of Mr. Wong Man Wai, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Lik Kwan Luke (何力鈞) (“Mr. Ho”), aged 45, has been appointed as an independent non-executive Director with effect from 23 November 2023. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Ho has over 20 years of experience in the finance industry focusing on corporate finance. Since December 2017, Mr. Ho has been an independent non-executive director of Hatcher Group Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8365). From September 2022 to July 2023, Mr. Ho was the chief financial officer and company secretary of Glory Sun Financial Group Limited (currently known as Renze Harvest International Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1282). He was also the executive director of the corporate finance division of Glory Sun Securities Limited, a subsidiary of Glory Sun Financial Group Limited, from May 2019 to October 2023. From February 2016 to February 2018 and from March 2018 to May 2019, Mr. Ho served as a director of Huabang Securities Limited and Huabang Corporate Finance Limited, respectively, both of which are subsidiaries of Huabang Technology Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3638). From January 2015 to February 2016, Mr. Ho served as a director and responsible officer of Ping An Securities Limited. Mr. Ho obtained a degree of Bachelor of Arts in Accounting and Financial Management from the University of Sheffield in the United Kingdom in July 2000. He is currently a member of each of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Lap Sing (林立升) (“Mr. Lam”), aged 35, has been appointed as an independent non-executive Director with effect from 23 November 2023. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Lam has over 13 years of experience in capital market transactions and financial reporting. He served in PricewaterhouseCoopers Hong Kong, from September 2010 to May 2013 and from January 2014 to December 2020, with his last position being a manager of the assurance team. Mr. Lam is currently a senior accounting manager of Hanison Construction Company Limited, a subsidiary of Hanison Construction Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 896). Mr. Lam has been an independent non-executive director of Anchorstone Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1592), since September 2023. Mr. Lam obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in Hong Kong in July 2010. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a graduate of the Hong Kong Chartered Governance Institute.

Ms. Lau Wai Hing (劉慧卿) (“Ms. Lau”), aged 32, has been appointed as an independent non-executive Director with effect from 23 November 2023. She is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. She is primarily responsible for providing independent advice to the Board.

Ms. Lau has over 10 years of experience in audit and financial services. She also founded Into Stillness Limited, a company principally engaged in offering one-stop comprehensive wellness services to corporates and organisations, in November 2022 and has been a director of the company since then. From July 2019 to July 2022, she served in First Shanghai Capital Limited with her last position being a vice president of the corporate finance department. She has also served in Sunfund Capital Limited from November 2015 to July 2019 with her last position being assistant vice president of the corporate finance department. Ms. Lau worked at RSM Hong Kong from June 2013 to November 2015 with her last position being an audit senior. Ms. Lau obtained a degree of Bachelor of Business Administration in Professional Accounting from The Hong Kong University of Science and Technology in Hong Kong in November 2013. She is currently a member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Ng Shing Kin (吳成堅), aged 43, is the Group's financial controller and company secretary of the Company. He has joined the Group since November 2015. He is mainly responsible for handling and overseeing the financial reporting, financial planning and reviewing internal control of the Group. Since January 2024, he has served as the financial controller and company secretary under an external professional services contract of Redford Business Advisory Services Limited ("**Redford**"). Mr. Ng is a director of Redford.

Mr. Ng Shing Kin obtained an honours diploma in business administration from the Hong Kong Shue Yan College in July 2005 and a master's degree of business administration from The University of Louisiana at Monroe in Hong Kong in May 2007. Mr. Ng Shing Kin further obtained a postgraduate diploma in professional accounting from the Hong Kong Baptist University in November 2007. Mr. Ng Shing Kin was granted the designation of financial risk manager by the Global Association of Risk Professionals (FRM®) in July 2008, and was admitted as a member of the HKICPA in January 2012. He was admitted as a member The Institute of Chartered Accountants in England and Wales in June 2020, a member of Associate of Chartered Certified Accountants in July 2020 and a member of the Chartered Institute of Management Accountants in August 2023. Mr. Ng is currently a practicing certified public accountant in Hong Kong.

Prior to joining the Group in November 2015, Mr. Ng Shing Kin worked at an international audit firm from August 2008 to December 2013. From December 2013 to October 2015, he worked in PricewaterhouseCoopers Limited as a senior associate. Since February 2019, he has been working as the company secretary of Ying Hai Group Holdings Company Limited (stock code: 8668), the shares of which are listed on GEM of the Stock Exchange. Since June 2019, he has been an independent non-executive director of WMCH Global Investment Limited (stock code: 8208), the shares of which are listed on GEM of the Stock Exchange. From March 2021 to July 2021, he was the company secretary of WT Group Holdings Limited (stock code: 8422), the shares of which are listed on GEM of the Stock Exchange. From June 2021 to December 2023, he worked as the company secretary of Jiujiuwang Food International Limited (stock code: 1927), the shares of which are listed on the Main Board of the Stock Exchange. Since July 2022, he has been an independent non-executive director of Miko International Holdings Limited (stock code: 1247), the shares of which are listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 8 August 2016 (the “**Listing Date**”). The Board recognises that 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 the Shareholders.

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, except from the deviation from code provision C.2.1 of Part 2 of the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Man Wai had been the Chairman and the Chief Executive Officer during the year ended 31 March 2024 until 22 November 2023. Considering that Mr. Wong Man Wai had been operating and managing the Group since 2004, the Board believed that it was in the best interest of the Group to have Mr. Wong Man Wai taking up both roles for effective management and business development. It provided a strong and consistent leadership to the Group and that the current management had been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Wong Man Wai. In allowing the two roles to be vested in the same person, the Group believed both positions require in-depth knowledge and considerable experience of the Group’s business and Mr. Wong Man Wai was the most suitable person to occupy both positions for effective management of the Group. Therefore, the Board considered that the deviation from code provision C.2.1 of Part 2 of the CG Code was appropriate in such circumstance.

With effect from 23 November 2023, (i) Mr. Wong Man Wai had resigned as both the Chairman and the Chief Executive Officer, (ii) Mr. Zhou Feng had been appointed as the Chairman and (iii) Mr. Wang Yongqiang had been appointed as the Chief Executive Officer. As such, the Company has complied with code provision C.2.1 of Part 2 of the CG Code since 23 November 2023.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company periodically issues notices to its Directors reminding them the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the required standard of dealings and the Company’s code of conduct regarding securities transactions by the Directors throughout the year under review. The Company was not aware of any non-compliance in respect of the Model Code throughout the year ended 31 March 2024.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

As at the date of this report, the Board comprised four executive Directors, namely Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao and Mr. Wong Man Wai, one non-executive Director, namely Ms. Mak Suet Man and three independent non-executive Directors, namely, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing.

Throughout the year ended 31 March 2024, certain Directors have been appointed and resigned. For detail, please refer to page 2 of this report.

With effect from 23 November 2023, Mr. Zhou Feng, Mr. Wang Yongqiang and Ms. Zhang Miao were appointed as executive Directors, Ms. Mak Suet Man was appointed as a non-executive Director, and Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing were appointed as independent non-executive Directors (Mr. Zhou, Mr. Wang, Ms. Zhang, Ms. Mak, Mr. Ho, Mr. Lam and Ms. Lau are collectively referred to as the “**New Directors**”). Each of the New Directors obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the GEM Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 17 November 2023. Each of the New Directors has confirmed he/she understood his/her obligations as a director of a listed issuer.

The overall management of the Company’s business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management. During the year under review, the Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company’s policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the codes of conduct and compliance manual (if any) applicable to Directors and employees and reviewing the Company’s compliance with the CG Code and the disclosures in this annual report. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Executive Directors and independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee (as defined under the paragraph headed “Board Committees” in this section).

CORPORATE GOVERNANCE REPORT

The Board has three independent non-executive Directors which complies with Rule 5.05(1) of the GEM Listing Rules. At least one of the independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The independent non-executive Directors represent at least one-third of the Board in compliance with Rule 5.05A of the GEM Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent within the meaning of Rule 5.09 of the GEM Listing Rules.

The biographical details of the Directors and senior management are set out in the section headed with “Biographical Details of Directors and Senior Management” in this annual report. Save as disclosed in the section “Biographical Details of the Directors and Senior Management” in this annual report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performance. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal controls and compliance, if applicable. In addition, the Board reviews the financial performance of the Group, approves investment proposals, nomination of Directors to the Board and appointment of key management personnel. These functions are carried out either directly by the Board or through Board committees such as the Audit Committee, Nomination Committee and Remuneration Committee.

All Directors are aware of their collective and individual responsibilities to the shareholders of the Company, the duties to act honestly and in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times and to avoid conflicts of interests. During the year ended 31 March 2024, in accordance with code provision D.1.2 of part 2 of the CG Code, all Directors are provided with monthly updates on the Company’s performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company’s expenses, upon reasonable request made to the Board.

CORPORATE GOVERNANCE REPORT

MECHANISM ENSURING SUFFICIENT INDEPENDENCE VIEWS TO THE BOARD

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

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

Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee (as defined below) shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director 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 (as defined below) is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

Decision Making

All Directors (including independent non-executive 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 the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive 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 Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF MEETINGS

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with code provision C.5.3 of part 2 of the CG Code. The company secretary assists the Chairman to prepare the meeting notice and agenda. Each Director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each Director at least 3 days before each Board meeting or committee meeting to enable the directors to make informed decisions on the matters to be discussed, except where a Board meeting or committee meeting is convened on a very urgent basis to consider any urgent ad hoc matter.

The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes will normally be circulated to Directors for comment within a reasonable time after each meeting and all records of Board meeting and committee meetings are open for Directors' inspection.

Additional Board meetings will be convened, as and when required, to deal with ad hoc issues. Any Director who is not able to physically attend may participate at any Board meeting through means of a telephone or tele-conferencing or any other telecommunications facility, in accordance with the articles of association of the Company (the "Articles").

During the year ended 31 March 2024, the Board convened a total of 20 Board meetings in person or by means of electronic communication, an annual general meeting (the "2023 AGM") and an extraordinary general meeting (the "2024 EGM") which were held on 17 August 2023 and 17 January 2024, respectively. Attendance of each Director at the Board meetings, the 2023 AGM and the 2024 EGM is set out below:

Name of Directors	Board Meeting Attended/Held	2023 AGM	2024 EGM
<i>Executive Directors</i>			
Mr. Zhou Feng (Chairman) (Appointed with effect from 23 November 2023)	4/4	—/—	1/1
Mr. Wang Yongqiang (Chief Executive Officer) (Appointed with effect from 23 November 2023)	4/4	—/—	1/1
Ms. Zhang Miao (Appointed with effect from 23 November 2023)	4/4	—/—	1/1
Mr. Wong Man Wai	20/20	1/1	1/1
Mr. Chan Chak To Raymond (Resigned with effect from 23 November 2023)	16/16	1/1	—/—
Ms. Lam Wai Kwan (Resigned with effect from 23 November 2023)	16/16	1/1	—/—
<i>Non-executive Director</i>			
Ms. Mak Suet Man (Appointed with effect from 23 November 2023)	4/4	—/—	1/1

CORPORATE GOVERNANCE REPORT

Name of Directors	Board Meeting Attended/Held	2023 AGM	2024 EGM
<i>Independent non-executive Directors</i>			
Mr. Ho Lik Kwan Luke <i>(Appointed with effect from 23 November 2023)</i>	4/4	–/–	1/1
Mr. Lam Lap Sing <i>(Appointed with effect from 23 November 2023)</i>	4/4	–/–	1/1
Ms. Lau Wai Hing <i>(Appointed with effect from 23 November 2023)</i>	4/4	–/–	1/1
Mr. Ma Yiu Ho Peter <i>(Resigned with effect from 23 November 2023)</i>	16/16	1/1	–/–
Mr. Cai Chun Fai <i>(Resigned with effect from 23 November 2023)</i>	16/16	1/1	–/–
Mr. Ng Sai Cheong <i>(Resigned with effect from 23 November 2023)</i>	16/16	1/1	–/–

Apart from the Board meetings, the Chairman also held 1 meeting with the independent non-executive Directors without the presence of the executive Directors during the year ended 31 March 2024.

The Company has put in place mechanism to ensure independent views and input are made available to the Board. This is achieved by giving directors access to external independent professional advice from legal advisers and auditor, as well as the full attendance of all independent non-executive Directors at all the meetings of the Board and its relevant committees held during the year ended 31 March 2024.

BOARD COMMITTEES

The Board has established four Board committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”), the nomination committee (the “**Nomination Committee**”) and the investment committee (the “**Investment Committee**”). The written terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are available on the websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company’s expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company’s policies and practices on corporate governance, reviewing and monitoring training and continuous professional development of Directors and senior management, reviewing the Company’s policies and practices on compliance with legal and regulatory requirements, and reviewing the Company’s compliance with the code provisions in the CG Code and disclosures in this corporate governance report.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 21 July 2016 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.3.3 of part 2 of the CG Code has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review and monitor the independence of the external auditor of the Group; review financial statements of our Company and judgements in respect of financial reporting; and review and oversee the effectiveness of the procedures of the financial control, risk management and internal control procedures of the Group. As at 31 March 2024 and the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing. Mr. Ho Lik Kwan Luke is the chairman of the Audit Committee.

Pursuant to the terms of reference of the Audit Committee, meetings shall be held not less than twice a year and the external auditor may request a meeting if they consider that one is necessary. During the year ended 31 March 2024, the Audit Committee convened 7 committee meetings. The Audit Committee had reviewed the Group's annual results and annual report for the year ended 31 March 2023, first quarterly results for the three months ended 30 June 2023 and interim results for the six months ended 30 September 2023 and discussed internal controls, risk management and financial reporting matters. Attendance of each Audit Committee member is set out below:

Name of Directors	Audit Committee Meeting Attended/Held
<i>Independent non-executive Directors</i>	
Mr. Ho Lik Kwan Luke (<i>Chairman</i>) (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Lam Lap Sing (<i>Appointed with effect from 23 November 2023</i>)	–/–
Ms. Lau Wing Hing (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Ma Yiu Ho Peter (<i>Chairman</i>) (<i>Resigned with effect from 23 November 2023</i>)	7/7
Mr. Cai Chun Fai (<i>Resigned with effect from 23 November 2023</i>)	7/7
Mr. Ng Sai Cheong (<i>Resigned with effect from 23 November 2023</i>)	7/7

There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the Company's auditors. The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of the auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), and recommended to the Board to re-appoint HLB as the Company's auditors for the year ending 31 March 2025, which is subject to the approval of shareholders at the forthcoming annual general meeting.

The Company's annual results and annual report for the year ended 31 March 2024 have been reviewed by the Audit Committee, which opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 21 July 2016 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with code provision E.1.2 of part 2 of the CG Code.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of our Group and ensure that none of the Directors or any of their associates determine their own remuneration. As at 31 March 2024 and the date of this report, the Remuneration Committee consists of four members, namely Mr. Lam Lap Sing, Mr. Zhou Feng, Mr. Ho Lik Kwan Luke and Ms. Lau Wai Hing. Mr. Lam Lap Sing is the chairman of the Remuneration Committee.

During the year ended 31 March 2024, the Remuneration Committee convened 3 committee meetings. Attendance of each Remuneration Committee member is set out below:

Name of Directors	Remuneration Committee Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Zhou Feng (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Wong Man Wai (<i>Resigned from the position of member of the Remuneration Committee with effect from 23 November 2023</i>)	3/3
<i>Independent non-executive Directors</i>	
Mr. Lam Lap Sing (<i>Chairman</i>) (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Ho Lik Kwan Luke (<i>Appointed with effect from 23 November 2023</i>)	–/–
Ms. Lau Wai Hing (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Cai Chun Fai (<i>Chairman</i>) (<i>Resigned with effect from 23 November 2023</i>)	3/3
Mr. Ng Sai Cheong (<i>Resigned with effect from 23 November 2023</i>)	3/3

During the year ended 31 March 2024, the Remuneration Committee has assessed the performance of executive Directors and reviewed the remuneration and compensation packages of the executive Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the executive Directors and the senior management and the performance of the Group approved the terms of the executive directors' service contracts, and reviewed or approved matters relating to share schemes under Chapter 23 of the GEM Listing Rules, and made recommendations to the Board regarding the remuneration packages of the executive Directors and senior management, in accordance with code provision E.1.2(c)(ii) of the CG Code adopted.

During the year ended 31 March 2024, there were no material matters relating to the Share Option Scheme which required review or approval by the Remuneration Committee.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF SENIOR MANAGEMENT BY BAND

The remuneration of the members of the senior management by band for the year ended 31 March 2024 is set out below:

Annual remuneration by band	Number of Members of senior management
Nil to HK\$1,000,000	1

NOMINATION COMMITTEE

Our Company established the Nomination Committee on 21 July 2016 with written terms of reference in compliance with code provision B.3.1 of part 2 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of directors. As at 31 March 2024 and the date of this report, the Nomination Committee consists of four members, namely Mr. Zhou Feng, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing. Mr. Zhou Feng is the chairman of the Nomination Committee.

During the year ended 31 March 2024, the Nomination Committee convened 2 committee meetings. Attendance of each Nomination Committee member is set out below:

Name of Directors	Nomination Committee Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Zhou Feng (<i>Chairman</i>) (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Wong Man Wai (<i>Resigned from the position of member of the Nomination Committee with effect from 23 November 2023</i>)	2/2
<i>Independent non-executive Directors</i>	
Mr. Ho Lik Kwan Luke (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Lam Lap Sing (<i>Appointed with effect from 23 November 2023</i>)	–/–
Ms. Lau Wai Hing (<i>Appointed with effect from 23 November 2023</i>)	–/–
Mr. Cai Chun Fai (<i>Chairman</i>) (<i>Resigned with effect from 23 November 2023</i>)	2/2
Mr. Ng Sai Cheong (<i>Resigned with effect from 23 November 2023</i>)	2/2

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2024, the Nomination Committee has made recommendation on the re-election by the Shareholders of two Directors at the 2023 AGM, reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

Nomination policy

On 31 December 2018, the Nomination Committee recommended to the Board and the Board approved and adopted the nomination policy, a summary of which is set out below:

1. the Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider director candidates properly submitted by the shareholders of the Company;
2. the evaluation of director candidates may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks;
3. in considering candidates for director nominee, the Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, gender diversity, etc. that can add to and complement the range of skills, experience and background of existing Directors;
4. the Nomination Committee considers that (i) the highest personal and professional ethics and integrity ; (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment; (iii) skills that are complementary to those of the existing Board; (iv) the ability to assist and support management and make significant contributions to the Company's success; and (v) an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director; and
5. the independent non-executive director candidates should meet the "independence" criteria as required under GEM Listing Rules and the composition of the Board is in conformity with the provisions of the GEM Listing Rules.

To ensure that the nomination policy continues to be implemented smoothly in practice, during the year under review, the Nomination Committee has reviewed the policy having regard to the regulatory requirements, good corporate governance practice and the expectations of the Shareholders and other stakeholders of the Company.

CORPORATE GOVERNANCE REPORT

Board diversity policy

The Board had reviewed the implementation and effectiveness of the board diversity policy (the “**Board Diversity Policy**”) and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one female member and may further increase in the next five years. As at 31 March 2024 and the date of this report, the Board comprised three female Board members (i.e. Ms. Zhang Miao, Ms. Mak Suet Man and Ms. Lau Wai Hing), in which case the Board considered gender diversity has been achieved. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee is responsible for reviewing the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board’s review and approval to ensure its continued appropriateness and effectiveness. On 31 December 2018, the Nomination Committee recommended to the Board and the Board approved and adopted an updated Board Diversity Policy, a summary of which is set out below:

1. the Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor; and
2. the Company believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, professional experience, background, education, race, gender, age, culture and other qualities etc.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which the candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicants and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 March 2024, the Group had a total of 85 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 40.0% male staff members and 60.0% female staff members.

CORPORATE GOVERNANCE REPORT

The Board considered that gender diversity of the workforce of the Group has been well maintained during the year under review. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

INVESTMENT COMMITTEE

Our Company established the Investment Committee on 23 May 2017. The primary duties of the Investment Committee are to establish the Group's investment policies and strategies; controlling the day-to-day investment activities and associated financing activities; executing investment transactions in accordance with the treasury policies of the Group; managing the investment portfolio within approved policies, parameters and limits; preparing regular investment portfolio reports; maintaining business relationships with external investment managers, banks and broker firms; monitoring the investment regularly to ensure the investment does not exceed the investment cap in accordance with the treasury policies of the Group and reporting the same in a monthly report to the Board; and monitoring the investment activities to ensure compliance with the treasury policies of the Group and any other statutory and regulatory requirements, including the GEM Listing Rules. As at 31 March 2024 and the date of this report, the Investment Committee consists of three members, namely Mr. Zhou Feng, Mr. Wang Yongqiang and Mr. Ng Shing Kin, Mr. Zhou Feng is the chairman of the Investment Committee.

During the year ended 31 March 2024, the Investment Committee convened 7 committee meetings. Attendance of each Investment Committee member is set out below:

Name of Directors	Investment Committee Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Zhou Feng (<i>Chairman</i>) (<i>Appointed with effect from 23 November 2023</i>)	-/-
Mr. Wong Man Wai (<i>Resigned from the position of member of the Investment Committee with effect from 23 November 2023</i>)	7/7
Ms. Lam Wai Kwan (<i>Resigned with effect from 23 November 2023</i>)	7/7
<i>Senior Management</i>	
Mr. Ng Shing Kin	7/7

During the year ended 31 March 2024, the Investment Committee has reviewed financial performance of the investment portfolio of the Group.

CORPORATE GOVERNANCE REPORT

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Wong Man Wai has entered into a service contract with our Company for an initial fixed term of three years, which was renewed for a successive term of three years pursuant to a supplemental service contract dated 8 August 2022 (“**Mr. Wong’s service contract**”). Mr. Wong’s service contract is terminable by giving at least three months’ notice and subject to termination provisions therein and provisions on retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

Each of our other executive Directors has entered into a service contract with our Company and each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of three years and renewable automatically for successive terms of three years. All service contracts and letters of appointment entered into by each of our other executive Directors, non-executive Director and independent non-executive Directors are terminable by giving at least one month’s notice (for executive Directors and non-executive Director) or two months’ notice (for independent non-executive Directors) and subject to termination provisions therein and provisions on retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

The Company has taken out Directors and officers liability insurance to cover the liabilities arising out of the legal action against the Directors in the course of their performance of directors’ roles functions.

According to the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which any Director retires may fill the vacated office by electing a like number of persons to be Directors. In addition, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting.

Accordingly, all Directors shall retire from their office at the upcoming annual general meeting of the Company, save for Mr. Wong Man Wai and Ms. Mak Suet Man, all Directors, being eligible, offer themselves for re-election at the upcoming annual general meeting of the Company.

Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

The Nomination Committee, having reviewed the Board's composition, nominated Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing to the Board for it to recommend to Shareholders for re-election at the upcoming annual general meeting of the Company. The nominations were made in accordance with the terms of reference of the Nomination Committee and the objective criteria (including without limitation skills, experience, knowledge, expertise, culture, independence, age and gender), with due regard for the benefits of diversity, as set out under the Board Diversity Policy of the Company. The Nomination Committee had also taken into account the respective contributions of Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing to the Board and their firm commitment to their roles. As a good corporate governance practice, each of Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing had abstained from voting at the Board meeting on their respective nominations for re-election by Shareholders. Each of Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing does not have any service contract or appointment letter with any member of the Group that are not determinable by the Group within one year without compensation (other than statutory compensation). Particulars of the Directors subject to rotation and re-election will be set out in the circular to Shareholders to be sent together with this report and posted on the websites of the Stock Exchange and the Company.

DIVIDEND POLICY

On 31 December 2018, the Board has adopted a dividend policy, the details of which are as follows:

1. The Company considers stable and sustainable returns to the shareholders of the Company to be its goal and endeavours to maintain a dividend policy to achieve such goal. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account the Group's results of operations, earnings performance, cashflows, financial condition, future prospects, as well as statutory and regulatory restrictions on the payment of dividends, and other factors that the Board may consider relevant.
2. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

CORPORATE GOVERNANCE REPORT

The Directors are aware of and have complied with the requirement under the paragraph C.1.4 of part 2 of the CG Code regarding continuous professional development by participating in various relevant continuous professional training. During the year under review, the Directors, namely Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Wong Man Wai, Ms. Mak Suet Man, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing, had reviewed reading materials related to corporate governance and regulations that were provided to them concerning the latest developments in corporate governance practices and relevant legal and regulatory developments.

DEED OF NON-COMPETITION

Each of Mr. Wong Man Wai and Fortune Round Limited has confirmed with the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 25 July 2016 (the “**Deed of Non-Competition**”). Pursuant to the Deed of Non-Competition, the restrictions contained therein would cease to have effect on the earliest of the date on which Mr. Wong Man Wai and Fortune Round Limited cease to hold directly or indirectly in aggregate 30% or more of the entire issued share capital of our Company, or otherwise cease to be controlling shareholders of the Company or the shares of the Company cease to be listed and traded on the Stock Exchange. Upon completion of the disposal of shares of the Company resulting in the Offers (as defined in the section “Report of Directors” below in this annual report), Mr. Wong Man Wai and Fortune Round Limited cease to hold any Shares of the Company.

Each of the executive Directors has undertaken in his/her service contract, among other things, not to carry on, participate or engage in any business which is in competition with or similar to the business of the Group. Each of the executive Directors confirms that he/she and his/her close associates had complied with the non-competition undertakings as set out in their respective service contracts from the date of the service contract during the year ended 31 March 2024.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the above undertakings have been complied with and duly enforced during the year under review and up to the date of this report.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group’s position and prospects with timely publication of the financial statements of the Group. As at 31 March 2024, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group’s ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, HLB, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor’s report included in this annual report.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility of reviewing the effectiveness of the Group's risk management and internal control systems and conducts a review on an annual basis. The risk management process includes risk identification, risk evaluation, risk management and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority.

During the year under review, the Audit Committee and the Board have conducted an annual review of the adequacy and effectiveness of the implemented risk management and internal control systems and procedures, including areas covering financial, operational, compliance and risk management functions. The systems are implemented to minimise the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The systems can only provide reasonable but not absolute assurance against misstatement or losses. The Board was satisfied with the adequacy and effectiveness of the risk management and internal control systems.

The Group does not have an internal audit function as the Board has reviewed the effectiveness of the internal control system of the Group and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

The Group has engaged CT Consultants Limited, an external professional consultant, to conduct independent internal control review for the year ended 31 March 2024 and the review has been completed as at the date of this annual report.

For the year ended 31 March 2024, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code.

CORPORATE GOVERNANCE REPORT

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its relevant obligations under the SFO and the GEM Listing Rules. The Group adopts and implements an information disclosure policy and procedures in order to protect inside information from unauthorised and inaccurate disclosure.

The Group has strictly prohibited unauthorised use of confidential or inside information. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Chairman and the chief executive officer to decide on the need for disclosure. The Audit Committee regularly reviews and assesses the effectiveness of the information disclosure policy and procedures and proposes recommendations to the Board.

AUDITORS' REMUNERATION

During the year under review, HLB (including its affiliates) provided audit services to the Group. The remuneration for the audit services provided by HLB (including its affiliates) to the Group during the year ended 31 March 2024 was approximately as follows:

Type of Services	Amount HK\$'000
Audit services	650
Total	650

COMPANY SECRETARY

Mr. Ng Shing Kin is the company secretary of the Company, whose biographical details are set out under the section headed “Biographical Details of Directors and Senior Management” of this annual report. During the year ended 31 March 2024, Mr. Ng Shing Kin has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Zhou Feng is the compliance officer of the Company. Please refer to the section headed “Biographical Details of Directors and Senior Management” in this annual report for Mr. Zhou Feng’s biography.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to the shareholders and the investing public.

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, the details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.
- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (<http://www.jmfghl.com>) and by post (upon request) to the Shareholders.
- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.
- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.jmfghl.com) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by post or by electronic means as permitted by the Articles or the GEM Listing Rules) corporate communications of the Company, which include annual reports, interim reports, quarterly reports (if any), notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders.
- Shareholders are encouraged to provide their up-to-date contact details to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www.jmfghl.com) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

CORPORATE GOVERNANCE REPORT

- In addition to the “Investor Relations” section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange’s website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company’s website to facilitate communication between the Company, Shareholders and investment community.
- Information on the Company’s website is updated on a regular basis.

Share registration matters shall be handled for the Shareholders by the Company’s branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders and stakeholders may at any time send their enquiries and concerns to the Board by addressing them to the contact details set out in the section headed “Enquiries to the Board” in this report.

The Company highly values the view and comment by the Shareholders and relevant stakeholders to the Company and would invite the Shareholders and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above, the Board considered the Company’s communication policy effective for the year ended 31 March 2024.

CONSTITUTIONAL DOCUMENTS

No changes were made to the constitutional documents of the Company during the year ended 31 March 2024.

SHAREHOLDERS’ RIGHTS

Convening an extraordinary general meeting

To safeguard Shareholders’ interests and rights, a separate resolution is proposed for each issue at Shareholders’ meetings, including the election of individual Directors.

All resolutions put forward at Shareholders’ meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder’s meeting.

Pursuant to the Articles, any two or more Shareholders holding not less than one-tenth of the voting rights at general meetings on a one vote per Share basis in the share capital of the Company has statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders by sending to the Board or the company secretary of the Company at the principal place of business of the Company in Hong Kong a written request for such general meeting duly signed by the Shareholders concerned together with the proposed agenda items and such meeting shall be held within three months of the deposit of such requisition. Shareholders also have the right to propose a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Enquiries to the Board

Shareholders may at any time raise questions, provide comments and suggestions to the Directors and management of the Company and make a request for the Company's information to the extent such information is publicly available to the company secretary of the Company at the following contact details who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the chief executive officer.

The contact details of the company secretary of the Company is set out below:

Address: Room 07, 8/F, Kam Bun Industrial Building, Nos. 13–19 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong

Telephone: 2388 9423

Fax: 3188 0501

Website: www.jmfghl.com

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at Shareholders' meetings. The proposals shall be sent to the company secretary of the Company at the contact details as set out in the paragraph headed "Enquiries to the Board" by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

REPORT OF DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements. The principal activities of the Group are the provision of casual dining food catering services and trading of luxury watches business in Hong Kong and wine business in the PRC, during the year ended 31 March 2024.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 96 to 97.

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

BUSINESS REVIEW

A review and an analysis of the business of the Group, a discussion of the principal business risks and uncertainties faced by the Group and the future development of the Group's business are set out in the section headed "Chairman's Statement" and paragraphs headed "Business Review and Prospect", "Financial Review" and "Principal Risks and Uncertainties" in the section headed "Management Discussion and Analysis" in this annual report, respectively. Additionally, the financial risk management objectives and policies of the Company are disclosed in note 4 to the consolidated financial statements. These discussions form an integral part of this Report of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always encouraged environmental protection, strictly complied with environmental regulations and promoted environmental protection awareness among employees. The Group implements strict monitoring through the establishment of an ever-improving environmental management system. During the year ended 31 March 2024, the Group was in compliance, in all material respects, with the relevant environmental laws and regulations.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of material related party transactions undertaken in the normal course of business of the Group are set out in note 33 to the consolidated financial statements, certain of which constitute discloseable connected transactions under the GEM Listing Rules. These connected transactions have complied with the requirements under Chapter 20 of the GEM Listing Rules.

REPORT OF DIRECTORS

Pursuant to Chapter 20 of the GEM Listing Rules, the following transactions are connected transactions which are subject to the disclosure requirements under Chapter 20 of the GEM Listing Rules.

The Tenancy Agreement and the Memorandum

Reference is made to the announcement of the Company dated 3 August 2022 in relation to the leasing of a premises suited at Ground Floor, No. 185 Portland Street, Kowloon, Hong Kong (the “**Premises**”) by Royal Time Enterprises Limited (“**Royal Time**”) (as tenant), a wholly-owned subsidiary of the Company, from Joinsun International Limited (“**Joinsun International**”) (as landlord) for a term of three years commencing from 1 September 2022 to 31 August 2025 (both days inclusive) with an option to renew for a further term of three years under a tenancy agreement dated 23 August 2022 (the “**Tenancy Agreement**”) for operating a restaurant. Joinsun International is an independent third party.

As set out in the announcement of the Company dated 28 April 2023, (i) VR Capital Limited (“**VR Capital**”) acquired the Premises from Joinsun International (as vendor) (the “**Acquisition**”), and (ii) following the Acquisition, VR Capital (as the new landlord) entered into a memorandum (the “**Memorandum**”) with Royal Time (as tenant), pursuant to which VR Capital and Royal Time agreed to be bound by the terms and conditions of the Tenancy Agreement in respect of the Premises (“**CCT 1**”).

As the issued share capital of VR Capital is owned as to 50% and 50% by Mr. Wong Man Wai (an executive Director) and Ms. Li Wing Yin (the spouse of Mr. Wong Man Wai), respectively, VR Capital is a connected person of the Company under the GEM Listing Rules. Upon the completion of the Acquisition and the entering into of the Memorandum on 28 April 2023, VR Capital became the new landlord of the Premises and thus the Tenancy Agreement and the transactions thereunder constitute continuing connected transaction for the Company under the GEM Listing Rules.

The monthly rental payable under the Tenancy Agreement is (a) HK\$130,000 for the period from 1 September 2022 to 31 August 2025 (both days inclusive); and (b) (if the option to renew is exercised) at the prevailing market rent and the monthly rental increment shall not exceed 15% (i.e. HK\$149,500). The total aggregate value of rental payable under the Tenancy Agreement will not be more than approximately HK\$9.9 million, being the maximum rental payments in aggregate for the term of 6 years (to the extent that the option to renew is exercised by the Company).

The annual caps for the three years ending 31 March 2024, 2025 and 2026 are approximately HK\$1,439,000 and HK\$1,560,000 and HK\$650,000 (to the extent that the option to renew is not exercised by the Company), respectively. During the year ended 31 March 2024, the rental amount paid by the Group to VR Capital amounted to approximately HK\$1,430,000, which was within the annual cap for the year.

REPORT OF DIRECTORS

Master Agreement entered into among Simple Future, WSK Alliance, Rex Top and Fastastic F&B

Reference is made to the announcements of the Company dated 25 September 2023 and 29 September 2023, in relation to a master agreement dated 25 September 2023 (the “**Master Agreement**”) entered into among Simple Future Investment Ltd. (“**Simple future**”), Wo Shun Kee Alliance Limited (“**WSK Alliance**”), Rex Top Company Limited (“**Rex Top**”) and Fastastic F&B Management Limited (“**Fastastic F&B**”) effective from the date of the agreement and expiring on 31 March 2026 for, among other things, the provision of kitchen operation and cleaning services (the “**Kitchen Operation and Cleaning**”) and supply of the food ingredients, food products, beverages, utensils and other ancillary equipment (the “**Products**”) by Rex Top and its associates (the “**Rex Top Group**”) to certain restaurants operated by Simple Future (a wholly-owned subsidiary of the Company) and WSK Alliance (a company owned as to (i) 60% indirectly by the Company; (ii) 30% directly by Rex Top; and (iii) 10% directly by Fastastic F&B) under the catering brand “和順記神級雞腩皇” (“**CCT 2**”).

Since (i) Mr. Lai Chun Ho is a substantial shareholder and a director of WSK Alliance (being a subsidiary of the Company); and (ii) the entire issued share capital of Rex Top is owned by Mr. Lai Chun Ho, Rex Top is a connected person of the Company, and the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The fees for Kitchen Operation and Cleaning (“**Kitchen Operation and Cleaning Fees**”) under the Master Agreement are payable in the sum of HK\$142,000 per restaurant on a monthly basis. The purchase price of the Products (the “**Purchase Price**”) shall be no less favourable than the purchase price for the supply of the Products by the Rex Top Group to any member of the Rex Top Group or any third party, and shall be payable on a monthly basis.

The annual caps for the Master Agreement are as follows:

	Kitchen Operation and Cleaning Fee Caps	Purchase Price Caps
For the year ending 31 March 2024	HK\$4.8 million	HK\$3.2 million
For the year ending 31 March 2025	HK\$7.2 million	HK\$6.0 million
For the year ending 31 March 2026	HK\$7.2 million	HK\$7.2 million

On 27 November 2023, Mr. Lai resigned from the position of director of WSK Alliance. As a result, Rex Top Group will cease to be a connected person of the Company on or after 27 November 2024.

From 25 September 2023 to 31 March 2024, the Kitchen Operation and Cleaning Fee and the Purchase Price amounted to approximately HK\$0.3 million and HK\$0.9 million, respectively, which was within the annual cap for the year.

REPORT OF DIRECTORS

Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed CCT 1 and CCT 2 during the year ended 31 March 2024, and confirmed that CCT 1 and CCT 2 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation of the Company's auditors

The auditors of the Company has confirmed that nothing has come to their attention that causes them to believe that CCT 1 and CCT 2 (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable); (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; or (iv) have exceeded the cap.

DONATIONS

Donations of approximately HK\$252,000 had been made by the Group for the year ended 31 March 2024 (2023: approximately HK\$253,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 March 2024 are set out in note 16 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 March 2024 are set out in the consolidated statement of changes in equity on page 100 and note 32(b) to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

There is no distributable reserves of the Company as at 31 March 2024, calculated under Part 6 of the Companies Ordinance (Cap.622 of the laws of Hong Kong) (as at 31 March 2023: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

REPORT OF DIRECTORS

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration of employees (excluding the Directors) is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. As incentives or rewards for their contribution to our Group, the Group has adopted the Share Option Scheme (as defined below) and may grant options under the Share Option Scheme (as defined below) to reward its employees, the Directors and other selected participants for their contributions to the Group.

The Directors are of view that employees are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its employees.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of trainings to our employees, including (i) conducting in-house continuous professional development seminars; and (ii) provision of safety training programme to staff to enhance their safety awareness.

RETIREMENT SCHEME

The Group participates in the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. For further details, please refer to the paragraph headed "Retirement Benefit Scheme" in the section headed "Management Discussion and Analysis" in this annual report. Save for the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 March 2024.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below), the Company did not enter into any equity-linked agreement during the year ended 31 March 2024 or subsisted at the end of the year.

REPORT OF DIRECTORS

FINANCIAL SUMMARY

A summary of the Group's results and financial position is set out on page 178 of this annual report.

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 (including sale of treasury shares, if any) during the year ended 31 March 2024.

MANDATORY UNCONDITIONAL CASH OFFERS

Reference is made to 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental policies and performance of the Group for the year ended 31 March 2024 is set out in the section headed “Environmental, Social & Governance Report” on pages 63 to 89 of this annual report.

REPORT OF DIRECTORS

SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was conditionally adopted by a written resolution of the then sole shareholder passed on 21 July 2016. The key terms of the Share Option Scheme are as follows:

1. Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

2. Qualifying participants

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (the “**Eligible Participants**”), to take up options to subscribe for Shares:

- (i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries (the “**Subsidiaries**”) or any entity (the “**Invested Entity**”) in which the Group holds an equity interest (the “**Eligible Employee**”);
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors’ option as to his contribution to the development and growth of the Group.

REPORT OF DIRECTORS

3. Maximum number of the Shares

- (i) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.
- (ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10.0% of the Shares in issue as at the Listing Date (i.e. not exceeding 200,000,000 Shares) (the “**General Scheme Limit**”).
- (iii) Subject to (i) above but without prejudice to (iv) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10.0% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under the GEM Listing Rules.
- (iv) Subject to (i) above and without prejudice to (iii) above, the Company may seek separate Shareholders’ approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (iii) above to Eligible Participants specifically identified by our Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under the GEM Listing Rules.

REPORT OF DIRECTORS

4. Limit for each participants

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his close associates (or his associates, if such participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 23.03E of the GEM Listing Rules.

5. Exercise of an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

6. Acceptance and payment on acceptance

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A consideration of HK\$1.0 is payable on acceptance of the grant of an option.

7. Subscription price

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

8. Remaining life of the scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 21 July 2016. As at 31 March 2024, the remaining life of the Share Option Scheme was approximately 2 years.

REPORT OF DIRECTORS

The summary of the options granted under the Share Option Scheme that were still outstanding as at 31 March 2023 is as follows:

Name of the grantee	Position	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK\$)	Closing price of Share before grant of share options	Weighted average closing price of Share before exercise of options	No. of share options outstanding as at 1 April 2023	No. of share options granted during the year ended 31 March 2024	No. of share options exercised during the year ended 31 March 2024	No. of share options cancelled during the year ended 31 March 2024	No. of share options lapsed during the year ended 31 March 2024	No. of share options outstanding as at 31 March 2024
Mr. Chan Chak To Raymond	Executive Director (Resigned with effect from 23 November 2023)	5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	0.159	N/A	20,000,000	-	-	(20,000,000)	-	-
Ms. Lam Wai Kwan	Executive Director (Resigned with effect from 23 November 2023)	5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	0.159	N/A	20,000,000	-	-	(20,000,000)	-	-
Employee (in aggregate)		5 October 2016	Nil	From 5 October 2016 to 4 October 2026 (both dates inclusive)	0.163	0.159	N/A	20,000,000	-	-	(20,000,000)	-	-
								60,000,000	-	-	(60,000,000)	-	-

Note: Each share option is entitled to subscribe for 1 Share of the Company of HK\$0.01 each.

As at 1 April 2023, 31 March 2024 and the date of this annual report, the number of share options available for grant under the Share Option Scheme were 140,000,000, representing approximately 5.30% of the issued Shares as at the date of this annual report. During the year ended 31 March 2024, 60,000,000 share options with an exercise price of HK\$0.163 each have been cancelled. No awards or 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 annual report.

REPORT OF DIRECTORS

DIRECTORS

The Directors during the year under review and up to the date of this report were:

Executive Directors

Mr. Zhou Feng (*Chairman*) (*Appointed with effect from 23 November 2023*)

Mr. Wang Yongqiang (*Chief Executive Officer*) (*Appointed with effect from 23 November 2023*)

Ms. Zhang Miao (*Appointed with effect from 23 November 2023*)

Mr. Wong Man Wai

Mr. Chan Chak To Raymond (*Resigned with effect from 23 November 2023*)

Ms. Lam Wai Kwan (*Resigned with effect from 23 November 2023*)

Independent non-executive Directors

Mr. Ho Lik Kwan Luke (*Appointed with effect from 23 November 2023*)

Mr. Lam Lap Sing (*Appointed with effect from 23 November 2023*)

Ms. Lau Wing Hing (*Appointed with effect from 23 November 2023*)

Mr. Ma Yiu Ho Peter (*Resigned with effect from 23 November 2023*)

Mr. Cai Chun Fai (*Resigned with effect from 23 November 2023*)

Mr. Ng Sai Cheong (*Resigned with effect from 23 November 2023*)

In accordance with Article 16.2 of the Articles of Association, Mr. Zhou Feng, Mr. Wang Yongqiang, Ms. Zhang Miao, Mr. Wong Man Wai, Ms. Mak Suet Man, Mr. Ho Lik Kwan Luke, Mr. Lam Lap Sing and Ms. Lau Wai Hing shall retire from office at the upcoming annual general meeting of the Company. All retiring Directors shall be eligible for re-election.

The Company received an annual confirmation of independence from each of the INEDs as required under Rule 5.09 of the GEM Listing Rules. The Company considered all INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Man Wai has entered into a service contract with our Company for an initial fixed term of three years, which was renewed for a successive term of three years pursuant to a supplemental service contract dated 8 August 2022 ("**Mr. Wong's service contract**"). Mr. Wong's service contract is terminable by giving at least three months' notice and subject to termination provisions therein and provisions on retirement by rotation and re-election in accordance with the Articles and the GEM Listing Rules.

Each of the other executive Directors has entered into a service contract with the Company for an initial fixed term of three years. The term of service shall be renewable automatically for successive terms of three years on the expiry of such initial term, unless terminated by either party thereto giving at least one month's written notice before the expiry of the then existing term.

REPORT OF DIRECTORS

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of three years. The term of service shall be renewable automatically for successive terms of three years on the expiry of such initial term unless terminated by either party thereto giving at least one month's written notice (for non-executive Director) or two months' written notice (for independent non-executive Directors) before the expiry of the then existing term.

There is no director's service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation) as at 31 March 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2024 and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights during the year.

MANAGEMENT CONTRACT

Save for the service contracts of the executive Directors, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2024.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the paragraph headed "Connected and Related Party Transactions" in this section and in note 33 to the consolidated financial statements no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or parent company was a party and in which a Director or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the year ended 31 March 2024.

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

Save as disclosed in the paragraph headed "Connected and Related Party Transactions" in this section and in note 33 to the consolidated financial statements no contract of significance, whether for provision of service or otherwise, was entered into between the Company or any of its subsidiaries and the controlling Shareholders or any of the controlling Shareholders' subsidiaries subsisted at any time during the year ended 31 March 2024.

REPORT OF DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out in the section headed “Biographical Details of Directors and Senior Management” in this annual report.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of ordinary Shares interested	Percentage of shareholding
Mr. Zhou Feng	Interest of controlled corporation (Note 1)	1,730,560,000	65.46%
	Beneficial owner (Note 2)	148,980,000	5.64%
Ms. Zhang Miao	Interest of spouse (Note 3)	1,879,540,000	71.10%

Notes:

- 1,730,560,000 Shares are held by Sky Shield Investment Limited, a company incorporated in the British Virgin Islands. Mr. Zhou Feng is the sole legal and beneficial owner of Sky Shield Investment Limited. Therefore, Mr. Zhou Feng is deemed to be interested in all the Shares held by Sky Shield Investment Limited for the purpose of the SFO. Mr. Zhou Feng is also the sole director of Sky Shield Investment Limited.
- 148,980,000 Shares are held by Mr. Zhou Feng in his own name.
- Ms. Zhang Miao is the spouse of Mr. Zhou Feng. She is deemed to be interested in all the Shares in which Mr. Zhou Feng is interested or deemed to be interested under the SFO.

REPORT OF DIRECTORS

Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Zhou Feng	Sky Shield Investment Limited	Beneficial owner	100	100%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2024 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Capacity	Number of ordinary Shares interested	Percentage of shareholding
Sky Shield Investment Limited	Beneficial owner (<i>note 1</i>)	1,730,560,000	65.46%

Note:

1. Sky Shield Investment Limited is a company incorporated in the British Virgin Islands and Mr. Zhou Feng is the sole legal and beneficial owner of Sky Shield Investment Limited. Therefore, Mr. Zhou Feng is deemed to be interested in all the Shares held by Sky Shield Investment Limited for the purposes of the SFO. Mr. Zhou Feng is also the sole director of Sky Shield Investment Limited.

REPORT OF DIRECTORS

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any interests or short positions of any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements, respectively.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed “Biographical Details of Directors and Senior Management” in this annual report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year under review.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 8 August 2016. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against its Directors in the execution and discharge of his or her duties or in relation thereto.

MAJOR SUPPLIERS AND CUSTOMERS

The Group’s five largest customers together accounted for approximately 16.5% (2023: Not applicable) of the Group’s total sales for the year ended 31 March 2024. The largest customer accounted for approximately 5.3% (2023: Not applicable) of the total sales of the Group for the year ended 31 March 2024.

The Group’s five largest suppliers together accounted for approximately 16.5% (2023: 46.0%) of the Group’s total purchase for the year ended 31 March 2024. The largest supplier accounted for approximately 5.3% (2023: 17.7%) of the total purchase of the Group for the year ended 31 March 2024.

None of the Directors, their respective close associates, or any Shareholder (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued Shares (excluding treasury shares, if any)) had any interest in the major customers or suppliers of the Company.

Note: For the year ended 31 March 2023, the Group’s customers were mainly retail customers and the Group was not dependent on any single customer. As such, the Directors consider that it is not practicable to identify our five largest customers of our Group for the year ended 31 March 2023.

REPORT OF DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as required under the GEM Listing Rules throughout the year ended 31 March 2024 and up to the date of this report.

COMPETING BUSINESS

Save as disclosed in the Prospectus and this annual report, the Directors are not aware of any business or interest of the Directors or the controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2024.

RELATIONSHIP WITH MAJOR STAKEHOLDERS

The Directors are of the view that customers and business partners are one of the keys to the sustainable development of the Group. Our Directors believe that our Group maintains good working relations with its business partners and it endeavours to improving the quality of services to the customers.

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions. The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its short-term and long-term goals.

Key Relationships with stakeholders

Employees

The Group respects its employees and endeavours to provide better working conditions for its employees. In accordance with the requirements of the Employment Ordinance (Cap. 57 of the laws of Hong Kong), the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund and statutory holidays.

The Group has also established policies for remuneration of employees so as to provide fair remuneration packages for the employees under the systemic remuneration management. The Group provides equal opportunity for employees in respect of promotion, appraisal, training, development and other aspects and to build up a sound career platform for employees.

REPORT OF DIRECTORS

Customers

The Group values comments from its customers, and it aims to improve continuously. Feedbacks and comments are regularly reviewed, and complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services.

Customer complaints shall be mainly handled by the assistant shop manager, as reasonable resolution shall be offered immediately where possible, which includes improvement on the flavour of particular ordered dishes in accordance with the customers' expectations, or to offer to exchange the unsatisfactory dish for another dish to customers if necessary.

The assistant shop manager shall also be responsible for handling complaints toward the service quality of a particular employee, and proper response shall be offered to the customer. Details shall be collected and recorded for internal review by the senior management and Directors for future improvement.

Suppliers

The Group works with the suppliers with the same objectives and develops mutually-successful working relationships with the key suppliers. The Group strictly follows its policy, which is constructed under the Group's corporate culture and professional standard for the selection of suppliers and purchasing process. Although the cost of purchase is a major consideration in selecting suppliers, the Group would also consider the suppliers' corporate social responsibility performances, which include the suppliers' performances on the aspects of legal and regulatory compliance and business ethics etc.

During the year ended 31 March 2024, there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

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.

REPORT OF DIRECTORS

ANNUAL GENERAL MEETING

The annual general meeting for 2024 will be held on 14 August 2024. A notice of meeting together with the circular for the annual general meeting will be despatched to the shareholders of the Company according to the articles of association of the Company and the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed “Management Discussion and Analysis”, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2024 and up to the date of this report.

AUDITORS

The consolidated financial statements have been audited by HLB who retire and, being eligible, offer themselves for reappointment. In the last three years preceding 31 March 2024, there has been no change in auditors of the Company.

AUDIT COMMITTEE

The Audit Committee, together with the management and external auditor of the Company, have reviewed the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2024.

On behalf of the Board

Zhou Feng

Chairman

Hong Kong, 27 June 2024

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

PREPARATION BASIS

JIN MI FANG GROUP HOLDINGS LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**” “**we**” or “**our**”) provides 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 company operates restaurants under a portfolio of brands including “*Du Hsiao Yueh Restaurant (度小月)*” and “*和順記神級雞髀皇*”. During the reporting period, the Group has developed businesses related to the supply of wines in the PRC, including but not limited to brand management, customisation, marketing and distribution of premium wines, with a focus on business-to business sales of Chinese Baiju. The Group is also involved in trading of luxury watches and money lending businesses.

For the Group’s restaurant businesses, we aim to serve our customers with top quality food at good value, in a cosy and inviting dining atmosphere. The Group also targets to provide (i) safe, healthy and pleasant working environments to its employees, (ii) reasonable returns on investments to investors, business partners and supporters, and (iii) sustainable development to the society and environment.

To pursue these long-term goals, the Group’s senior management (including the Company’s board of directors (the “**Directors**”)) are committed to environmental protection, being socially responsible, and are equipped with the strictest corporate governance. Pursuant to the requirements defined in the *Environmental, Social and Governance Reporting Guide* (“**ESG Guide**”) in Appendix C2 to the GEM Listing Rules published by The Stock Exchange of Hong Kong Limited, the Group has prepared this 2023–2024 Environmental, Social and Governance (thereafter, “**ESG**”) report, disclosing its efforts in managing its ESG impacts from its principal operation activities, including: casual dining food catering services in Hong Kong. This ESG report covers two subject areas, namely environmental and social. Corporate Governance Report is presented in page 63 to page 89 of our Annual Report 2023/2024.

This report was prepared in alignment with the key reporting principles recommended in the ESG Guide, including:

Materiality	The materiality of key ESG issues is assessed by the senior management members of the Group, including engagement of various internal and external stakeholders. The valuable input obtained from stakeholder engagement activities contributes to steering the Group’s ESG management strategy. This is further discussed in the Materiality Assessment section of the report.
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Quantitative	The calculation of key performance indicators (“ KPIs ”) are based on industry best practices. Where relevant, external reference sources have been utilised and have been documented in the corresponding sections of the report.
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Consistency	The Group adopts a consistent set of methodology for quantification of KPIs whenever practicable to maximize comparability of our ESG performance over time.
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ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

SCOPE OF REPORT

The scope of this ESG report covers the Group's initiatives on introducing the concept of ESG to its internal and external stakeholders, implementation of sustainable practices throughout the Group's daily operations and disclosing results as a year-end summary. It is also the intention of the management to provide an overview of the Group's direction in managing ESG-related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance with stakeholders.

The reporting of key performance indicators (KPIs) provides a good representation of our ESG performance, which also helps the Group's performance tracking. The reporting approach, including quantification of KPIs, has remained the same compared to the Group's previous report to ensure consistency.

ESG REPORTING BOUNDARY AND PERIOD

The reporting boundary of this ESG report shall cover the operating activities of the Group from 1 April 2023 to 31 March 2024 ("**Reporting Period**"). During the Reporting Period, the Group has been operating the following restaurants in Hong Kong:

Restaurant Brand	Branches
Da Shia Taiwan (大呷台灣) ¹	Central
Du Hsiao Yueh Restaurant (度小月)	Tsim Sha Tsui
	Mong Kok ²
	Causeway Bay ³
Wo Shun Kee (和順記)	Central
	Mong Kok
	Causeway Bay

Table 1. Restaurants operated by the Group

Notes:

- "Da Shia Taiwan (大呷台灣)" was closed in July 2023.
- "Du Hsiao Yueh Restaurant (度小月)" in Portland Street, Mong Kok commenced operations in January 2023 and was closed in August 2023.
- "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.

The Group expanded into wine businesses in the PRC during the 2nd half of the financial year ended 31 March 2024 and has been working diligently to compile relevant ESG performance data related to its operations. Annual performance metrics associated with the new business will be disclosed in our 2024–2025 ESG report when full year data becomes available.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT & MATERIALITY IDENTIFICATION

The Group sets out below its efforts to minimise the negative impacts to the environment from its operations, promote employees' well-being and to contribute to the local community.

To ensure the full spectrum of the ESG aspects of the operation is covered in its sustainability strategy and to identify its related attributes for active management purpose, the Group has consulted both the internal and external stakeholders about its potential impacts. The Group understands and values the importance of maintaining a good relationship and mutual communication with stakeholders from all perspectives, and thus included a wide range of parties as consultation targets.

In addition, the Group engaged and commissioned a professional firm to assist with the drafting of the ESG Report, and conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability-related issues which are material to the Group were identified during the process, and results of which are disclosed in the later part of this ESG Report.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The below table presents key stakeholders of the Group as well as how the Group communicate with them through a variety of engagement channels during the Reporting Period.

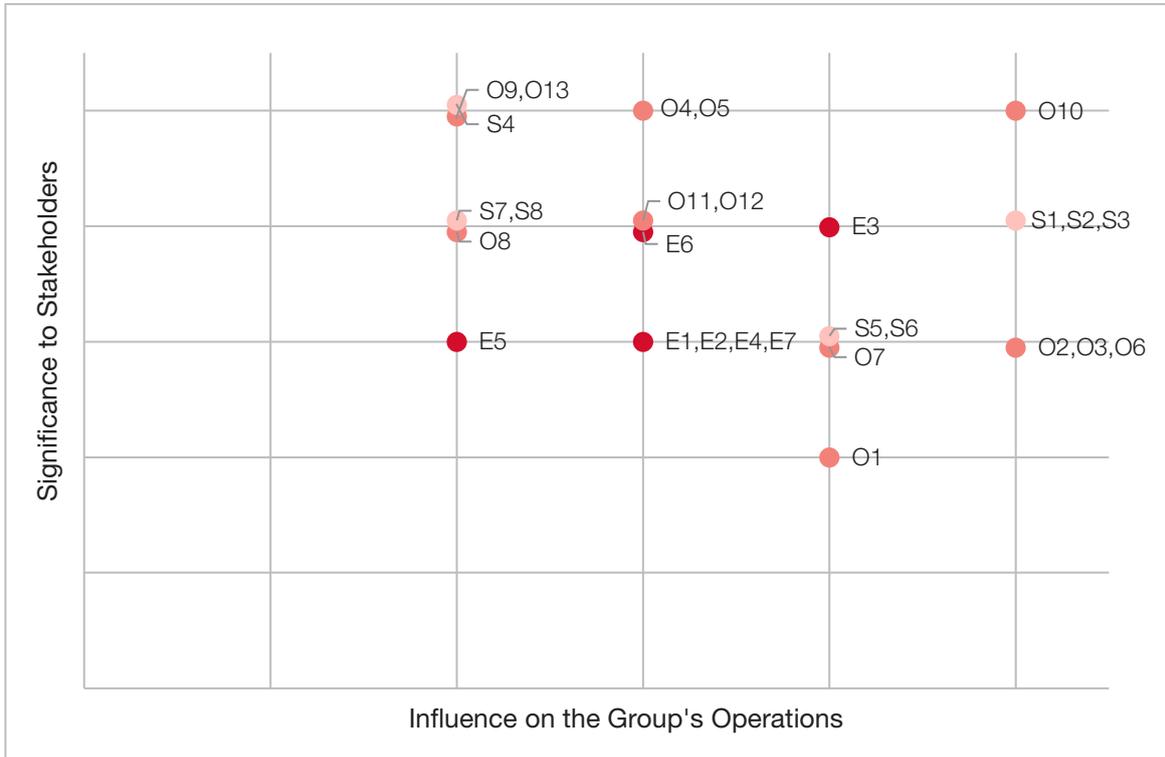
Stakeholders	Expectations and Concerns	Engagement Channels
Customers	Quality of products and services Customer rights protection	After sales services Feedback channels such as hotline and email
Employees	Staff salary and benefits Health and safety of working environment Training and career development	Training Performance review and interviews Internal announcements and publications Suggestion box
Suppliers	Fair procurement process Timely payment for supplied goods/services	Site visit
Shareholders	Corporate governance Business compliance Return on investment	Annual general meeting Annual, interim and quarterly reports Press releases and announcements Company website
Government and Regulatory Authorities	Compliance with laws and regulations Sustainable development	Supervision on compliance with relevant laws and regulations Routine reports Government grants and subsidies
Community	Community involvement Environmental protection awareness	Community activities Subsidies and charitable donations

Table 2. Engaged stakeholder list and methods

MATERIALITY ASSESSMENT

The Group performed a materiality assessment of various ESG topics to identify and evaluate the concerns and interests of the Group's internal and external stakeholders. The findings of the assessment are presented in a materiality matrix, as shown below:

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



E1	Air Emission Management	O1	Anti-competitive Behaviour Management	S1	Child Labour and Forced Labour Management
E2	Energy Management	O2	Anti-corruption	S2	Community Relations
E3	Environmental Compliance	O3	Anti-discrimination	S3	Diversity and Equal Opportunity
E4	Greenhouse Gases Management	O4	Company profitability	S4	Employee Communication
E5	Raw Materials Management	O5	Customer Satisfaction	S5	Human Right Protection
E6	Waste Management	O6	Data Security and Customer Privacy Management	S6	Social and Economic Compliance
E7	Wastewater Management	O7	Generation of Economic Value	S7	Talent Management
		O8	Innovation and Intellectual Property Rights	S8	Training and Development
		O9	Occupational Safety and Health		
		O10	Product Health and Safety		
		O11	Product Quality Management		
		O12	Product Sales and Labelling		
		O13	Supplier Management		

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

CORPORATE GOALS AND VISIONS

The Group aims to serve its customers with quality and safe food at good value in a cosy and inviting dining atmosphere. In addition, it envisions to:

- (i) Provide its employees with safe, healthy and pleasant working environments;
- (ii) Generate reasonable returns on investments to investors, business partners and supporters; and
- (iii) Maintain sustainable development to the society and environment.

ESG Management Structure

The Group's ESG management has been structured to ensure the fulfilment of its corporate goals and visions to bring benefits to all stakeholders, and to support and serve the society and the environment with responsibilities and sustainable development.

The Board, headed by the Chairman and having a balance of skills and experiences from the executive and non-executive Directors, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Officer ("CEO") and its senior management team members.

Specifically, regarding environmental and social issues and obligations, the management is structured as follows:

Head office management

The head office, where the CEO and the senior management team members are based, is responsible for the overall management and supervision of the Group's restaurants.

Restaurant Operation

Each of the Group's restaurants is headed by a restaurant manager who oversees the daily operation of the respective restaurant. The staff of each restaurant is categorised into the kitchen division and the dining service division. The kitchen division is led by a head chef who supervises the operation of the kitchen and is responsible for the quality, hygiene and safety of the kitchen and the food produced. The dining service division is headed by the restaurant manager who is responsible for overseeing the operation of the dining area of the restaurant to ensure delivery of satisfactory services to the customers.

Through an independent internal control and risk management system, the Group ensures its restaurant operations and management to fulfil and comply with its environmental and social responsibilities and obligations as required by the ESG Guide, and laws and related regulations of the Hong Kong Special Administrative Region ("HKSAR"), as well as specific guidance in the food industry. The Board is duty-bound to review, address and report all the environmental and social issues listed in the aspects and areas laid out in the ESG Guide.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

In response, the Board has approved its updated strategies and policies, and assigned the CEO and senior team members to have the overall responsibility of their implementations. The CEO is responsible for analysing and developing KPIs where appropriate and necessary, for continued monitoring action in line with the Group's goals, visions and policies.

ENVIRONMENTAL

The Group understands the importance and the responsibility of serving only the finest and safest food to our customers while minimising its environmental impacts, and is committed to comply with all related laws and regulations. Through the materiality identification exercise, the Group identified that energy and water consumption, and waste generation are its most significant environmental issues. In addition, the analysis also shows that the Group has minor impact towards air and carbon emissions, which are issues that the Group will devote resources to monitor. The Group's management has delegated specific efforts in managing the identified environmental issues, as detailed in subsequent sections of this report.

The Group also understands the importance of maintaining sustainable business growth and strives to create positive environmental and social impacts. Thus, it actively promotes green operations, as well as cultivates a healthy and safe environment at the workplace. The Group encourages "Green Environment" ideas to ensure:

- the efficient consumption of energy and water;
- management and conservation of natural resources;
- the promotion on environmental and safety awareness among staff;
- the reduction on waste and pollutants;
- a green, healthy and safe workspace for staff, visitors and contractors;
- optimising energy consumption in operations; and
- the continuous improvement in performance, environment and safety.

The Group also runs an internal environmental protection awareness program that consistently reminds and encourages its employees and clients to improve environmental performance together.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Management of Climate-Related Issues

The Group reviews and identifies climate-related risks annually while conducting risk assessments as part of our management process. In addition to proactive management measures for its environmental performance, including resource and waste awareness measures, the Group is considering the incorporation of more sophisticated risk assessment process for climate-related topics, with reference to the Task Force on Climate-related Financial Disclosures, covering physical risks such as extreme weather conditions and transition risks such as regulatory change or emerging technologies.

Air Emissions

The Group examined the issue of air emissions across its operation, and concluded that the main sources of emissions were the direct consumption of town gas during the cooking procedure, and petrol consumption from the company's vehicle fleet. Since the composition of town gas consists mainly of hydrogen and methane, it is generally considered to be a cleaner fuel source, hence the cooking process generated and released less pollutants into the atmosphere. However, to ensure the quality of air released to the atmosphere are meeting standards listed in related laws and regulations, emission collection and filtration systems were installed in various of the Group's operation locations (restaurants and the administrative head office) to pre-treat effluent gases through a centralised system before releasing them to the atmosphere.

The Group's air emissions include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM). During the Reporting Period, a total of 18.8 kg of NO_x, 0.022 kg of SO_x and 1.9 kg of particulate matter was emitted. Due to the operational changes involving the use of a warehouse for storage of restaurant supplies and use of vehicles for the distribution of supplies to restaurants, the Group's air emissions has increased during the Reporting Period.

The Group will continue monitoring its operation and ensuring its air emissions will remain well-managed and in compliance with all relevant laws and regulations. Further information shall also be disclosed in future ESG reports of the Company as changes occur.

Greenhouse Gas Emissions

In addition to the efforts made in monitoring air emissions as mentioned in the above section, the Group performed careful assessment on its overall greenhouse gas emissions. As the Group's operations involve cooking and food preparation and vehicle usage, greenhouse gas emission by the Group mainly consists of carbon dioxide (CO₂), with minor contribution from methane (CH₄) and nitrous oxides (N₂O).

The Group estimated its greenhouse gas emissions for the Reporting Period through calculation with relevant methodology, and with data available on electricity & gas consumption. To convert energy consumption figures to greenhouse gas emissions, emission factors obtained from invoices and references to third-party documents were used (including electricity & gas consumption data, and carbon intensity factor that are available on bills and sustainability reports from electricity & gas provider respectively).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The total greenhouse gas emissions of the Group in the Reporting Period was estimated to be approximately **586 tCO₂e**. The decline in greenhouse gas emissions for the Reporting Period is mainly attributed to the reduced consumption in fossil fuels, resulting from operational changes as described in the previous section.

Waste Management

The Group strives to reduce waste production in its operation activities. The Group produced various non-hazardous wastes in its operation activities, including waste oil, food wastes, paper wastes and waste water. Waste oil is mainly generated from restaurants' kitchen. Food wastes are mainly generated from cooking and unconsumed food by customers and paper wastes refer to used napkins from restaurants and the Group's office. Waste water is produced as a result of daily restaurant operations.

Waste management guidelines and procedures such as Inventory Control Guideline are in place to ensure efficient inventory control. Restaurant assistant shop manager and the head chef are both responsible for managing the food and drink preparation process, as well as minimising non-consumed food, i.e. food wastes. The head chef would also provide regular training to other employees on proper usage and the mix of food, beverages, and vegetables materials for all dishes and drinks to avoid wastage.

All of the Group's food wastes and waste oils are handled by licensed waste disposal companies, and are treated properly according to related regulations.

Waste water generated by restaurants is discharged daily to the public drainage in accordance with relevant regulations.

To control paper waste from daily operations, all staff are encouraged to use electronic messages and print on both sides of paper.

The Group will continue to exert additional attention to waste management, and to the compliance of all applicable laws and regulation.

During this Reporting Period, the Group has generated the following of waste from its activities mentioned:

Waste Materials	Quantity	Unit
Waste Oil	12,359	Litres
Non-Hazardous Daily Waste	1,183,893	Litres
Construction Waste	1.0	Tonnes

Table 3. Waste Generation Quantities

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group recorded construction waste during this Reporting Period due to construction and renovation activities performed for its restaurants at Central, Causeway Bay and Mong Kok.

In addition, considering its business nature, the Group is not involved in any significant consumption of hazardous chemical reagents, and thus no hazardous waste figure was recorded in this Reporting Period.

During this Reporting Period, no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste was identified.

Use of Resources

The Group actively promotes “Green” culture and “Eco-Friendly” practices by maintaining an efficient consumption practice throughout its operations, at the same time protecting the environment. Measures including reusing resources, reducing waste, and recycling. In addition, “Green” operation in the supply chain and workplace have been adopted.

Energy (Towngas and electricity)

In line with its “Green” culture, the Group actively promotes the concept of smart usage of energy in all operating premises. The main sources of energy for the Group’s operation are towngas and electricity. To ensure efficient energy consumption in restaurants, the Head Chefs at each restaurant are delegated to manage and guide employees on efficient consumption of energy. The Group also invested into energy-saving technologies, such as LED lighting system in our premises. In addition, notices on energy-saving are issued to our staff to raise awareness on energy conservation. Other initiatives implemented for energy-saving are set out as follows:

- All electrical appliances including air conditioners and lights have to be turned off in a timely manner and after work;
- Energy-saving LED lights are installed whenever possible;
- The use of natural ventilation is encouraged whenever feasible; and
- Unused and idle appliances have to be turned off in a timely manner.

An “Energy Consumption Key Performance Indicator Scheme” was also implemented within the Group to monitor the use of towngas and electricity, and associated air pollutants and greenhouse gas emissions. It also serves as a reminder for better consumption practices.

Water

During the Reporting Period, the Group did not encounter any issue in sourcing water for business operations. In addition to its efforts on energy conservation, the Group is also working closely with its employees on water conservation measures. Water meters are installed to record the water usage pattern and the head chefs regularly monitor the volume of water used in restaurants for better consumption management.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Packaging materials

The Group's restaurants consume various food packaging for takeaway orders, such as food containers, cups, and bags. The Group recognised the increased demand of takeaway orders since the COVID-19 pandemic and has started using takeaway food packaging manufactured by recycled materials to help reduce the environmental impact associated with increased takeaway dining. In addition, with the objective of discouraging the use of takeaway containers, the Group's restaurants charge a levy on such usage.

Paper

The Group intends to reduce any unnecessary paper usage by fostering a paperless working environment. Employees are encouraged to:

- facilitate information sharing via electronic tools such as emails, messages and USB storage to replace paper files, sketches and letters; and
- print paper on both sides, and to use only recycled paper.

The Group has monitored its paper usage associated with its operations, including paper used in offices and in restaurant branches. The total paper consumption during the Reporting Period was estimated to be about 1,014 kg.

For continuous monitoring purpose, the Group has also established a “*Key Performance Indicator Performance Scheme*” on water, materials and paper consumption. Results are reviewed periodically by the Group's management for further improvement.

Environment and Natural Resources

As the Group is mainly engaged in food production and restaurant operation, the Group constantly reminds its employees to be cautious on consumption, especially on electricity and water, and tries to conserve and minimise the Group's resource consumption footprint. Conservation initiatives were thus implemented throughout this Reporting Period, and details are explained in the “Use of Resources” section.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Our Environmental Targets

To demonstrate our ambitions for improving our environmental performance, the Group has set a number of targets in 2021–2022 covering metrics that are considered material to our operations.

Aspect	Target
 Reduce Paper Consumption	-3% paper consumption intensity/revenue in 5 years
 GHG Emissions	-3% GHG emission intensity/revenue in 5 years
 Air Emissions	-1% air emissions intensity/revenue in 5 years
 Water Consumption	-1% water emissions intensity/revenue in 5 years
 Waste Management	-3% non-hazardous waste/revenue in 5 years
 Energy Consumption	-3% energy consumption intensity/revenue in 5 years

Following the acquisition of the wine business and collection of representative environmental performance data, we will revisit our environmental targets and update them accordingly.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Summary

The consolidated data with respect to environmental KPIs regarding emissions and resource consumption associated with the Group during the Reporting Period are summarised in the following table:

Environmental KPIs			
Category	Unit	2022–2023¹	2023–2024¹
Energy Consumption			
Total Energy Consumption	GJ	3,401	5,208
Petrol Consumption	GJ (L)	56 (1,614)	0 (0)
Diesel Consumption	GJ (L)	0 (0)	52 (1,337)
Town Gas Consumption	GJ (unit)	1,747 (36,390)	2,383 (49,640)
Electricity Consumption	GJ (kWh)	1,598 (443,913)	2,774 (770,489)
Total Energy Consumption Intensity	GJ/ 1000 HKD revenue	0.11	0.10
Greenhouse Gas Emissions			
Total Greenhouse Gas (GHG) Emissions	t CO ₂ e	377	586
Scope 1 — Direct Emissions	t CO ₂ e	97	130
Carbon Dioxide (CO ₂) Emissions	t	97	130
Methane (CH ₄) Emissions	kg	0.4	0.194
Nitrous Oxide (N ₂ O) Emissions	kg	1.8	0.096
Scope 2 — Energy Indirect Emissions	t CO ₂ e	267	439
Scope 3 — Other Indirect Emissions	t CO ₂ e	13.2	17.4
Paper Waste Disposed At			
Landfills	t CO ₂ e	2.5	4.9
Fresh Water Processing	t CO ₂ e	9.3	10.9
Sewage Processing	t CO ₂ e	1.4	1.7
Employee Business Travel	t CO ₂ e	0	0
Total GHG Emissions Intensity	t CO ₂ e/ 1000 HKD revenue	0.013	0.011

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Environmental KPIs

Category	Unit	2022–2023 ¹	2023–2024 ¹
Air Emissions			
Nitrogen Oxides (NO _x) Emissions	kg	1.6	18.8
Sulphur Oxides (SO _x) Emissions	kg	0.024	0.022
Particulate Matter Emissions	kg	0.1	1.9
Waste Management			
Waste Oil	L	4,130	12,359
Grease Trap Waste	m ³	7.6	1.9
Construction Waste	T	19	1.0
Non-Hazardous Daily Waste	L	1,019,844	1,183,896
Non-Hazardous Daily Waste Intensity	L/ 1000 HKD revenue	34.3	22.9
Use of Resources			
Paper Consumption	kg	520	1,014
Paper Consumption Intensity	kg/ 1000 HKD revenue	0.017	0.020
Water Consumption	m ³	10,221	11,959
Water Consumption Intensity	m ³ / 1000 HKD revenue	0.34	0.023
Total Packaging Material	pieces	455,810	481,200
Total Packaging Consumption Intensity	pieces/ 1000 HKD revenue	19.9	9.3

Table 4. Environmental Performance Summary Table

Note:

1. Environmental KPIs cover the Group's operations in Hong Kong. Metrics associated with our newly acquired wine business in the PRC will be disclosed in future reports following availability of full-year data.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

SOCIAL

Restaurant operation requires the support of a diverse and skilful workforce, and the Group's senior management considers the Group's employees as valuable assets. The Group strives to provide a competitive benefit scheme, as well as a stable and safe working environment for its employees in order to attract and retain talents.

In order to continue to grow sustainably and responsibly, the Group has established a strategic scheme to manage its employment, employee benefits, and corporate governance, and to ensure that it is in full compliance with the relevant local laws and regulations. Details on the management measures implemented by the Group are elaborated in following sections.

Employees

Since a motivated and balanced workforce is crucial to the success, sustainability and continued growth of the Group's business, the Group is dedicated to offer a safe, equal and healthy working environment for all of its employees.

During the Reporting Period, the Group was in full compliance with all the applicable laws and regulations towards employment arrangements, and it is also committed to foster diversity and provide equal opportunities on recruitment, promotion, compensation and benefits, and establishes a pleasant, harmonious, safe and healthy working environment.

The Group strives to strengthen its human resources management with employee-oriented policies to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship between the Group and its employees.

The human resources manager is assigned to implement the Group's human resources strategies and policies. This includes wages, working hours, holidays, severance and compensation pay, performance assessment, accidents and injuries, as well as safety and health topics. All employment terms and conditions are clearly listed in the *Employment Rules and Regulations and Employment Contract*, and are in full compliance with relevant employment-related ordinances of the HKSAR.

The Group provides various benefits to qualified employees, including but not limited to Mandatory Provident Fund (MPF) schemes, employee compensation insurance and compensation and statutory holidays pursuant to the requirements of the laws of the HKSAR.

The human resources manager regularly updates the "Employment Record" with breakdown of total number of employees in different levels, sectors, genders, ages and qualifications to assist the Group's management to constantly monitor and analyse the Group's employment situations for adjustments in human resources strategy.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

As of 31 March 2024, the Group had a total of 93 employees. A breakdown of the Group’s workforce is set out as below:

Business	Total	Employee Type		Gender		Age Distribution				
		Full Time	Part Time	Male	Female	Below 30	30-40	41-50	51-60	Above 60
Restaurant & Group Office	87	34	53	34	53	16	12	27	25	7
Wine Business	6	6	0	5	1	0	3	3	0	0
Total	93	40	53	39	54	16	15	30	25	7

Table 5. Employee Diversity

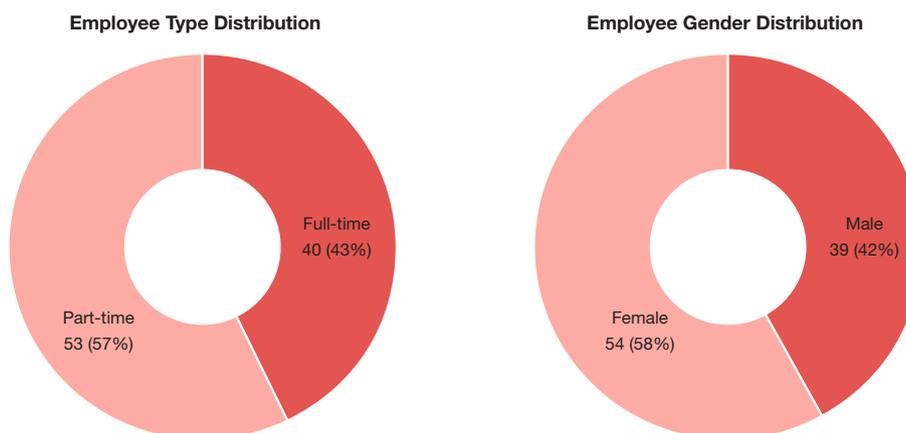


Chart 1 & 2 — Employee Type and Gender Distribution

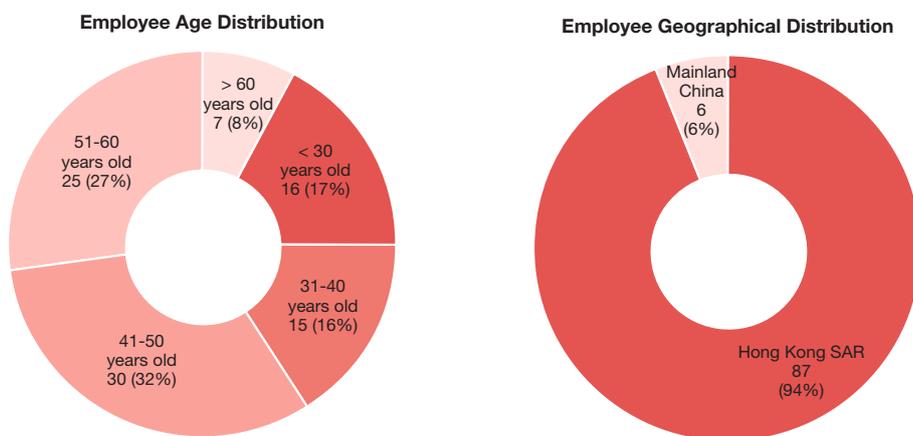


Chart 3 & 4 — Employee Age and Geographical Distribution

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group's turnover rate for the Reporting Period is 308% in Hong Kong. A breakdown of turnover rates is presented below:

Employee Turnover Breakdown		Full Time	Part Time
Overall		183%	404%
By Gender	Male	225%	443%
	Female	137%	381%
By Age Group	< 30 years old	169%	273%
	31–40 years old	194%	638%
	41–50 years old	201%	445%
	51–60 years old	137%	376%
	> 60 years old	225%	750%
By Geographical Region	Hong Kong	183%	404%

Table 6. Employee Turnover Breakdown

Note:

- Employee turnover KPIs cover the Group's operations in Hong Kong. Metrics associated with our newly acquired wine business in the PRC will be disclosed in future reports following availability of full-year data.

Further information on employee remuneration, workforce diversity and training are discussed in the below sections.

Employment & Remuneration

In order to attract and retain talents, the Group rewards its employees with competitive remuneration packages (including competitive wages, incentives and discretionary performance bonus, transportation allowance and staff meals), along with promotion opportunities and discretionary grant of share options. Remuneration packages are constructed with reference to the prevailing market level, in line with the competency, performance, qualification and experience of each individual employee.

Performance bonus and share options are given to outstanding employees on a discretionary basis, and as a recognition of his/her contributions towards the Group.

During the Reporting Period, all of the Group's employees in Hong Kong are also entitled to MPF schemes pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of Laws of Hong Kong), as well as employee compensation insurance pursuant to Employees' Compensation Ordinance (Chapter 282 of Laws of Hong Kong). In addition, all employees received payment of salaries and wages on time and are entitled to statutory holidays, annual leaves and sick leaves. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and disciplinary action would be taken if act of serious misconduct are identified.

All details listed above are included in the Group's *Employment Rules and Regulations Policy*, which is constructed in accordance with the *Employment Ordinance* (Chapter 57 of Laws of Hong Kong), and the Group shall continue to monitor its compliance with the related Ordinances as listed above.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Remuneration Committee

To ensure the Group's remuneration scheme remains competitive, the Group established its Remuneration Committee in 2016. The Remuneration Committee's primary duties include making recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general employees. The Remuneration Committee also ensures that none of the Directors or any of their associates determine his or her own remuneration. During the Reporting Period, the Remuneration Committee consists of four members, namely Mr. ZHOU Feng, Mr. HO Lik Kwan Luke, Mr. LAM Lap Sing, and Ms. LAU Wai Hing, where Mr. LAM Lap Sing is the chairman of the Remuneration Committee.

During the Reporting Period, Remuneration Committee conducted 2 meetings, and with the purpose to perform the following:

- 1) reviewed the remuneration and compensation package of the executive Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies;
- 2) reviewed the respective responsibilities of the Executive Directors and the senior management and the performance of the Group; and
- 3) made recommendations to the Board regarding salaries of the executive Directors and senior management.

Retirement Benefit Scheme

For the Group's operations in Hong Kong, all qualifying employees of the Group are entitled to MPF schemes. During the Reporting Period, total contributions paid to the MPF schemes by the Group amounted to approximately HK\$0.5 million (2023: approximately HK\$0.94 million), which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

Employees in the Group's wine business operating in the PRC are mandated to participate in the social insurance scheme operated by the local government. The Group contributes a percentage of the employees' payroll to the social insurance scheme.

Equal Opportunities, Diversity and Anti-Discrimination

Equal opportunities are given to employees in respect of recruitment, promotion, training and development, job advancement, compensation and benefits and other aspects of employment practices. The diversity of employees provides the Group with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. The Group is committed to providing a discrimination-free working environment, where career opportunities will not be held back on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. All successful recruitment will include a proper and standardised contract in writing between the respective employees and the Group.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

During the Reporting Period, the Group has not identified any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. No incidents of discrimination were reported.

Occupational Health and Safety

Operational health and safety are treated as one of the top priorities in the Group, and the Group strives to maintain high standards in occupational safety and health, fostering a safe and comfortable working environment for its employees.

The Group's *Employment Rules and Regulations Policy* is implemented as a guideline for employees' daily operation practices, recommending the appropriate conducts during operation and it is consistently implemented in all premises of the Group.

All of the Group's premises are equipped with first aid kits, and safety response procedures are in place to handle emergency cases. Regular safety inspections were conducted by relevant government departments to ensure safe working conditions are maintained, and the Group obtained verified compliance pass for each of the inspections. Furthermore, internal control manual outlines guidelines on occupational and restaurant safety matters for kitchen operation, and it is a strict requirement for all kitchen employees to follow the guidelines. Safety and workplace hygiene trainings are also arranged as a mandatory requirement for all restaurant employees.

Other housekeeping safety guidelines are set out as follows:

General restaurant safety

1. The surface of all the floors of restaurants and office premises shall be maintained even and non-slippery, and effective drainage should be installed in kitchen to prevent accumulation of water. Employees working in kitchen should wear non-slip shoes to prevent accidents;
2. Floor surface in the kitchen area should be laid with non-slip tiles;
3. Knives should be kept safely with blades protected and only used for the intended job;
4. Containers for hot water or oil should not be overfilled and should be properly placed. Handles of cooking pans should be kept away from aisles. Employees should wear proper work clothes, protective gloves and aprons;
5. Materials and operating equipment in all workplaces should be stored, stacked or arranged in such a manner that no danger would be caused to any person; and
6. First-aid boxes should be available to employees in all workplaces and placed at locations easy to access.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Fire safety

1. Doors, gates and shutters shall always be kept unfastened or unlocked or otherwise fastened in such a manner that they can easily be opened from indoor without a key in case there are people inside the workplace. The escape path shall remain unobstructed to provide a safe means of escape in case of fire. There should be a conspicuously placed illuminated sign bearing the word “EXIT” in both English and Chinese;
2. The means of escape should be clearly and accurately illustrated in floor plans. The floor plans should be properly displayed at prominent places in the workplaces, and easily be viewed by all;
3. Fire warning system should be regularly tested, and a record of these tests should be kept by the administration department;
4. Adequate, and regularly checked fire extinguishers shall be provided/maintained and so placed as to be readily available for use;
5. Employees should be aware of the location and the appropriate use of the fire extinguishers;
6. Adequate and sufficient training in fire safety at workplaces should be provided regularly at suitable intervals to all the employees working in the premises; and
7. Notices should be displayed in all conspicuous positions in the workplaces to highlight the action to be taken on discovering a fire. All fire instruction notices should be framed and glazed or otherwise sealed to prevent loss or defacement and be permanently fixed in position.

The Group also implemented an Accident Reporting Guideline, for the reporting of any injury or accident occurring at the Group’s premises. Regardless of the type and seriousness of the injury and accidents, they must be reported to the head office.

During this Reporting Period, the Group had no material non-compliances with relevant standards, rules and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards, and had no major accident encountered. There were 0 work injury incidents recorded by the Group in this Reporting Period, and therefore did not result in any lost days. The Group did not have any work-related fatalities in the past three reporting years including this Reporting Period.

Development and Training

The Group supports its employees to undertake life-long learning and enhance their work-related skills and knowledge. The Group customises various types of in-house training programme for employees to improve their overall skills relevant to work, and for the benefit of the employees to provide them with necessary skills for further career advancement, including (i) general training; and (ii) Directors’ training.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

General training

As the Group's guiding policy, orientation programme and on-job training are provided for newly employed staff, and for those who have been relocated to a new position, to ensure that they can be familiar with the new working conditions. The orientational programme covers specific job requirements, as well as safety and environmental practices. Furthermore, the Group encourages employees to actively participate in work-related trainings organised by external institutions, such as Integrated Vocational Development Centre, the School of Continuing and Professional Education, and local universities, to enhance individual professional knowledge and their personal abilities. Tuition fees may be subsidised by the Group on application, subject to approval by the Group's senior management. The human resource manager has maintained records for internal and external training programs participated by the Group's employees.

General training – Daily Restaurant Debriefing

The assistant restaurant manager and the head chef of each restaurant also conduct daily debriefing with all the employees of the respective restaurant for matters of attention, including any recent incidents that occurred at the restaurant, customers comments and suggestions, changes in food and drinks menus, material changes in weather and traffic conditions, restaurant hygiene and cleanliness as well as areas for improving the quality of service. During the daily debriefing, comments from the employees are encouraged and brought up for discussion.

During the Reporting Period, the Group's employees received a total of 498 hours of training. A breakdown of our training statistics is presented in the below table:

% Employees Received Training During the Reporting Period

By Gender		By Employee Category	
Male	69%	Senior Management	30%
Female	80%	Middle Management	36%
		Other Employees	83%

Average Training Hours

By Gender		By Employee Category	
Male	1.4	Senior Management	0.6
Female	1.6	Middle Management	0.7
		Other Employees	1.7

Table 7 & 8 – Employee Training Data

Note:

- Employee training KPIs cover the Group's operations in Hong Kong. Metrics associated with our newly acquired wine business in the PRC will be disclosed in future reports following availability of full-year data.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Supply Chain Management

Food and catering businesses involve working with a diversified group of companies, and the Group values the mutual benefits that can be gained from a long-lasting relationship with reputable suppliers to provide high quality products. As the Group operates several popular restaurants in locations across Hong Kong, the Group has implemented various effective and consistent Group-wide supply chain management schemes, (ie: *Internal Control Purchase Manual and Approved Suppliers List* (“**ASL**”)), covering restaurant activities including sourcing for food ingredients, food products, beverages, utensils and other ancillary equipment purchases. Other supply chain activities that are covered under such schemes also include engagements with external licensing consultants, pest control companies, renovation, repair and maintenance services companies, cleaning companies, and suppliers of office supplies.

The Group principally purchases from its ASL that is constructed based on criteria set forth in the *Internal Control Purchase Manual*. Suppliers shall be assessed according to their product and service quality and stability offered, and along with general reputations from the specific supplying company. Specific criteria such as price, quality of products, customer service team responsiveness, capability and experience shall all be assessed during the selection process.

In addition, environmental management approaches and social responsibility performances of suppliers are also considered as part of the Group’s supplier screening process to minimise the Group’s exposure to environmental and social risks from its value chain.

Quality of suppliers in the ASL shall be reviewed regularly to ensure the quality is maintained, and immediate removal from the list shall be performed in case suppliers are identified for not meeting the Group’s standard.

As a support to local economy and to ensure flexibility of supplies, the Group sources from reputable local suppliers. The Group also procures recycled packaging materials for food delivery as a means to support “Green” practices.

The Group monitors the reputation of the supplier’s performance in business ethics, environmental protection, human rights and labour practices, and it will take note of such details during the procurement process.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

As of 31 March 2024, the Group's restaurant operations have a total of 75 suppliers. A breakdown of their geographical distribution is shown in the following chart:

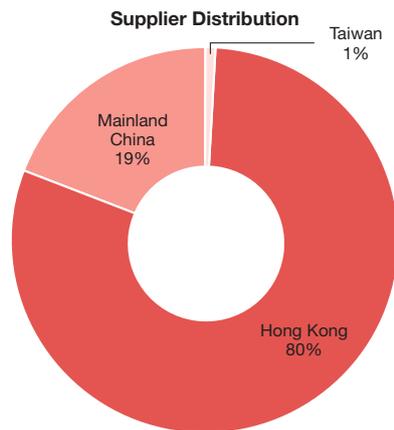


Chart 5 — Supplier Geographic Distribution

During this Reporting Period, the Group did not identify any cases of suppliers failing to meet the Group's requirements.

Product Responsibility

Serving high quality food to customers is the core and guiding principle of the Group, and as part of the “product responsibility”. Details on food quality management is stated in the Group's *Internal Control Manual, Employee Rules and Regulations and Contracts*, a summary of which is set out below:

Food Quality

Quality of food and hygiene and safety are some of the most important aspects of the Group's business, and a series of strict internal quality control standards are implemented across the operation processes as summarised below to ensure the quality, hygiene and safety of food served to its customers:

- Purchase, Storage, Preservation and Inventory Control — Perishable food ingredients are kept at an inventory level sufficient for not more than one day, and non-perishable food ingredients, including frozen meat, are kept at an inventory sufficient for at most 3 days of operation in order to maintain freshness. Any unused vegetables would be discarded at the end of each day.
- Suppliers — to ensure the quality of food ingredients, the Group only purchases from reliable and approved suppliers, who have proven track records on maintaining excellent food hygiene and safety.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

- Food Preparation — to ensure the freshness and the safety of the served food, employees are trained with food safety handling and food processing procedures such as washing, cutting, seasoning, cooking and serving are carried out by kitchen staff under the supervision of the head chefs. Employees working in the kitchen are also required to use different sets of cutting boards and knives for processing raw food and cooked food respectively. All dishes shall be freshly made in the kitchen and served to customers as soon as possible, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after use by customers.

Hygiene Manager and Hygiene Supervisor Scheme

The Group is committed to food and environment hygiene, and to maintaining food safety in restaurants. For restaurants with capacities of less than 100 customers, the Group employs a hygiene manager, while for restaurants that can accommodate 100 or more customers, the Group appoints a hygiene manager together with a hygiene supervisor. Hygiene managers and hygiene supervisors are responsible for:

- a) inventory control of raw food, meats, fruits and materials for cooking;
- b) monitoring cooking methods and processes, and the overall quality of cooked food and drinks for serving;
- c) monitoring the cleanliness of the floor, furniture and fixtures, utensils and equipment;
- d) monitoring employees' uniforms and personal hygiene; and
- e) monitoring the overall cleanliness and hygiene of the restaurant (including washroom).

During this Reporting Period, the Group's restaurants have satisfied all legal requirements and operated with valid operation licenses that includes the general restaurant licenses, light refreshment license, liquor license and water pollution control license. The Group also confirmed that there were no products sold or shipped subject to recalls for safety and health reasons and no material complaints or claims on served food was received, none of the Group's restaurants was subject to any investigation on food hygiene by government authorities due to food safety, and there was no identified case of material non-compliance with laws and regulations relating to food hygiene matters in this Reporting Period.

Labour Standards

In addition, the Group is cautious to comply with all laws and regulations relating to labour standards, as it highly respects human rights and freedom, and the uses of child, illegal and forced labour are strictly prohibited. Recruitment personnel conducts careful verification on the job applicant's identification documents to confirm his/her actual age and to ensure legal employment during the recruitment process. Personal information and credentials of job applicants are kept in a secured data system, which is only accessible to restricted employees for human resource purposes.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group is also committed to prohibit any act of forced labour. Terms on working hours, rest and leave entitlement, labour protection and termination of employment are clearly laid out in the employment contract and in compliance with *Employment Ordinance (Chapter 57 of the Laws of Hong Kong)* for our operations in Hong Kong. For our operations in the PRC, the Group strictly complies with relevant labour standards, including but not limited to *Labour Law of the PRC*, *Social Insurance Law of the PRC*, *Contract Law of the PRC*, *Provisions and Prohibition of Using Child Labour* and *Law of the PRC on the Protection of Minors*.

In case any child labour or forced labour is discovered in our operations, employment with the concerned staff will be terminated immediately. An investigation will also be initiated to identify potential causes and mitigation measures will be developed to help ensure such scenarios not to happen again.

During this Reporting Period, the Group has not identified any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.

Customer Service

The Group values comments from its customers, and it aims to improve continuously.

Feedbacks and comments are regularly reviewed, as complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services.

Customer complaints shall be mainly handled by the assistant shop manager, as reasonable resolution shall be offered immediately where possible, which includes improvement on the flavour of the particular ordered dishes in accordance with the customers' expectations, or to offer to exchange the unsatisfactory dish for another dish to customers if necessary.

The assistant shop manager shall also be responsible for handling complaints toward the service quality of a particular employee, and proper response shall be offered to the customer. Details shall be collected and recorded for internal review by the senior management and directors for future improvement.

During this Reporting Period, the Group had not received any complaints from customers that had any material adverse impact on the Group's brands, business and results of operation. The Group however, maintains a "Customer Complaint Record" as a KPI for the management to be alert of the situation and to review.

As the Group's business in Hong Kong consists of restaurant operations, assurance of product quality and recall procedures are not considered material.

Data Privacy Compliance

The Group is dedicated to protecting information privacy and confidentiality. As the Group receives a substantial volume of private, confidential and sensitive information from its operation, employees are instructed and trained to handle confidential information with due care. Confidential clause is included in agreements or proposals signed by the Group, where clauses included shall be strictly implemented and details and related information shall not be disclosed to third party at any time.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group will stay alert to the relevant legal issues and update its internal policies when necessary to avoid any breach of the regulatory requirements in regards to data security.

There were no material issues concerning data privacy during this Reporting Period.

Protection of Intellectual Property

As of 31 March 2024, the Group owned 11 trademarks in Hong Kong and 1 trademark in the PRC. The Group's senior management is fully aware that intellectual property rights are material to our business. The Group respects intellectual property rights, for example all recipes were developed in-house and software installed in computers are genuine.

During this Reporting Period, the Group is not aware of any third-party infringement on its trademarks and has fully complied with relevant laws and regulations, including *Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)*, *Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)*, *Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)* and *the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)*, and there was no incident concerning data privacy. The Group will stay alert to the relevant legal issues and update its internal policies when necessary to stay in compliance with regulatory requirements.

During this Reporting Period, there was no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Anti-Corruption

The Group values employees' business conduct, integrity, ethics and discipline, and in order to create an environment of anti-corruption and anti-fraud, the Group has implemented a strict "Internal Control System" in relation to purchases, sales, operation, finance and code of conduct of the Group's senior management. The Audit Committee oversees the internal control systems and is authorised by the Board to conduct regular reviews on internal control systems so as to:

- regulate the conduct and behaviour of employees;
- create an atmosphere of integrity and dedication; and
- prevent prejudice to the Group's interest.

Employees in charge of finance and accounts have been given training and briefings on anti-money laundering and are responsible for whistle-blowing and taking up remedial actions in case suspicious activities are identified.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

They are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. The Group will ensure that the identity of the whistle-blower will be kept confidential. Disciplinary action would be taken by the Group should any employee is found guilty of corruptive acts.

There was no concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period.

During this Reporting Period, members of the Group's management attended training sessions related to anti-corruption and anti-money laundering for financial operations.

During this Reporting Period, the Group was not involved with any action of non-compliance to legal regulations and laws that have a significant impact on the Group, relating to corruption, bribery, extortion, fraud and money laundering.

COMMUNITY INVOLVEMENT

The Group's senior management acknowledges that it is equally important to generate profits to Shareholders and to be socially responsible to care, serve and give back to our community wherever it is needed. The Group's senior management consistently seek for opportunities to support social initiatives, and details of the Group's activities can be found in the following section.

Community Investment

As a responsible corporation, the Group encourages employees to carry out voluntary services to support and to contribute to the society, the local community and those in need, focusing on providing support and care to individuals facing illness, accidents or in need. During the Reporting Period, the Group has made a number of donations to parties in need, including direct donation and through local charitable organisations, amounting to a total of over HK\$251,800. The Group will continue its efforts in supporting the communities and identify suitable opportunities for contribution.

INDEPENDENT AUDITORS' REPORT



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE SHAREHOLDERS OF
JIN MI FANG GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS ROYAL GROUP HOLDINGS
INTERNATIONAL COMPANY LIMITED)**

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jin Mi Fang Group Holdings Limited (formerly known as Royal Group Holdings International Company Limited) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 90 to 177, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors’ 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.

INDEPENDENT AUDITORS' REPORT

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
-------------------------	---

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Refer to notes 16, 17 and 18 respectively to the consolidated financial statements

We identified the impairment of property, plant and equipment, intangible assets and right-of-use assets as a key audit matter due to the significance of the balance of these operational assets on the consolidated statement of financial position at 31 March 2024 and the significant management estimation involved in determining the recoverable amounts of cash generating units to which property, plant and equipment, right-of-use assets and intangible assets were allocated.

Our procedures in relation to impairment of property, plant and equipment, right-of-use assets and intangible assets included, but not limited to:

- Inquiring the management on their identification of impairment indicators and their method used for the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets of cash generating unit;

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Refer to notes 16, 17 and 18 respectively to the consolidated financial statements

The Group recorded property, plant and equipment, right-of-use assets and intangible assets of approximately HK\$Nil, HK\$38,000 and HK\$Nil at 31 March 2024 respectively and impairment loss of amount of approximately HK\$4,503,000, HK\$7,875,000 and HK\$256,000 were recognised respectively for the year ended 31 March 2024.

As disclosed in note 5 to the consolidated financial statements, that management determined whether property, plant and equipment, right-of-use assets and intangible assets are impaired requires an estimation of the recoverable amount of individual assets or the cash generating units to which the assets belongs using a value in use calculation. Management's estimation is primarily based on the cash flow projections and the discount rate.

- Evaluating the appropriateness of the valuation methodology and assumption of pre-tax discount rate used in determining the recoverable amount; and
- Evaluating the appropriateness of other key assumptions and inputs, including revenue growth rate and gross margin by comparing to historical performance and relevant operation plans.

We found that management's impairment assessment of property, plant and equipment, right-of-use assets and intangible assets were supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism 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.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Ng Ka Wah

Practising Certificate Number: P06417

Hong Kong, 27 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	7	51,729	29,744
Cost of inventories sold		(21,027)	(8,974)
Gross profit		30,702	20,770
Other income and other gain or loss, net	8	855	2,267
Staff costs		(20,817)	(18,790)
Depreciation		(4,481)	(6,728)
Property rentals and related expenses		(4,200)	(1,290)
Fuel and utility expenses		(2,235)	(1,720)
Impairment loss recognised in respect of property, plant and equipment		(4,503)	(799)
Impairment loss recognised in respect of right-of-use assets		(7,875)	(1,779)
Impairment loss recognised in respect of intangible assets		(256)	(407)
Allowance for expected credit losses in respect of deposits and other receivables		(418)	–
Reversal of expected credit losses in respect of loan receivables		69	4
Selling expenses		(1,450)	(2,453)
Administrative and operating expenses		(13,894)	(10,383)
Loss from operations		(28,503)	(21,308)
Finance costs	9	(906)	(973)
Loss before tax	10	(29,409)	(22,281)
Income tax expense	13	(2,655)	(29)
Loss for the year		(32,064)	(22,310)
Loss for the year attributable to:			
Owners of the Company		(30,374)	(22,002)
Non-controlling interests		(1,690)	(308)
		(32,064)	(22,310)
Loss per share			
Basic and diluted loss per share (HK cents)	15	(1.15)	(0.83)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

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

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	16	–	3,707
Right-of-use assets	17	38	7,329
Intangible assets	18	–	289
Rental deposits and prepayments	22	949	1,884
Deferred tax asset	30	–	742
		987	13,951
Current assets			
Inventories	19	4,691	6,517
Trade receivables	20	467	178
Loan receivables	21	–	1,971
Deposits, prepayments and other receivables	22	3,490	4,067
Prepaid tax		109	206
Cash and cash equivalents	23	9,114	26,697
		17,871	39,636
Current liabilities			
Trade payables	24	1,189	1,458
Accruals and other payables	25	10,319	9,707
Amount due to a related company	26	217	–
Amount due to a director	26	2,380	–
Bank borrowings	27	7,104	10,979
Lease liabilities	28	4,669	5,246
Tax payables		57	14
		25,935	27,404
Net current (liabilities)/assets		(8,064)	12,232
Total assets less current liabilities		(7,077)	26,183

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Provision for reinstatement costs	29	172	160
Lease liabilities	28	3,786	4,871
Deferred tax liability	30	–	115
		3,958	5,146
Net (liabilities)/assets		(11,035)	21,037
Capital and reserves			
Share capital	31	26,434	26,434
Reserves		(35,771)	(5,389)
Equity attributable to owners of the Company		(9,337)	21,045
Non-controlling interest		(1,698)	(8)
Total equity		(11,035)	21,037

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2024 and signed on its behalf by:

Zhou Feng
Director

Zhang Miao
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Exchange reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	–	–	–
At 31 March 2024	26,434	113,760	–	(8)	(149,523)	(9,337)	(1,698)	(11,035)

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Loss before tax		(29,409)	(22,281)
Adjustments for:			
Interest income on bank balances	8	(30)	(16)
Interest income on loan receivables		(200)	(240)
Gain on termination of leases	8	(397)	–
Covid-19-related rental concession	8	–	(257)
Finance costs	9	906	973
Impairment loss recognised in respect of property, plant and equipment	16	4,503	799
Impairment loss recognised in respect of right-of-use assets	17	7,875	1,779
Impairment loss recognised in respect of intangible assets	18	256	407
Allowance for expected credit losses in respect of deposits and other receivables		418	–
Reversal of expected credit losses in respect of loan receivables		(69)	(4)
Written down of inventories		–	473
Amortisation of intangible assets	18	33	79
Depreciation of property, plant and equipment	16	1,028	415
Depreciation of right-of-use assets	17	3,453	6,314
Loss on deregistration of an associate	8	–	14
Operating cash flows before movements in working capital		(11,633)	(11,545)
Decrease/(increase) in inventories		1,819	(6,819)
Increase in trade receivables		(289)	(39)
Decrease in loan receivables		2,240	240
Decrease/(increase) in deposits, prepayments, and other receivables		1,094	(1,536)
(Decrease)/increase in trade payables		(269)	451
Increase in accruals and other payables		612	478
Increase in amount due to a related company		217	–
Cash used in operations		(6,209)	(18,770)
Tax (paid)/refund		(1,888)	274

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities		(8,097)	(18,496)
Cash flows from investing activities			
Interest received		30	16
Purchase of property, plant and equipment		(1,824)	(4,849)
Net cash used in investing activities		(1,794)	(4,833)
Cash flows from financing activities			
Advance from director		2,380	–
Interest paid		(894)	(384)
Capital injection from non-controlling interest		–	300
Repayment of bank borrowings		(3,875)	(3,875)
Repayment for lease liabilities		(5,302)	(6,687)
Net cash used in financing activities		(7,691)	(10,646)
Net decrease in cash and cash equivalents		(17,582)	(33,975)
Cash and cash equivalents at the beginning of the reporting period		26,697	60,672
Effect of foreign exchange rate changes		(1)	–
Cash and cash equivalents at the end of the reporting period	23	9,114	26,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

Jin Mi Fang Group Holdings Limited (formerly known as Royal Group Holdings International Company Limited) (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 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

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 ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-Current Liabilities with Covenant ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ 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 CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

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 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, as explained in the accounting policies below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Going concern *(Continued)*

- 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.

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interest in subsidiaries are presented separately from the Group's equity herein, which represent present ownership interest entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Business combination *(Continued)*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share – based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Interests in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interest in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net interest in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the interest (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the interest. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the interest subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Interests in an associate *(Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Building	50 years
Leasehold improvements	Over the shorter of lease terms or 5 years
Furniture and fixtures	1–5 years
Catering and other equipment	1–5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are recognised at cost less any accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or the 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 cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less all costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of HKFRS 9 of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income and other gain or loss, net” line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, loan receivables, deposits paid and other receivables and bank balances). The amount of ECL is updated at end of the each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probably that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on certain trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, loan receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables, bank borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from restaurants operations

Revenue from restaurants operations is recognised at a point in time when the catering services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from trading of luxury watches business

Revenue from trading of luxury watches business are recognised at the point in time when control of the asset is transferred to the customer.

Revenue from wine business

Revenue from wine business are recognised at the point in time when control of the asset is transferred to the customer.

Interest income

Interest income is recognised by applying the effective interest rate to the gross carrying amount of a financial asset.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Covid-19-related rent concessions *(Continued)*

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by shareholders of the entity.

Employee benefits

Retirement benefit costs

Payment to Mandatory Provident Fund Scheme (the "MPF Scheme") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The retirement benefits 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs (Continued)

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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 and other gain or loss, net".

Taxation

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

Current tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

Material accounting policy information (Continued)

Related parties (Continued)

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

Categories of financial assets and financial liabilities

The carrying amounts of the Group's financial assets and financial liabilities recognised in the consolidated statement of financial position at the end of the reporting period categorised as follows:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
At amortised cost	12,801	32,940
Financial liabilities		
At amortised cost	29,664	32,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Categories of financial assets and financial liabilities *(Continued)*

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risk (foreign currency risk and interest rate risk), credit risks and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Group does not have written risk management policies. However, the directors and senior management meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Market risk

Foreign currency risk

The Group operates in Hong Kong and majority of transactions are denominated in HK\$, United States dollar ("USD") and Renminbi ("RMB"). Foreign currency risk arises from future commercial transactions, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to foreign currency risk in respect of HK\$ against USD as long as these currencies are pegged.

The transactions and monetary assets denominated in RMB are minimal, the Group considers there have no significant foreign exchange risk in respect of RMB and thus no sensitivity is presented.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group is exposed to fair value interest rate risk to loan receivables (note 21) and lease liabilities (note 28). The Group is also exposed to cash flow interest rate risk relates primarily to variable rate borrowings (note 27). The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Market risk *(Continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2024 would increase/decrease by approximately HK\$30,000 (2023: HK\$46,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate of bank borrowings.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, loan receivables, deposits, other receivables and bank balances.

At 31 March 2024 and 2023, 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

Trade receivables of the Group represent amounts due from various financial institutions arising from credit cards payment arrangement and amounts due from landlord arising from shopping mall promotion campaign. At 31 March 2024, the Group has concentration of credit risk as 37% and 90% (2023: 22% and 99%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The management assessed ECL by applying simplified approach on trade receivables collectively taking into consideration of historical credit loss experience and forward-looking information. The management estimated the average loss rates with reference to historical observed settlement record and adjusted with forward-looking factor. As there was no recent history of default in relation to the trade receivables, the estimated average loss rates were insignificant. Based on estimated average loss rates, the management concluded that the lifetime ECL on trade receivables are insignificant and hence no allowance for ECL on trade receivables was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Credit risk and impairment assessment *(Continued)*

Deposits and other receivables

The Group applies the general approach, which is often referred to “three-stage model”, under HKFRS 9, in which ECL of deposits and other receivables are determined based on (i) the changes in credit quality of the deposits and other receivables since initial recognition, and (ii) the estimated expectation of an economic loss of the deposits and other receivables under consideration.

The allowance for ECL of the Group’s deposits and other receivables are recognised in the following three stages:

- (i) Stage 1 (initial recognition) includes deposits and other receivables that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these deposits and other receivables, 12m ECL is recognised.
- (ii) Stage 2 (significant increase in credit risk) includes deposits and other receivables that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these deposits and other receivables, lifetime ECL is recognised.
- (iii) Stage 3 (credit-impaired) includes deposits and other receivables that have objective evidence of impairment at the reporting date. For these deposits and other receivables, lifetime ECL is recognised.

For the years ended 31 March 2023, the Group assessed the ECL for deposits and other receivables is insignificant and thus no loss allowance for ECL is recognised. The ECL rate for deposits and other receivables is 11.48% for the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Credit risk and impairment assessment (Continued)

Deposits and other receivables (Continued)

Movements of allowance for ECL recognised in respect of deposits and other receivables are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 April 2022, 31 March 2023 and 1 April 2023	–	–	–	–
Allowance for ECL recognised	102	–	316	418
At 31 March 2024	102	–	316	418

Loan receivables

The Group applies the general approach, which is often referred to “three-stage model”, under HKFRS 9, in which ECL of loan receivable are determined based on (i) the changes in credit quality of the loan receivable since initial recognition, and (ii) the estimated expectation of an economic loss of the loan receivable under consideration.

The allowance for ECL of the Group's loan receivables are recognised in the following three stages:

- (i) Stage 1 (initial recognition) includes loan receivables that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these loan receivables, 12m ECL is recognised.
- (ii) Stage 2 (significant increase in credit risk) includes loan receivables that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these loan receivables, lifetime ECL is recognised.
- (iii) Stage 3 (credit-impaired) includes loan receivables that have objective evidence of impairment at the reporting date. For these loan receivables, lifetime ECL is recognised.

The ECL rate for loan receivables is 3.40% for the year ended 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Credit risk and impairment assessment (Continued)

Loan receivables (Continued)

Movements of allowance for ECL recognised in respect of loan receivables are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 April 2022	73	–	–	73
Reversal of ECL recognised	(4)	–	–	(4)
At 31 March 2023 and 1 April 2023	69	–	–	69
Reversal of ECL recognised	(69)	–	–	(69)
At 31 March 2024	–	–	–	–

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group since prior years and considered by the management to have been effective in managing liquidity risks.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	At 31 March 2024					Carrying amount HK\$'000
	Effective interest rate	Within 1 year or on demand HK\$'000	Within 1-2 years HK\$'000	Within 2-5 years HK\$'000	Total undiscounted amount HK\$'000	
Non-derivative financial liabilities						
Trade payables	-	1,189	-	-	1,189	1,189
Accruals and other payables	-	10,319	-	-	10,319	10,319
Amount due to a related company	-	217	-	-	217	217
Amount due to a director	-	2,380	-	-	2,380	2,380
Bank borrowings	3.63	7,104	-	-	7,104	7,104
Lease liabilities	7.57	5,140	2,904	1,080	9,124	8,455
		26,349	2,904	1,080	30,333	29,664

	At 31 March 2023					Carrying amount HK\$'000
	Effective interest rate	Within 1 year or on demand HK\$'000	Within 1-2 years HK\$'000	Within 2-5 years HK\$'000	Total undiscounted amount HK\$'000	
Non-derivative financial liabilities						
Trade payables	-	1,458	-	-	1,458	1,458
Accruals and other payables	-	9,707	-	-	9,707	9,707
Bank borrowings	3.38	10,979	-	-	10,979	10,979
Lease liabilities	6.68	5,765	3,790	1,330	10,885	10,117
		27,909	3,790	1,330	33,029	32,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Liquidity risk (Continued)

Bank borrowings with a repayable on demand clause are included in the “within one year or on demand” time band in the above maturity analysis. The Group’s bank borrowings contain repayable on demand clause. Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group’s aggregate principal and interest cash outflows for bank borrowings with a repayable on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of each reporting period.

Maturity analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments

	Effective interest rate	Within 1 year or on demand HK\$'000	Within 1-2 years HK\$'000	Within 2-5 years HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
At 31 March 2024	3.63	4,069	3,283	–	7,352	7,104
At 31 March 2023	3.38	4,185	4,055	3,280	11,520	10,979

Fair value of financial instruments that are not measured at fair value on a recurring basis

The carrying amounts of the Group’s financial assets and financial liabilities carried at amortised cost were not materially different from their fair values at 31 March 2024 and 2023.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to provide an adequate return to stakeholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the current and prior years.

The Group is not subject to any external imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Capital management (Continued)

Gearing ratio

The directors review the capital structure on annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares and repurchase of existing shares as well as issue of new debts or the redemption of existing debts.

The gearing ratio at the end of the reporting period was as follows:

	2024 HK\$'000	2023 HK\$'000
Total debts (Note)	17,939	21,096
Less: cash and cash equivalent	(9,114)	(26,697)
Net debts/(cash)	8,825	(5,601)
Equity attributable to owners of the Company	(9,337)	21,045
Total debts to equity ratio	N/A	N/A

Note: Total debts include amount due to a director, bank borrowings and lease liabilities in notes 26, 27 and 28 to the consolidated financial statements respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, 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 ongoing 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

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

Provision of ECL of financial assets

The Group applies simplified approach to assess ECL for trade receivables and applies general approach to assess ECL for loan receivables, deposits, other receivables and bank balances. Forward-looking information is also considered in ECL assessment. At each reporting date, the historical observed default rates are updated and changes in the credit status of the debtors and forward-looking information are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's financial assets are disclosed in notes 4, 20, 21 and 22 to the consolidated financial statements.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generation units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of property, plant and equipment, right-of-use assets and intangible assets *(Continued)*

At 31 March 2024, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were HK\$Nil, HK\$38,000 and HK\$Nil (2023: HK\$3,707,000, HK\$7,329,000 and HK\$289,000) respectively, after taking into account the impairment losses of HK\$4,503,000, HK\$7,875,000 and HK\$256,000 (2023: HK\$799,000, HK\$1,779,000 and HK\$407,000) in respect of property, plant and equipment, right-of-use assets, and intangible assets that have been recognised respectively.

Further details are disclosed in note 16 to the consolidated financial statements.

Net realisable value of inventories

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

6. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT INFORMATION (Continued)

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

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

For the year ended 31 March 2023

	Restaurant operations HK\$'000	Trading of luxury watches business HK\$'000	Money lending business HK\$'000	Wine business HK\$'000	Total HK\$'000
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Amounts included in the measure of segment profit or loss:

For the year ended 31 March 2024

	Restaurant operations HK\$'000	Trading of luxury watches business HK\$'000	Money lending business HK\$'000	Wine business HK\$'000	Unallocated HK\$'000	Total HK\$'000
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 HK\$'000	Trading of luxury watches business HK\$'000	Money lending business HK\$'000	Wine business HK\$'000	Unallocated HK\$'000	Total HK\$'000
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

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.

7. REVENUE

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

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

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong	36,953	29,744
The PRC	14,776	–
	51,729	29,744

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	2024 HK\$'000	2023 HK\$'000
Interest income on bank balances	30	16
Interest income on loan receivables	200	240
Government grant (<i>Note</i>)	–	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
	855	2,267

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.

9. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended 31 March 2024						
		Directors' fees	Discretionary bonus	Salaries, allowance, and benefits in kind	Retirement benefit scheme contributions	Total
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:						
Zhou Feng (Chairman)	a	-	-	1,434	-	1,434
Wang Yongqiang (Chief Executive Officer)	b	-	-	384	-	384
Zhang Miao	c	-	-	516	-	516
Mr. Wong	d	-	-	1,843	18	1,861
Chan Chak To Raymond	e	-	-	1,461	12	1,473
Lam Wai Kwan	e	-	-	558	12	570
Non-executive director:						
Mak Suet Man	c	43	-	-	-	43
Independent non-executive directors:						
Ho Lik Kwan Luke	c	43	-	-	-	43
Lam Lap Sing	c	43	-	-	-	43
Lau Wing Hing	c	43	-	-	-	43
Ma Yiu Ho Peter	e	135	-	-	-	135
Cai Chun Fai	e	135	-	-	-	135
Ng Sai Cheong	e	135	-	-	-	135
		577	-	6,196	42	6,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. DIRECTORS' REMUNERATION (Continued)

Year ended 31 March 2023						
		Directors' fees	Discretionary bonus	Salaries, allowance, and benefits in kind	Retirement benefit scheme contributions	Total
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:						
Mr. Wong	d	–	1,000	3,000	18	4,018
Chan Chak To Raymond	e	–	800	960	18	1,778
Lam Wai Kwan	e	–	–	630	18	648
Independent non-executive directors:						
Ma Yiu Ho Peter	e	150	–	–	–	150
Cai Chun Fai	e	150	–	–	–	150
Ng Sai Cheong	e	150	–	–	–	150
		450	1,800	4,590	54	6,894

Notes:

- Mr. Zhou Feng was appointed as chairman and director of the Company, with effect from 23 November 2023
- Mr. Wang Yongqiang was appointed as chief executive officer and director of the Company, with effect from 23 November 2023
- Appointed as director with effect from 23 November 2023
- Mr. Wong resigned from the positions of chairman, chief executive officer, the chairman of each of Nomination Committee and Investment Committee, a member of Remuneration Committee and an authorized representative of the Company with effect from 23 November 2023
- Resigned as director with effect from 23 November 2023

No directors have waived or agreed to waive any remuneration during the years ended 31 March 2024 and 2023.

During the years ended 31 March 2024 and 2023, there was no amount paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. DIRECTORS' REMUNERATION (Continued)

Directors' interest in transactions, arrangements or contracts of significance

Except as disclosed in note 33 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company, its ultimate holding company, or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals include five (2023: three) directors, whose emoluments are disclosed in note 11 to the consolidated financial statements, for the year ended 31 March 2024. During the year ended 31 March 2023, the aggregate of the emoluments in respect of the remaining two highest paid employees who were neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowance and benefits in kind	-	992
Discretionary bonus	-	600
Retirement benefit scheme contributions	-	36
	-	1,628

The aggregated emoluments of the above individuals fell within the following bands:

	Number of individuals	
	2024	2023
Nil to HK\$1,000,000	-	1
HK\$1,000,001 to HK\$1,500,000	-	1
	-	2

The above individuals include one senior management as disclosed in the section headed "Biographical Details of Directors and Senior Management" during the year ended 31 March 2023.

During the years ended 31 March 2024 and 2023, there was no amount paid or payable by the Group to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

13. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– Current tax	43	14
The PRC Enterprise Income Tax		
– Current tax	1,985	–
Deferred tax		
– Charge for the year (note 30)	627	15
	2,655	29

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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

13. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(29,409)	(22,281)
Tax at domestic income tax rate	(4,266)	(3,676)
Tax effect of:		
Tax relief on 8.25% on first HK\$2 million of assessable profit	(39)	–
Income not taxable for tax purpose	(29)	(263)
Expenses not deductible for tax purpose	2,159	596
Estimated tax losses not recognised	4,240	3,498
Utilisation of tax losses previously not recognised	–	(8)
Tax effect of deductible temporary difference previously not recognised	596	–
Utilisation of deductible temporary differences previously not recognised	–	(112)
One-off reduction of Hong Kong Profits Tax by Inland Revenue Department	(6)	(6)
Income tax expense for the year	2,655	29

14. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. LOSS PER SHARE

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

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

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 approximately HK\$6,000. No awards or 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 annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Catering and other equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost					
At 1 April 2022	22,083	793	11,395	1,578	35,849
Additions	4,531	58	260	–	4,849
Transfer from right-of-use assets	–	–	–	342	342
At 31 March 2023 and 1 April 2023	26,614	851	11,655	1,920	41,040
Additions	843	17	964	–	1,824
At 31 March 2024	27,457	868	12,619	1,920	42,864
Accumulated depreciation and impairment					
At 1 April 2022	22,083	721	11,395	1,578	35,777
Charge for the year	363	20	32	–	415
Transfer from right-of-use assets	–	–	–	342	342
Impairment loss	628	56	115	–	799
At 31 March 2023 and 1 April 2023	23,074	797	11,542	1,920	37,333
Charge for the year	862	19	147	–	1,028
Impairment loss	3,521	52	930	–	4,503
At 31 March 2024	27,457	868	12,619	1,920	42,864
Carrying amount					
At 31 March 2024	–	–	–	–	–
At 31 March 2023	3,540	54	113	–	3,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment

At 31 March 2024 and 2023, in view of poor performance of the restaurant business and trading of luxury watches business, the management of the Group concluded there was an indicator for impairment and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with finite useful life with carrying amounts of approximately HK\$Nil (2023: HK\$3,707,000), HK\$38,000 (2023: HK\$7,329,000) and HK\$Nil (2023: HK\$289,000) respectively.

The Group conducted impairment assessment on property, plant and equipment, intangible assets and right-of-use assets of each restaurants or retail store by estimating the recoverable amount of each of the restaurants or retail store which represent smallest identifiable CGU, including allocation of corporate assets using a reasonable and consistent basis.

The recoverable amount of each of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on a period of the remaining lease term with a pre-tax discount rate is 10.9% (2023: 9.9%). Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

Based on the value in use calculation and the allocation, an impairment loss of approximately HK\$4,503,000 (2023: HK\$799,000), HK\$7,875,000 (2023: HK\$1,779,000) and HK\$256,000 (2023: HK\$407,000) has been recognised for property, plant and equipment, right-of-use assets and intangible assets with finite useful lives respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. RIGHT-OF-USE ASSETS

	Head office HK\$'000	Warehouse HK\$'000	Restaurants and retail store HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 31 March 2024					
Carrying amount	-	38	-	-	38
At 31 March 2023					
Carrying amount	-	-	7,329	-	7,329
For the year ended 31 March 2024					
Depreciation charge	54	4	3,395	-	3,453
Impairment loss	309	-	7,566	-	7,875
	363	4	10,961	-	11,328
For the year ended 31 March 2023					
Depreciation charge	-	-	6,250	64	6,314
Impairment loss	-	-	1,779	-	1,779
	-	-	8,029	64	8,093
				2024	2023
				HK\$'000	HK\$'000
Expense relating to short-term leases				3,348	141
Variable lease payments not included in the measurement of lease liabilities				-	316
Total cash outflow for leases				9,219	7,144
Addition to right-of-use assets (<i>Note</i>)				4,037	10,543

Note: Amount includes right-of-use assets resulting from new leases entered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. RIGHT-OF-USE ASSETS (Continued)

For the year ended 31 March 2024, the Group leases head office, warehouse, restaurants and retail store for its operations (2023: head office, restaurants and retail store). Lease contracts are entered into for fixed term of two to three years (2023: two to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leases of restaurants are either with only fixed lease payments or contain variable lease payment that are based on 12% (2023: 10% to 12%) of gross revenue of the relevant restaurant.

Details of impairment assessment on right-of-use assets are disclosed in note 16 to the consolidated financial statements.

Restrictions or covenants on leases

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.

18. INTANGIBLE ASSETS

	Franchise agreements HK\$'000
Cost	
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,600
Accumulated amortisation and impairment	
At 1 April 2022	9,825
Charge for the year	79
Impairment loss	407
At 31 March 2023 and 1 April 2023	10,311
Charge for the year	33
Impairment loss	256
At 31 March 2024	10,600
Carrying amount	
At 31 March 2024	–
At 31 March 2023	289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. INTANGIBLE ASSETS (Continued)

The intangible assets are amortised on a straight-line basis over a period of 10 years (2023: 10 years).

Details of impairment assessment on intangible assets are disclosed in note 16 to the consolidated financial statements.

19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Food and beverage, and other operating items for restaurant operations	88	105
Watches	–	6,412
Wines	4,603	–
	4,691	6,517

20. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. TRADE RECEIVABLES (Continued)

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:

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

Details of impairment assessment of trade receivables are set out in note 4 to the consolidated financial statements.

21. LOAN RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Fixed-rate loan receivables	–	2,040
Less: allowance for ECL	–	(69)
	–	1,971

The loan receivables are unsecured, interest-bearing at 12% per annum and recoverable within one year.

Details of impairment assessment of loan receivables are set out in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits, net allowance for ECL (<i>note</i>)	3,219	4,061
Prepayments	1,219	1,857
Other receivables, net allowance for ECL	1	33
	4,439	5,951
Less: Non-current portion	(949)	(1,884)
Current portion	3,490	4,067

Note: Deposits mainly consist of rental deposits and utility deposits related to restaurant and trading of luxury watches operations.

Details of impairment assessment of deposits and other receivables are set out in note 4 to the consolidated financial statements.

23. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	9,114	26,697

At 31 March 2024 and 2023, bank balances carry interest at floating rates and placed with creditworthy banks with no recent history of default.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control imposed by the PRC government. The Group's cash and cash equivalents denominated in RMB are located in Hong Kong which is not subject to the foreign exchange control.

Details of impairment assessment of bank balances are set out in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

24. TRADE PAYABLES

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

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

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

25. ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accruals	4,720	4,677
Other payables	5,599	5,030
	10,319	9,707

26. AMOUNT DUE TO A DIRECTOR/RELATED COMPANY

The amount due to a director and amount due to a related company are unsecured, non-interest bearing, non-trade nature and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

27. BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured bank borrowings	7,104	10,979
Carrying amounts (shown under current liabilities) that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	3,875	3,875
– More than one year but less than two years	3,229	3,875
– More than two years but less than five years	–	3,229
	7,104	10,979

All of the Group's bank borrowings are denominated in HK\$.

At 31 March 2024 and 2023, all bank borrowings are guaranteed by Mr. Wong.

At 31 March 2024 and 2023, all bank borrowings are interest bearing at HK\$ prime rate minus a spread. The effective interest rate on the bank borrowings was 3.63% (2023: 3.38%) per annum.

28. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Minimum lease payment		
Within one year	5,140	5,765
Within a period of more than one year but not more than two years	2,904	3,790
Within a period of more than two years but not more than five years	1,080	1,330
	9,124	10,885
Less: future finance charges	(669)	(768)
Present value of lease liabilities	8,455	10,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28. LEASE LIABILITIES (Continued)

	2024 HK\$'000	2023 HK\$'000
Present value of lease payment		
Within one year	4,669	5,246
Within a period of more than one year but not more than two years	2,741	3,563
Within a period of more than two years but not more than five years	1,045	1,308
Present value of lease liabilities	8,455	10,117
Less: amount due for settlement within 12 months shown under current liabilities	(4,669)	(5,246)
Amounts due for settlement after 12 months shown under non-current liabilities	3,786	4,871

All of the Group's lease liabilities are denominated in HK\$.

The weighted average incremental borrowing rates applied to lease liabilities range from 7.10% to 9.41% (2023: 1.81% to 8.06%).

29. PROVISION FOR REINSTATEMENT COSTS

	2024 HK\$'000	2023 HK\$'000
Balance as at beginning of the year	160	–
Additions	–	154
Unwinding of discount on provision (Note 9)	12	6
Balance as at closing of the year	172	160
Analysed for reporting purpose as:		
Non-current portion	172	160

Provision for reinstatement costs is recognised at the net present value of costs to be incurred for the reinstatement of the leased property used by the Group for its operations upon expiration of the relevant lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

30. DEFERRED TAX

The followings are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation	Franchise agreement	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	(770)	128	(642)
Charge/(credit) to profit or loss (note 13)	28	(13)	15
At 31 March 2023 and 1 April 2023	(742)	115	(627)
Charge/(credit) to profit or loss (note 13)	742	(115)	627
At 31 March 2024	-	-	-

The Group had unused estimated tax losses of approximately HK\$145,119,000 (2023: HK\$122,090,000) available for offsetting against future profits at 31 March 2024. No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams and unrecognised tax losses may be carried forward indefinitely.

The Group has deductible temporary differences of HK\$418,000 (2023: HK\$69,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

31. SHARE CAPITAL

	2024	2023	2024	2023
	'000	'000	HK\$'000	HK\$'000
Ordinary share of HK\$0.01 each				
Authorised:				
At the beginning and end of the reporting period	20,000,000	20,000,000	200,000	200,000
Issued and fully paid:				
At the beginning and end of the reporting period	2,643,360	2,643,360	26,434	26,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
Non-current asset		
Investment in subsidiary	1	–
Current assets		
Deposits and prepayments	186	78
Cash and bank balances	216	137
	402	215
Current liabilities		
Accruals	1,038	1,207
Amounts due to subsidiaries	1	56,691
Amount due to a director	2,344	–
	3,383	57,898
Net current liabilities	(2,981)	(57,683)
Net liabilities	(2,980)	(57,683)
Capital and reserves		
Share capital	26,434	26,434
Reserves	(29,414)	(84,117)
Total equity	(2,980)	(57,683)

Approved by the board of directors on 27 June 2024 and signed on its behalf by:

Zhou Feng
Director

Zhang Miao
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY (Continued)

(b) Movement of reserves of the Company

	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	113,760	2,750	(152,461)	(35,951)
Loss and total comprehensive expense for the year	–	–	(48,166)	(48,166)
At 31 March 2023 and 1 April 2023	113,760	2,750	(200,627)	(84,117)
Profit and total comprehensive income for the year	–	–	54,703	54,703
Transfer of share option reserve upon the cancellation of share options	–	(2,750)	2,750	–
At 31 March 2024	113,760	–	(143,174)	(29,414)

33. MATERIAL RELATED PARTY TRANSACTION

Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 11 to the consolidated financial statements, is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowance and benefit in kind	7,149	5,616
Discretionary bonus	–	2,400
Retirement benefit schemes contributions	68	72
	7,217	8,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. MATERIAL RELATED PARTY TRANSACTION *(Continued)*

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions with related parties:

Relationships	Nature of balances/transactions	2024 HK\$'000	2023 HK\$'000
Related company <i>(Note a)</i>	Rental expense	217	–
Related company <i>(Note b)</i>	Deposits	780	–
	Rental expense	1,430	–

Notes:

- a For the year ended 31 March 2024, Ms. Zhang Miao has the beneficial interest in the related company.
- b For the year ended 31 March 2024, Mr. Wong has the beneficial interest in the related company.

34. SHARE OPTIONS

Pursuant to a resolution passed on 21 July 2016, a share option scheme (the “Option Scheme”) was adopted by the Company.

The major terms of the Option Scheme are summarised as follows:

- (i) The purpose is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group.
- (ii) The eligible person include full time or part time employees of the Group (including any director, whether executive or non-executive and whether independent or not, or consultant of the Company or any subsidiary or any entity in which the Group holds an equity interest); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, customers, licensees (including any sub-licensee), landlords or tenants (including any sub-tenants) of the Group or any invested entity or any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.
- (iii) The total number of shares in respect of which share options may be granted under the Option Scheme shall not exceed 10% of the issued shares capital of the Company at any point in time, without prior approval from the Company’s shareholders. The number of shares which may be issued upon exercise of all outstanding share option granted and yet to be exercised under the Option Scheme and any other share option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. SHARE OPTIONS *(Continued)*

- (iv) The total number of shares issued and to be issued upon exercise of the share options granted to each participant or grantee (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders.
- (v) The total number of shares issued and to be issued upon exercise of the share options granted to each substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of its respective associates or an independent non-executive director or any of his associates (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, unless the same is approved by the shareholders.
- (vi) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of offer for grant.
- (vii) Save as determined by the board of directors provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period before it can be exercised.
- (viii) Offer of options shall be open for acceptance in writing or by telex received by the secretary of the Company for a period of 21 days inclusive of, and from, the date of grant.
- (ix) The subscription price of a share option must be the highest of:
 - a. the closing price of a share of the Company on the Stock Exchange on the date of grant of the option;
 - b. the average closing price of a share of the Company from the 5 business days immediately preceding the date of grant of the option; and
 - c. the nominal value of a share of the Company on the date of grant of the option.
- (x) The Option Scheme is effective for 10 years from the date of grant.

At 31 March 2023, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the Option Scheme and was 60,000,000, representing 2.7% of the shares of the Company in issue at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. SHARE OPTIONS (Continued)

For the year ended 31 March 2024, 60,000,000 share options have been cancelled with a compensation of approximately HK\$6,000. No awards or 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 annual report.

Details of specific categories of options are as follows:

Exercisable period	Outstanding at 1 April 2022, 31 March 2023, 1 April 2023	Cancelled during year	Outstanding at 31 March 2024
5 October 2016 to 4 October 2026			
Directors			
Chan Chak To Raymond	20,000,000	(20,000,000)	–
Lam Wai Kwan	20,000,000	(20,000,000)	–
	40,000,000	(40,000,000)	–
Other employee	20,000,000	(20,000,000)	–
	60,000,000	(60,000,000)	–
Exercisable at the end of the reporting period	60,000,000	(60,000,000)	–
Weighted average exercise price	HK\$0.163		–

No share options were granted, exercised or lapsed during the years ended 31 March 2024 and 2023.

35. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “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 or up to a maximum of HK\$1,500 (2023: HK\$1,500) and they can choose to make additional contributions. Employers monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (2023: 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 benefits 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35. RETIREMENT BENEFITS SCHEME (Continued)

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

36. PARTICULARS OF SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Name of subsidiary	Place of incorporation/ principle place of operations	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held		Principal activities
				by the Company		
				2024 %	2023 %	
Du Hsiao Yueh (Hong Kong) Limited	Hong Kong	Ordinary	HK\$9,000,000	100	100	Provision of casual dining food catering services
Grand Richest Limited	Hong Kong	Ordinary	HK\$100	100	100	Provision of casual dining food catering services
Hong Kong Watches Trading Center Limited	Hong Kong	Ordinary	HK\$3,000,000	90	90	Trading of luxury watches
Kingdom Star Investment Limited	Hong Kong	Ordinary	HK\$100	100	100	Provision of casual dining food catering services
Palace Corporation Limited	Hong Kong	Ordinary	HK\$1	100	100	Investment holding
Royal Capital (HK) Limited	Hong Kong	Ordinary	HK\$100	100	100	Provision of money lending services
Royal HR Management Limited	Hong Kong	Ordinary	HK\$1	100	100	Provision of human resources management services
Royal Time Enterprises Limited	Hong Kong	Ordinary	HK\$2	100	100	Provision of casual dining food catering services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ principle place of operations	Class of share	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company		Principal activities
				2024 %	2023 %	
Simple Future Investment Limited	BVI/Hong Kong	Ordinary	USD1	100	100	Investment holding
Top Future Management Limited	BVI/Hong Kong	Ordinary	USD1	100	100	Holding of franchise
Wo Shun Kee (Central) Limited	Hong Kong	Ordinary	HK\$100	100	–	Provision of casual dining food catering services
今米房（江蘇南京）酒業有限公司	PRC	Ordinary	–	100	–	Provision of supply of wine
Centric Cloud Investment Limited	BVI	Ordinary	USD100	100	–	Investment holding
Jin Mi Fang Wine Holding Limited	Hong Kong	Ordinary	HK\$100	100	–	Investment holding

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during the year.

Except for Simple Future Investment Limited, Centric Cloud Investment Limited and Jin Mi Fang Wine Holding Limited which are directly held by the Company, all other subsidiaries are indirectly held by the Company.

37. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activities, which were not reflected in the consolidated statement of cash flows:

- (a) During the year ended 31 March 2024, the Group entered into leases agreement in respect right-of-use assets for three years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$4,037,000 and HK\$4,037,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

37. MAJOR NON-CASH TRANSACTIONS (Continued)

- (b) During the year ended 31 March 2023, the Group entered into leases agreements in respect right-of-use assets for two to three years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$10,543,000 and HK\$10,543,000 respectively.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details 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.

	Interest payable HK\$'000	Amount due to a director HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2022	–	–	14,854	6,089	20,943
Financing cash flows	(384)	–	(3,875)	(6,687)	(10,946)
Non-cash changes:					
Interest expenses	384	–	–	583	967
Addition of lease	–	–	–	10,389	10,389
Covid-19-related rental concession	–	–	–	(257)	(257)
At 31 March 2023 and 1 April 2023	–	–	10,979	10,117	21,096
Financing cash flows	(325)	2,380	(3,875)	(5,871)	(7,691)
Non-cash changes:					
Interest expenses	325	–	–	569	894
Addition of lease	–	–	–	4,037	4,037
Gain on termination of leases	–	–	–	(397)	(397)
At 31 March 2024	–	2,380	7,104	8,455	17,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

39. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with current year's presentation of the consolidated financial statements.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2024.

FINANCIAL SUMMARY

For the year ended 31 March 2024

A summary of the published results and of the assets and liabilities of the Group pursuant to Rule 18.33 of the GEM Listing Rules, as extracted from the published prospectus of the Company, is set out below:

RESULTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	51,729	29,744	36,206	42,707	68,837
(Loss) before tax	(29,409)	(22,281)	(10,138)	(5,161)	(66,867)
Income tax (expense)/credit	(2,655)	(29)	(40)	1,686	(1,045)
(Loss) for the year	(32,064)	(22,310)	(10,178)	(3,475)	(67,912)
(Loss)/profit for the year attributable to:					
Owners of the Company	(30,374)	(22,002)	(10,178)	(4,098)	(65,476)
Non-controlling interests	(1,690)	(308)	–	623	(2,436)
	(32,064)	(22,310)	(10,178)	(3,475)	(67,912)

ASSETS AND LIABILITIES

	At 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	18,858	53,587	74,354	89,922	99,595
Total liabilities	(29,893)	(32,550)	(31,307)	(36,697)	(41,495)
	(11,035)	21,037	43,047	53,225	58,100
Equity attributable to:					
Owners of the Company	(9,337)	21,045	43,047	53,225	57,733
Non-controlling interests	(1,698)	(8)	–	–	367
	(11,035)	21,037	43,047	53,225	58,100