



倩碧控股有限公司
Simplicity Holding Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8367

ANNUAL REPORT
2024

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Simplicity Holding Limited (the “Company”) 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 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 report misleading.

CONTENTS

| | PAGE |
|---|------|
| Corporate Information | 3 |
| Financial Highlights | 5 |
| Management Discussion and Analysis | 8 |
| Directors and Senior Management | 14 |
| Corporate Governance Report | 17 |
| Directors' Report | 32 |
| Independent Auditor's Report | 41 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 47 |
| Consolidated Statement of Financial Position | 48 |
| Consolidated Statement of Changes in Equity | 50 |
| Consolidated Statement of Cash Flows | 51 |
| Notes to the Consolidated Financial Statements | 53 |
| Financial Summary | 126 |

CORPORATE INFORMATION

| | |
|-----------------------------------|---|
| Board of Directors | <i>Executive Directors</i> Mr. Choi Pun Lap Mr. Leung Wai Tai Mr. Yanagihara Kazuya (appointed on 16 August 2023 and resigned on 10 October 2023) <i>Independent non-executive Directors</i> Mr. Lo Cheuk Fei Jeffrey Mr. Yeung Man Sun (resigned on 24 October 2023) Mr. Cheung Hiu Fung Mr. Wang Rongqian (appointed on 24 October 2023) <i>Non-executive Director</i> Mr. Leung Chun Yu Edmund (appointed on 16 August 2023 and resigned on 10 October 2023) |
| Compliance Officer | Mr. Choi Pun Lap |
| Authorised Representatives | Mr. Choi Pun Lap Mr. Leung Wai Tai |
| Company Secretary | Mr. Choi Pun Lap |
| Audit Committee | Mr. Lo Cheuk Fei Jeffrey (<i>Chairman</i>) (appointed on 24 October 2023) Mr. Cheung Hiu Fung Mr. Wang Rongqian (appointed on 24 October 2023) |
| Remuneration Committee | Mr. Cheung Hiu Fung (<i>Chairman</i>) (appointed on 24 October 2023) Mr. Lo Cheuk Fei Jeffrey Mr. Choi Pun Lap Mr. Leung Wai Tai Mr. Wang Rongqian (appointed on 24 October 2023) |
| Nomination Committee | Mr. Wang Rongqian (<i>Chairman</i>) (appointed on 24 October 2023) Mr. Lo Cheuk Fei Jeffrey Mr. Choi Pun Lap Mr. Leung Wai Tai Mr. Cheung Hiu Fung |
| Auditor | Fan, Chan & Co. Limited Certified Public Accountants Room 1007–1012, 10/F, K.Wah Centre, 191 Java Road, North Point Hong Kong |

CORPORATE INFORMATION

| | |
|--|--|
| Principal Bankers | Shanghai Commercial Bank Limited Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Bank of China (Hong Kong) Limited 1 Garden Road, Hong Kong |
| Registered Office | Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| Headquarters and principal place of business in Hong Kong | 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong |
| Principal Share Registrar and Transfer Office | Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| Hong Kong Share Registrar and Transfer Office | Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| Company Website | www.simplicityholding.com |
| GEM Stock Code | 08367 |

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> (Restated) |
|--|--------------------------------|---------------------------------------|
| Revenue | 91,852 | 68,702 |
| Profit/(loss) before tax | 7,873 | (37,040) |
| Profit/(loss) and total comprehensive income for the year attributable to owners of the Company | 8,247 | (34,451) |

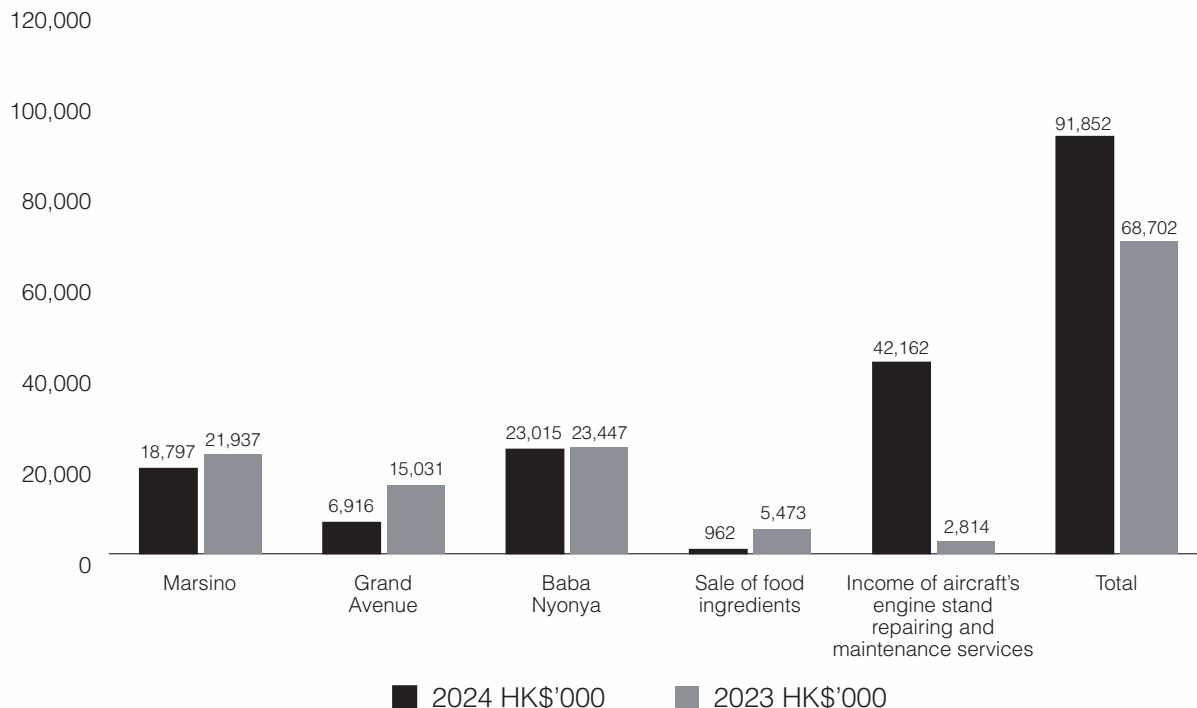
ASSETS AND LIABILITIES

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> (Restated) |
|--|--------------------------------|---------------------------------------|
| Assets | | |
| Non-current assets | 44,783 | 53,066 |
| Current assets | 24,930 | 32,161 |
| Total assets | 69,713 | 85,227 |
| Liabilities | | |
| Non-current liabilities | 11,129 | 16,847 |
| Current liabilities | 24,140 | 54,206 |
| Total liabilities | 35,269 | 71,053 |
| Total equity | 34,444 | 14,174 |
| Total equity and liabilities | 69,713 | 85,227 |
| Net current assets/(liabilities) | 790 | (22,045) |
| Total assets less current liabilities | 45,573 | 31,021 |

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH 2024

Total Revenue



Brand of business of restaurant



FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH 2024

OUR RESTAURANT LEASES

| Brand | # of Stores | Existing Location | Mall Operator | Lease Expiry Date | Option to Renew (Yrs) | Seats | FEHD Licensed Area (Sq M) |
|--------------|-------------|------------------------------------|---------------|-------------------|-----------------------|-------|---------------------------|
| Marsino | 3 | Amoy Plaza, Ngau Tau Kok | Hang Lung | December 2023 | None | 50 | 90.2 |
| | | Fortune Kingswood, Tin Shui Wai | Fortune REIT | July 2025 | 3 | 66 | 108.6 |
| | | Wan Tsui Shopping Centre, Chai Wan | Link REIT | September 2024 | None | 67 | 152.7 |
| Grand Avenue | 1 | MOS Town, Ma On Shan | Henderson | August 2023 | None | 108 | 182.9 |
| Baba Nyonya | 3 | MOS Town, Ma On Shan | Henderson | March 2024 | None | 52 | 104.9 |
| | | Amoy Plaza, Ngau Tau Kok | Hang Lung | September 2024 | None | 63 | 118.5 |
| | | T Town, Tin Shui Wai | Link REIT | April 2026 | 3 | 72 | 134.0 |

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

For the business of catering

According to the data released by the Census and Statistics Department of the Government of Hong Kong on 6 May 2024, the value of total receipts of the restaurants sector in the first quarter of 2024, provisionally estimated at HK\$28.2 billion, increased by 2.3% over a year earlier. Over the same period, the provisional estimate of the value of total purchases by restaurants decreased by 0.3% to HK\$9.0 billion.

Analysed by type of restaurant and comparing the first quarter of 2024 with the first quarter of 2023, total receipts of Chinese restaurants increased by 1.3% in value, but decreased by 1.8% in volume. Total receipts of non-Chinese restaurants increased by 1.0% in value, but decreased by 1.5% in volume. Total receipts of fast food shops increased by 5.8% in value and 2.2% in volume. Total receipts of bars decreased by 17.8% in value and 19.7% in volume. As for miscellaneous eating and drinking places, total receipts increased by 6.9% in value and 3.0% in volume.

A Government spokesman said that business of restaurants saw decelerated growth in the first quarter of 2024 after a sharp rebound in the past year. The value of total restaurant receipts increased by 2.3% over a year ago.

Looking ahead, business of restaurants should continue to be supported by the Government's measures in boosting confidence, as well as the revival of inbound tourism and increase in employment income. Yet, the changing consumption patterns of visitors and residents may pose challenges.

For the business of engineering:

According to the data released by the Census and statistics Department of the Government of Hong Kong on 13 June 2024, the total gross value of construction works (GVCW) performed by main contractors in the first quarter of 2024 increased by 8.7% in nominal terms over a year earlier to HK\$68.7 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (June 13) by the Census and Statistics Department (C&SD).

After discounting the effect of price changes, the provisional results showed that the total GVCW performed by main contractors increased by 8.4% in real terms over the same period. GVCW in real terms is derived by deflating the corresponding nominal value with an appropriate price index to the price level in the base period of 2000.

Analysed by type of construction works, the GVCW performed at private sector sites totalled HK\$21.8 billion in the first quarter of 2024, up by 20.8% in nominal terms over a year earlier. In real terms, it increased by 18.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and services of aircraft engine stand repair and maintenance. For the year ended 31 March 2024, we were operating 7 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they were all situated across Hong Kong, Kowloon and the New Territories. Among these 7 restaurants, 6 of them were operated by our own whereas 1 of them was operated by a franchisee.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

“Marsino” had recorded revenue of approximately HK\$18.80 million during the year ended 31 March 2024, which is equivalent to 20.47% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 14.31% mainly due to the restaurant industry market was not good and unstable.

“Grand Avenue” had recorded revenue of approximately HK\$6.92 million during the year ended 31 March 2024, which is equivalent to 7.53% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 53.96% due to the restaurant industry market was not good and unstable.

“Baba Nyonya” had recorded revenue of approximately HK\$23.01 million during the year ended 31 March 2024, which is equivalent to 25.05% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 1.88% due to the restaurant industry market was not good and unstable.

The segment of “Food ingredients and beverage” had recorded revenue of approximately HK\$0.96 million during the year ended 31 March 2024, which is equivalent to 1.05% of our total revenue. As compared to the last corresponding period, the segment of “Food ingredients and beverage” has experienced a decrease in revenue by 82.45% due to the restaurant industry market was not good and unstable.

The segment of income of aircraft engine stand repair and maintenance services had recorded revenue of approximately HK\$42.16 million during the year ended 31 March 2024, which is equivalent 45.90% of our total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders. In view of the challenges faced by the Group, we will adopt a conservative and cautious approach to operate our businesses. Actions we have taken or are likely to take are:

- 1) Minimising our staff costs by reducing the usage of staff;
- 2) Negotiating with our landlords for rent concession;
- 3) Negotiating with our suppliers for purchase discounts and longer payment terms;
- 4) Expanding the take-away product line such as food pack and ready-to-eat products and increasing marketing efforts and sales stimulating measures;
- 5) Cooperating with food delivery companies to deliver our food to the customers;
- 6) Participating in food fairs to promote our take-away product lines;
- 7) Supplying food materials to a chain of restaurants in Hong Kong;
- 8) Opening new restaurants at lower costs; and
- 9) Refining business strategies to cope with the continuing challenges.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$91.85 million (2023: HK\$68.70 million), representing an increase of 33.70% compared with the same period of the previous financial year. The increase in revenue was primarily attributed to the business of engineering.

Raw materials and consumables used

For the year ended 31 March 2024, the Group recorded raw materials and consumables used of approximately HK\$33.16 million (2023: HK\$28.81 million), representing an increase of 15.10% compared with the same period of the previous financial year. The increase in raw materials and consumables used was primarily attributed to the cost of business of engineering.

Other income

For the year ended 31 March 2024, the Group recorded other income of approximately HK\$1.21 million (2023: HK\$4.66 million), representing a decrease of 74.03% compared with the same period of the previous financial year. The decrease in other income was primarily attributed to the reduction in subsidies income.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains and losses, net

For the year ended 31 March 2024, the Group recorded net gains of approximately HK\$0.33 million (2023: net losses of HK\$6.76 million), representing decreased in net loss by approximately HK\$7.09 million. Such decrease was mainly due to reduction in provision for impairment of right-of-use assets.

Staff costs

Staff costs was approximately HK\$32.30 million for the year ended 31 March 2024, representing a decrease of approximately 16.84% as compared to approximately HK\$38.84 million for the year ended 31 March 2023. Such decrease was mainly due to the no share-based payment for the year ended 31 March 2024.

Depreciation and amortisation expense

Depreciation and amortisation expenses were approximately HK\$12.14 million and HK\$12.45 million for the year ended 31 March 2024 and 2023 respectively.

Rental and related expenses

The rental and related expenses for the year ended 31 March 2024 amounted to approximately HK\$1.37 million, representing a decrease of approximately 42.19% as compared with that of the year ended 31 March 2023 which amounted to approximately HK\$2.37 million.

Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the year ended 31 March 2024 and 2023, the total utility expenses amounted to approximately HK\$2.97 million and HK\$3.15 million, respectively and was mainly due to the tightened cost control.

Impairment loss under expected credit loss model for trade receivables

For the year ended 31 March 2024, the Group recorded impairment loss under expected credit loss model for trade receivables of approximately HK\$0.40 million. Such increase was mainly due to increase in expected credit loss of trade receivables.

Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity

For the year ended 31 March 2024, the Group recorded fair value gain on reclassification from financial liabilities at FVTPL to equity of approximately HK\$13.38 million. The increase was attributed to the acquisition of High Smart Engineering Limited (the "High Smart") as the guaranteed profit of not less than HK\$5.2 million for the year ended 31 March 2024 was met by High Smart.

Other expenses

The Group's other expenses decreased by approximately 10.04% from approximately HK\$17.23 million for the year ended 31 March 2023 to approximately HK\$15.50 million for the year ended 31 March 2024 mainly due to the decrease in business volume in restaurant operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs represented interest on bank and other borrowings and interest on lease liabilities. For the year ended 31 March 2024 and 2023, finance costs were approximately HK\$1.07 million and HK\$0.79 million, respectively. Increased in finance costs is mainly due to increase in interests on bank and other borrowings.

Profit attributable to owners of the Company

For the year ended 31 March 2024, the Group recorded a profit attributable to owners of the Company of approximately HK\$8.25 million, as compared to the loss of approximately HK\$34.63 million for the year ended 31 March 2023. The decrease in loss was mainly due to increase in revenue of engineering's business and the increase in fair value gain on reclassification from financial liabilities at FVTPL to equity.

Dividend

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

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with significant transactions are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any outstanding capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities.

CHARGE ON GROUP ASSETS

At 31 March 2024, the Group did not have any charge of assets.

EVENT AFTER THE REPORTING DATE

There was no significant event after the reporting period for the year ended 31 March 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 March 2024. There is no other plan for material investments or capital assets as at 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

- 1) As we lease all of the properties for our restaurant operations, any attractive location will likely be subject to high demand from, among others, other food and beverage operators that compete directly with our Group for the same location. As such, there is no assurance that our Group would be able to find suitable premises that are commercially attractive for its restaurants with reasonable commercial terms in the event there is a need for relocation or our Group intends to open new restaurants. In addition, it is uncertain that all our leases can be renewed at all when they expire or on terms acceptable to us. Even if our Group is able to renew or extend its leases, the rental expenses may increase significantly, which could adversely affect our profitability.
- 2) We rely on our central kitchen to supply some of our semi-processed or processed food ingredients used in our restaurants and any disruption of operation at our central kitchen could adversely affect our business and operations.
- 3) If our suppliers fail to deliver food with an acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.
- 4) We require various approvals and licences to operate our catering business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business.
- 5) Labour shortages or increases in labour costs will increase our Group's operating costs and reduce our profitability.
- 6) Risks related to the spread of coronavirus and other possible infectious disease which may adversely affect the business of the food and beverage sector.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Choi Pun Lap (蔡本立) (“Mr. PL Choi”), aged 46, was appointed as our executive Director on 26 April 2022. He has knowledge in corporate finance transactions in Hong Kong. He is an executive director of Aurum Pacific (China) Group Limited (stock code: 8148) and Zhejiang United Investment Holdings Group Limited (stock code: 8366), both are listed on the GEM. He is an independent non-executive director of Sunway International Holdings Limited (stock code: 58) which the issued shares are listed on the Main Board of the Stock Exchange and he is also an independent non-executive director of Shanyu Group Holdings Company Limited (stock code: 8245), which is listed on the GEM. In the past, Mr. Choi was a financial controller of a company which is listed in GEM in 2019 and he was a senior audit manager in the audit department of HLB Hodgson Impey Cheng Limited (“**HLB**”) in Hong Kong. He has worked in HLB for more than ten years from February 2007 to December 2017.

Mr. Choi is a valuation practitioner of International Association of Certified Valuation Specialists since 2019. He is a fellow member of Hong Kong Institute of Certified Public Accountants, a member of Certified Practising Accountants Australia, a member of Chartered Global Management Accountant and a member of International Chamber of Sustainable Development — Certified ESG Planner CEP®. Mr. Choi graduated from Hong Kong Metropolitan University with a Master of Law (Chinese Business Law) in Hong Kong in 2017. He obtained a Bachelor of Business (Accounting) from Central Queensland University in Australia in 2003 and further studied Postgraduate Diploma of Accounting in Monash University in Australia in 2005.

Mr. Leung Wai Tai (梁焯泰) (“Mr. WT Leung”), aged 42, was appointed as our executive Director on 23 December 2022. He is also an executive director of Goldway Education Group Limited (stock code: 8160), a company listed on the GEM of the Stock Exchange and is an independent non-executive director of International Entertainment Corporation (stock code: 1009) which the issued shares are listed on the Main Board of the Stock Exchange.

Mr. WT Leung obtained a bachelor of arts degree in Accountancy in the Hong Kong Polytechnic University in 2003, and obtained his postgraduate degree in Accounting from the School of Accounting & Finance of the Hong Kong Polytechnic University in 2006. Mr. Leung is a Fellow Certified Public Accountant (Practising) in Hong Kong and the Managing Practising Director of Blossoming Certified Public Accountants Limited. He has over 20 years experience in the accountancy profession.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Cheuk Fei Jeffrey (盧卓飛) (“Mr. Lo”), aged 31, was appointed as our independent non-executive director on 27 July, 2021. Mr. Lo obtained his Master’s degree with Honours in Accounting and Finance from The University of Edinburgh. Mr. Lo is also the company secretary of Shanyu Group Holdings Company Limited (stock code: 8245). Mr. Lo began his career at one of the Big Four companies and has extensive experience in financial accounting. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered and Certified Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Cheung Hiu Fung (張曉峯) (“Mr. HF Cheung”), aged 30, was appointed as our independent non-executive director on 31 March 2023. He is an independent non-executive director of Hao Bai International (Cayman) Limited (stock code: 8431), a company listed on the GEM of the Stock Exchange. He was an executive director of Goldway Education Group Limited (stock code: 8160), a company listed on the GEM of the Stock Exchange, between April 2021 and September 2022 while he was also its chairman of the Board between January 2022 and September 2022.

Mr. HF Cheung obtained his Master of Business Administration Degree from The University of Chichester, United Kingdom. Mr. Cheung started his career in writing financial analysis and holding financial seminar as a finance columnist on various social media and newspaper in Hong Kong since January 2015, and founded Bofung Company Limited in July 2017. His financial investment course had over thousand of students. He is also a writer and published his own financial analysis book “財技 x 盤路倍升股全攻略” in Hong Kong and Taiwan, with more than 2,000 copies sold.

Mr. Wang Rongqian (王榮騫) (“Mr. R Wang”), aged 43, is an independent non-executive director in Cheong Lee Group Holdings Limited (stock code: 8098) which the issued shares are listed on the GEM of the Stock Exchange. Mr. Wang holds a Master degree in corporate and financial laws from the University of Hong Kong. Mr. Wang has extensive experience in the areas of project management, corporate finance, commercial trade and compliance. He was an independent non-executive director of Manison International Holdings Limited (stock code: 8456) from January 2021 to April 2022.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Wong Sau Ting Peony (王秀婷) (“Ms. ST Wong”), aged 49, is responsible for and oversee our Group’s catering business, strategic direction and business development. Ms. ST Wong graduated from the Chinese University of Hong Kong with a degree in bachelor of social science in May 1997 and a degree in master of business administration from University of South Australia in September 2005.

Mr. Li Kwun Ho Clarence (李觀豪) (“Mr. Clarence Li”), aged 59 was appointed as our Manager (Engineering Department) from 01 April 2022 to present. He is a Manager of Engineering and he is primary responsible for and oversee our Company’s aviation business, strategy planning, business development and execution, Mr. Clarence Li graduated from the Ryerson Polytechnic Institute in Toronto Canada with an Aerospace degree in Bachelor of Engineering in May 1992. Mr. Li has over 28 years of experience in airport GSE and aviation maintenance organizations.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 March 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code throughout the year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees including the Audit and Risk Management Committee, the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) (together, the “**Board Committees**”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report, the Board comprised two executive Directors and three independent non-executive Directors:

Executive Directors:

Mr. Choi Pun Lap
Mr. Leung Wai Tai

Independent Non-Executive Directors:

Mr. Lo Cheuk Fei Jeffrey
Mr. Cheung Hiu Fung
Mr. Wang Rongqian (appointed on 24 October 2023)

The biographies of the Directors are set out under the section headed “Directors and Senior Management” in this annual report.

CORPORATE GOVERNANCE REPORT

During the year, the Board has met at all times the requirements under Rules 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 5.05A of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules, the Company considers all of them to be independent parties.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director of the Company.

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 functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

CHAIRMAN AND CHIEF EXECUTIVE

According to A.2.1 of the Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year, there was no chairlady or chairman of the Company.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in accordance with the latest relevant rule.

Selection of candidates will be based on a range of factors, including diversity in gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and independence.

The final decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board and confirmed that the Company has maintained a balanced composition with a strong independent element on the Board. The Directors collectively possess diversified experience in management and broad industrial experience. Three independent non-executive Directors possess professional knowledge in accounting and finance, and business management, respectively. Further details of the Directors are set out in the section headed “Directors and Senior Management” in this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS (“INEDS”)

The INEDs serve a critical function of advising the management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole.

The INEDs are all experienced with expertise in different areas of finance, accounting, industry knowledge and expertise. With their professional knowledge and experience, the INEDs advise the Company on its operation and management; provide independent advice; and participate in the Company’s different committees including Audit Committee, Nomination Committee and Remuneration Committee. Each of the independent non-executive Directors has made annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

All of the Directors including both the executive Directors and the INEDs are appointed for a specific term. Each of the INEDs has entered into a letter of appointment with the Company for a period of one year subject to the rotation requirement and shall continue thereafter unless terminated by either party giving at least one month notice in writing. In accordance with the Company’s Articles of Association and, at each Annual General Meeting (“AGM”) of the Company, one-third of the Directors will retire from office by rotation but will be eligible for re-election.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiries to all the Directors and all the Directors had confirmed they have complied with the required standard of dealings and the code of conduct for directors’ securities transactions during the year ended 31 March 2024.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 March 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DELEGATION BY THE BOARD

The Board reserves its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management. The delegated work tasks are reviewed periodically. Approval has to be obtained from the Board prior to any significant transactions occurred. The INEDs bring a wide range of business and expertise, independent judgement and experiences to the Board.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing corporate governance duties and has adopted written terms of reference on its corporate governance functions.

The duties of the Board in respect of the corporate governance functions include:

- (i) Developing and reviewing the Company's policies and practices on corporate governance;
- (ii) Reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (v) Reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report;
- (vi) Developing, reviewing and monitoring the implementation of the shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance shareholders' relationship with the Company; and
- (vii) Reviewing and monitoring the Company's compliance with the Company's whistleblowing policy.

During the year, the above corporate governance duties have been duly performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.

CORPORATE GOVERNANCE REPORT

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended 31 March 2024 is as follows:

| Name of Directors | Continuous professional development programmes |
|--|---|
| <i>Executive Directors</i> | |
| Mr. Choi Pun Lap | Yes |
| Mr. Leung Wai Tai | Yes |
| <i>Independent non-executive Directors</i> | |
| Mr. Lo Cheuk Fei Jeffrey | Yes |
| Mr. Cheung Hiu Fung | Yes |
| Mr. Wang Rongqian (appointed on 24 October 2023) | Yes |

The nature of continuous professional development programmes are reading seminar materials and updates relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board meets regularly, and at least four times a year, in person or by telephone or by means of electronic communication. The Chairman or Chairlady also meets with the INEDs at least once a year without the presence of the executive Directors, but no Chairman or Chairlady was appointed during the year ended 31 March 2024. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For all other Board and committee meetings, reasonable notice is generally given. All notices, agendas, schedules and the relevant information of each Board and committee meeting are generally made available to Directors or committee members in advance. The Board and each Director also have separate and independent access to the management whenever necessary.

The company secretary of the Company or the secretary to the board committees is responsible for taking and/or keeping minutes of all Board meetings and various committees' meetings in sufficient detail. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting is held, and the final version of the minutes is opened for Director's inspection.

During the year ended 31 March 2024, the Board convened a total of ten meetings in person or by means of electronic communication. Attendance of each Director at the Board meetings is set out below:

| Name of Directors | General Meeting Attended/Held | Board Meeting Attended/Held |
|---|--|--|
| <i>Executive Directors</i> | | |
| Mr. Choi Pun Lap | 2/2 | 10/10 |
| Mr. Leung Wai Tai | 2/2 | 10/10 |
| Mr. Yanagihara Kazuya (appointed on 16 August 2023 and resigned on 10 October 2023) | 0/0 | 0/0 |
| <i>Non-executive Director</i> | | |
| Mr. Leung Chun Yu (appointed on 16 August 2023 and resigned on 10 October 2023) | 0/0 | 0/0 |
| <i>Independent non-executive Directors</i> | | |
| Mr. Lo Cheuk Fei Jeffrey | 2/2 | 10/10 |
| Mr. Yeung Man Sun (resigned on 24 October 2023) | 1/1 | 6/6 |
| Mr. Cheung Hiu Fung | 2/2 | 10/10 |
| Mr. Wang Rongqian (appointed on 24 October 2023) | 1/1 | 2/2 |

INDEPENDENT BOARD COMMITTEE

Where there are matters involving connected or continuing connected transactions, so far as required under the GEM Listing Rules, an Independent Board Committee, comprising wholly the INEDs, will be established.

BOARD COMMITTEES

The Board has established three committees, including the Remuneration Committee, the Nomination Committee and the Audit Committee with delegated powers for overseeing particular aspects of the Company's affair. Each of the committees of the Company has been established with written terms of reference.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 29 January 2018 in compliance with Appendix 15 of the GEM Listing Rules. On 21 December 2022, the Company adopted a set of revised terms of reference of the remuneration committee in line with the GEM Listing Rules requirement. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all executive Directors and senior management. The Remuneration Committee is also responsible to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee will hold at least one meeting during the year. The members will review the remuneration package of Directors and the senior management of the Company.

The Remuneration Committee comprises five members namely:

Mr. Cheung Hiu Fung (*Chairman*) (appointed on 24 October 2023)
Mr. Yeung Man Sun (resigned on 24 October 2023)
Mr. Choi Pun Lap
Mr. Leung Wai Tai
Mr. Lo Cheuk Fei Jeffrey
Mr. Wang Rongqian (appointed on 24 October 2023)

Majority of the members are independent non-executive Directors.

During the year ended 31 March 2024, the Remuneration Committee convened three committee meeting.

Attendance of each Remuneration Committee member is set out below:

| Name of Directors | Remuneration Committee Meeting Attended/Held |
|--|---|
| <i>Independent non-executive Directors</i> | |
| Mr. Cheung Hiu Fung (<i>Chairman</i>) (appointed on 24 October 2023) | 3/3 |
| Mr. Yeung Man Sun (resigned on 24 October 2023) | 2/2 |
| Mr. Lo Cheuk Fei Jeffrey | 3/3 |
| Mr. Wang Rongqian (appointed on 24 October 2023) | 0/0 |
| <i>Executive Directors</i> | |
| Mr. Choi Pun Lap | 3/3 |
| Mr. Leung Wai Tai | 3/3 |

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company has established a Nomination Committee on 29 January 2018 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. On 31 December 2018, the Company adopted a set of revised terms of reference of the Nomination Committee in line with the GEM Listing Rules requirement. The terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website.

The principal duties of the Nomination Committee include reviewing the Board structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service); make recommendations on any proposed changes to the Board to implement the Company's corporate strategy; identify and nominate appropriate candidates to fill vacancies of Directors for the Board's approval; assess the independence of the INEDs and review the board diversity policy. The nomination procedures are set out as follows:

1. The secretary of the Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
2. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.
3. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
4. In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from shareholders, a circular will be sent to shareholders. The circular will set out the lodgment period for shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders.
5. A shareholder can serve a notice to the company secretary within the lodgment period of its intention to propose a resolution to elect a certain person as an INED, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular.
6. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary.
7. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.
8. As there may be more candidates than the vacancies available, and the "gross-vote" method will be used to determine who shall be elected as an INED, shareholder proposed resolutions shall therefore take the same form as the resolutions proposed for the candidates recommended by the Board.

CORPORATE GOVERNANCE REPORT

Currently, the Nomination Committee comprises five members namely:

Independent non-executive Directors

Mr. Wang Rongqian (*Chairman*) (appointed on 24 October 2023)
Mr. Lo Cheuk Fei Jeffrey
Mr. Yeung Man Sun (resigned on 24 October 2023)
Mr. Cheung Hiu Fung

Executive Directors

Mr. Choi Pun Lap
Mr. Leung Wai Tai

Majority of the members are independent non-executive Directors.

Pursuant to the terms of reference of the Nomination Committee, meeting shall be held at least once a year and additional meetings should be held if the committee shall so request.

During the year ended 31 March 2024, the Nomination Committee convened three committee meetings.

Attendance of each Nomination Committee member is set out below:

| Name of Directors | Nomination Committee Meeting Attended/Held |
|--|---|
| <i>Independent non-executive Directors</i> | |
| Mr. Wang Rongqian (<i>Chairman</i>) (appointed on 24 October 2023) | 0/0 |
| Mr. Lo Cheuk Fei Jeffrey | 3/3 |
| Mr. Yeung Man Sun (resigned on 24 October 2023) | 2/2 |
| Mr. Cheung Hiu Fung | 3/3 |
| <i>Executive Directors</i> | |
| Mr. Choi Pun Lap | 3/3 |
| Mr. Leung Wai Tai | 3/3 |

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company has established an Audit Committee on 29 January 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. On 31 December 2018, the Company adopted a set of revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the website of the Stock Exchange and the Company's website. The primary duties of the Audit Committee are mainly to:

- Make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor
- Review the adequacy of the Group's policies and systems regarding risk management and internal controls
- Review the financial reporting principles and practices applied by the Group in preparing its financial statements
- Before audit commencement, review external auditor's independence, objectivity, effectiveness of the audit process and the scope of the external audit, including the engagement letter
- Monitor integrity of the Group's financial statements and the annual, quarterly and interim financial reports, and review significant financial reporting judgements contained in them prior to approval by the Board

Currently, the Audit Committee comprises three INEDs as follows:

Mr. Lo Cheuk Fei Jeffrey (*Chairman*) (appointed on 24 October 2023)

Mr. Yeung Man Sun (resigned on 24 October 2023)

Mr. Cheung Hiu Fung

Mr. Wang Rongqian (appointed on 24 October 2023)

CORPORATE GOVERNANCE REPORT

Pursuant to the terms of reference of the Audit Committee, meetings shall be held not less than four times per year and additional meetings should be held as the work of the Committee demands. During the year ended 31 March 2024, the Audit Committee convened 4 committee meetings. The Audit Committee attended the audit committee planning meeting with the auditors, 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. The Audit Committee also discussed internal controls, risk management, financial reporting and change of auditor 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. Lo Cheuk Fei Jeffrey (<i>Chairman</i>) (appointed on 24 October 2023) | 4/4 |
| Mr. Yeung Man Sun (resigned on 24 October 2023) | 3/3 |
| Mr. Cheung Hiu Fung | 4/4 |
| Mr. Wang Rongqian (appointed on 24 October 2023) | 1/1 |

All the members are independent non-executive Directors (including at least one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors. The Group's consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, major business developments, corporate governance and other material information), to enable the shareholders and the potential investors to make an informed decision on their investments in the shares and other securities of the Company, and to actively participate in the activities organised by the Company for them.

The Company has established several channels to communicate with the shareholders as follows:

- 1) The Company communicates with the shareholders and the potential investors through various channels, including financial reports (annual, half-yearly and quarterly reports), annual general meetings and extraordinary general meetings, announcements and circulars;
- 2) The Company will monitor and review regularly the process of its general meeting and, where necessary, make appropriate changes to ensure that shareholders' needs are best served;
- 3) Board members, in particular, either the chairmen or deputy chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer the shareholders' questions;
- 4) Information published by the Company pursuant to the GEM Listing Rules will be made available on the website of the Stock Exchange www.hkexnews.hk and the Company's website www.simplicityholding.com (such as its history and developments, products and services, awards and achievements etc) to enable the shareholders and the potential investors to have better understanding of the Company and its latest development;
- 5) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Since 7 August 2023, there was no change to the Company's second amended and restated Articles of Association.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the business of the Group. The Board has overall responsibility for formulation and overseeing the implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives, safeguard assets against unauthorised use or misappropriation, ensure maintaining proper accounting records for the provision of reliable financial information for internal use or publication, execution with appropriate authority and to ensure compliance of the relevant laws and regulations. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The Board understands that no one system will preclude all errors and irregularities.

The Board reviews the effectiveness of the Group's material internal controls and considers the Group's internal control system is designed to manage reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties. The Board is of the view that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

The Company maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the GEM Listing Rules.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance.

The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements of the Group for the year ended 31 March 2024, the Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The Group's independent external auditor is Fan, Chan & Co. Limited ("**Fan, Chan**"). The remuneration for the audit and non-audit services provided by Fan, Chan to the Group during the year ended 31 March 2024 was approximately as follows:

| Type of Services | Amount <i>HK\$'000</i> |
|-------------------------|----------------------------------|
| Audit | 680 |
| Non-audit services | — |
| Total | <u>680</u> |

COMPANY SECRETARY

Mr. Choi Pun Lap has been appointed as company secretary on 26 April 2022. The role of the company secretary is to be responsible for ensuring that Board's procedures are followed and facilitating communications among Directors as well as with shareholders and management. Mr. Choi confirmed that they have taken no less than 15 hours of relevant professional training during the year ended 31 March 2024, which met the requirements of Rule 5.15 of the GEM Listing Rules.

DIVIDEND POLICY

The Company has adopted a dividend policy on 31 December 2018 which sets out the principles and measures on how the Company may propose a dividend.

The Board will take into account the following factors when considering the payment of dividends:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Group;
- (c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group's contracting parties;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (g) any other factors that the Board may deem appropriate.

Any declaration and payment of future dividends under the dividend policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the second amended and restated Articles of Association of the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

To safeguard shareholders' interests and rights, a separate resolution is proposed for each issue at shareholder meetings, including the election of individual directors.

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

Pursuant to the Articles of Association of the Company which provides the extraordinary general meetings should be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at the times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Enquiries to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available to the company secretary of the Company 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 senior management.

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 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 "Procedures for shareholders to convene an extraordinary general meeting" above.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The second amended and restated Articles of Association of the Company was approved and adopted by Shareholders on 7 August 2023. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements. The principal activities of the Group are business of catering and engineering.

BUSINESS REVIEW

The business review of the Group, including a discussion of the principal risks and uncertainties facing by the Group, an indication of likely future developments in the Group's business, and an analysis using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 8 to 13 of this Annual Report. Those discussions form part of this Directors' Report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 and the financial position of the Group as at that date is set out in the consolidated financial statements on pages 47 to 125.

The Directors did not recommend the payment of any dividend in respect of the year ended 31 March 2024.

As at the date of this report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group is set out on page 126 of the Annual Report.

CAPITAL STRUCTURE

The shares of the Company are listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group for the year ended 31 March 2024. The capital of the Group only comprised of ordinary shares.

Financial Resources and Liquidity

As at 31 March 2024, current assets amounted to approximately HK\$24.9 million (as at 31 March 2023: approximately HK\$32.2 million), of which approximately HK\$8.5 million (as at 31 March 2023: approximately HK\$15.5 million) was bank balances and cash, approximately HK\$9.5 million (as at 31 March 2023: approximately HK\$10.2 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to approximately HK\$24.1 million (as at 31 March 2023: approximately HK\$54.2 million) which primarily consisted of bank and other borrowings, trade and other payables and lease liabilities. Current ratio (calculated based on the total current assets divided by total current liabilities) and quick ratio (calculated based on the total current assets less inventories divided by total current liabilities) were 1.03 and 0.87 respectively (as at 31 March 2023: 0.59 and 0.52 respectively).

Gearing ratio is calculated based on the borrowings representing the sum of interest-bearing bank borrowings divided by total equity at the end of the year and multiplied by 100%. Gearing ratio was 14.0% (as at 31 March 2023: 32.3% restated).

DIRECTORS' REPORT

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this Annual Report, the Group did not have other plans for material investments or capital assets as of 31 March 2024.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 50 and statement of changes in equity on page 123 respectively to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company had distributable reserves of approximately HK\$nil (as at 31 March 2023: HK\$3.8 million restated).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director or a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" below, share options granted was disclosed in note 34 for the year ended 31 March 2024.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The former share option scheme of the Company (the “**Former Scheme**”) was adopted pursuant to a resolution passed by the Company’s shareholders on 29 January 2018 which was subsequently terminated on 18 January 2024. In view of the amendments to Chapter 23 of the GEM Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company adopted a new share scheme (the “**New Share Scheme**”) pursuant to a resolution passed by the Company’s shareholders on 18 January 2024. The primary purpose of the New Share Scheme is to enable the Company to grant Options or Awards to the Participants as incentives or rewards for their contributions to the Company. The New Share Scheme will give the Participants an opportunity to have a personal stake in the Company and will help motivate the Participants to optimise their performance and efficiency and attract and retain or otherwise maintain a long-term relationship with the Participants whose contributions are or will be in line with the business objectives of the Company. Eligible participants of the New Share Scheme include any employees, any executives, Non-executive Directors (including Independent Non-executive Directors) of the Company or any of its subsidiaries.

The New Share Scheme will remain valid and effective for a period of 10 years commencing on the date on which the New Share Scheme is adopted, after which period no further share options and awards will be granted but the provisions of the New Share Scheme shall in all other respects remain in full force and effect and share options and awards which are granted during the life of the New Share Scheme may continue to be exercisable in accordance with their terms of issue.

The principal terms of which were summarised in the paragraph headed “Principal Terms of the New Share Scheme” in Appendix to the Company’s circular dated 22 December 2023.

For the year ended 31 March 2024 and 2023, share options were granted, exercised, expired or lapsed are disclosed in note 34 under the Share Option Scheme.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 March 2024 are set out in note 39 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

DIRECTORS' REPORT

DIRECTORS

The Directors up to the date of this Annual Report are as follows:

Executive Directors

Mr. Choi Pun Lap
Mr. Leung Wai Tai

Independent Non-Executive Directors

Mr. Lo Cheuk Fei Jeffrey
Mr. Cheung Hiu Fung
Mr. Wang Rongqian (appointed on 24 October 2023)

Pursuant to article 84 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association, providing that every Director shall be retired at least once every three years.

Appointment and Re-election of Directors

Each of our executive Directors has entered into a service agreement with the Company for a term of one year and shall continue thereafter unless terminated by not less than one month' notice in writing served by either party.

Each of our independent non-executive Director has entered into a letter of appointment with the Company for a term of one year, which may be terminated by not less than one month' notice in writing served by either party.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The procedures and process of appointment, re-election and removal of Directors are set out in the second amended and restated Articles of Association of the Company. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

INDEPENDENCE CONFIRMATION

The Company has received confirmation from each of the INEDs regarding his independence in accordance with Rule 5.09 of the GEM Listing Rules and therefore considers each of them to be independent.

DIRECTORS' REPORT

EMOLUMENTS OF DIRECTORS AND 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.

The remuneration of the senior management of the Group for the year ended 31 March 2024 falls within the following band:

| Remuneration band | Number of senior management |
|--------------------------------------|------------------------------------|
| Up to HK\$1,000,000 | 2 |
| HK\$1,000,000 to up to HK\$1,500,000 | – |
| Above HK\$1,500,000 | – |

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Senior Management of the Group are set out on pages 14 to 16 of this Annual Report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2024.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN 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 the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

As at 31 March 2024, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

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

So far as known to the Directors or chief executive of the Company, as at 31 March 2024, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

| Name | Capacity/nature | No. of shares held | Approximate % of shareholding |
|---------------------------------------|---------------------|--------------------|-------------------------------|
| Smarty Task Limited (<i>note 1</i>) | Beneficial Interest | 95,419,848 | 8.29% |
| Smarty Gain Limited (<i>note 1</i>) | Beneficial Interest | 95,419,847 | 8.29% |

Note:

(1) Smarty Task Limited and Smarty Gain Limited are 100% owned by Wong Sai Cheung.

Save as disclosed above, as at 31 March 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

DIRECTORS' REPORT

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Director is aware of, 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, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2024, the aggregate revenue attributable to the Group's largest customer and the five largest customers taken together accounted for 43% and 47% of the Group's total revenue for the year ended 31 March 2024, respectively.

For the Year, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers taken together accounted for 10% and 36% of the Group's total purchase for the year ended 31 March 2024, respectively.

None of the Directors or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

BORROWING

As at 31 March 2024, there was bank and other borrowings outstanding of approximately HK\$4.8 million (31 March 2023: approximately HK\$4.6 million).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the year and up to the date of this Annual Report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the Shares.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and has been in force since 26 February 2018. The Company has taken on and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

EMPLOYEES AND REMUNERATION POLICIES

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

As at 31 March 2024, the Group had 116 full-time and 25 part-time employees (as at 31 March 2023: 98 full-time and 51 part-time employees). Total staff costs (including Directors' emoluments) were approximately HK\$32.3 million for the year ended 31 March 2024 (2023: HK\$38.8 million restated). Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 March 2024 are set out in notes 11 and 12 to the consolidated financial statements.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group continues to offer competitive remuneration packages and bonus to eligible staff, based on the performance of the Group and the individual employee.

ENVIRONMENTAL, POLICIES AND PERFORMANCE

The Group is committed to providing an environmental friendly culture and atmosphere within the Group. The Group has undertaken environmental protection measures such as (i) reduction of use of papers; (ii) minimisation of electricity consumption outside business hours; and (iii) recycling of waste cooking oil. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 March 2024. A separate environmental, social and governance report is expected to be published on the websites of the Stock Exchange and the Company no later than three months after the end of the financial year.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 26 August 2024 to Friday, 30 August 2024, both days inclusive, during which period no transfer of the shares will be registered. In order to establish entitlements to attend and vote at the forthcoming AGM, 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 Friday, 23 August 2024.

DIRECTORS' REPORT

DONATIONS

Charitable donation made by the Group during the year ended 31 March 2024 was HK\$5,000 (2023: Nil).

SIGNIFICANT LEGAL PROCEEDINGS

During the year, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

EVENTS AFTER THE REPORTING DATE

There was no significant event after the reporting period for the year ended 31 March 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 31 of this annual report.

The compliance officer and company secretary of the Company is Mr. Choi Pun Lap. His biographical details are set out on page 14 of this annual report.

AUDITOR

On 24 March 2023, Elite Partners CPA Limited ("Elite Partners") resigned as the auditor of the Company and Fan, Chan & Co. Limited ("Fan, Chan") has been appointed as the new auditor of the Company to fill the causal vacancy following the resignation of Elite Partners and will continue as such until the forthcoming Annual General Meeting of the Company.

The consolidated financial statements of the Company for the year ended 31 March 2024 and 2023 have been audited by Fan, Chan and the consolidated financial statements of the Company for the year ended 31 March 2022 were audited by Elite Partners. A resolution for the re-appointment of Fan, Chan and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkexnews.hk and on the website of the Company at www.simplicityholding.com.

On behalf of the Board

Choi Pun Lap

Executive Director and Company Secretary
Hong Kong, 28 June 2024

INDEPENDENT AUDITOR'S REPORT



To the shareholders of Simplicity Holding Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Simplicity Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 47 to 125, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

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.

Key audit matter

How our audit addressed the key audit matter

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

At 31 March 2024, the carrying amounts of the Group's property, plant and equipment and right-of-use assets were HK\$3.2 million and HK\$9.9 million respectively, which represented approximately 5% and 14% of the total assets of the Group.

Management is required to perform impairment assessment on property, plant and equipment and right-of-use assets where indicators of impairment are identified in respect of these assets. For the purpose of assessing impairment, these assets were allocated to the respective cash generating units ("CGUs"), and management has assessed the recoverable amount of these assets based on higher of value-in-use and fair value less costs of disposal of the CGUs. In carrying out the impairment assessment, significant management judgement was used to appropriately identify the CGUs which have indicators of impairment and to determine the key assumptions and estimations for adoption in the estimation of the recoverable amounts of the CGUs.

We identified the impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter due to the significance of the balance to the consolidated financial statements and the significant judgements and estimations involved in the impairment assessment.

Our audit procedures in relation to the management's impairment assessment of property, plant and equipment and right-of-use assets included the following:

- assessing the appropriateness of the management's identification of CGUs which have indicators of impairment based on our understanding of the Group's business;
- discussing and evaluating management's identification of indicators of impairment;
- assessing the valuation methodologies applied in the estimation of recoverable amounts of the CGUs;
- assessing the appropriateness and reasonableness of key assumptions, inputs and estimates used in the value-in-use valuation; and
- checking the arithmetical accuracy of calculations.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of intangible assets and goodwill

As at 31 March 2024, the net carrying amounts of customer relationship intangible assets and goodwill before recognition of impairment loss for the year then ended were approximately HK\$8.3 million and HK\$20.7 million respectively. These assets belong to the CGU comprising the Group's reportable segment of aircraft's engine stand repairing and maintenance services.

Management has performed impairment test on the intangible assets and goodwill in accordance with the Group's accounting policies. This assessment was based on the value-in-use calculations of the CGU. We have identified impairment assessment of customer relationship intangible asset and goodwill as a key audit matter because of (i) their significance to the consolidated financial statements and (ii) the value-in-use calculations of the CGU involves significant management judgement and estimates with respect to the underlying cash flows, in particular the projected revenue growth from aircraft's engine stand repairing and maintenance services, number of customers to be served for aircraft's engine stand repairing and maintenance services and revenue from aircraft's engine stand repairing and maintenance services.

Our procedures in relation to management's impairment assessment of intangible assets and goodwill included:

- understanding the management's internal control and assessment process of impairment assessment of the intangible assets and goodwill;
- considering and assessing the historical accuracy of management's budgeting processes;
- evaluating the independent valuer's competence, capabilities and objectivity;
- conducting in-depth discussions with management and the independent valuer about the cash flow projections used in the value-in-use calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the value-in-use calculations;
- benchmarking the growth rates and discount rates used in the value-in-use calculations against independent industry data and comparable companies; and
- evaluating and assessing the appropriateness and reasonableness of the key assumptions used in the value-in-use calculations.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAs, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 AUDITOR'S REPORT

From the matters communicated with those charged with governance, 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fan, Chan & Co. Limited

Certified Public Accountants

Leung Kwong Kin

Practising Certificate Number: P03702

Hong Kong, 28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|--|-------|------------------|--------------------------------|
| Revenue | 6 | 91,852 | 68,702 |
| Other income | 7 | 1,214 | 4,658 |
| Other gains and losses, net | 7 | 327 | (6,763) |
| Raw materials and consumables used | | (33,160) | (28,806) |
| Staff costs | | (32,296) | (38,842) |
| Depreciation and amortisation expense | | (12,144) | (12,446) |
| Rental and related expenses | | (1,370) | (2,369) |
| Utilities expenses | | (2,970) | (3,151) |
| Impairment loss under expected credit loss model for trade receivables | | (395) | – |
| Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity | 28 | 13,380 | – |
| Other expenses | | (15,500) | (17,232) |
| Finance costs | 8 | (1,065) | (791) |
| Profit/(loss) before tax | 9 | 7,873 | (37,040) |
| Income tax credit | 10 | 374 | 2,415 |
| Profit/(loss) for the year | | 8,247 | (34,625) |
| Profit/(loss) for the year attributable to: | | | |
| – owners of the Company | | 8,247 | (34,625) |
| – non-controlling interest | | – | – |
| | | 8,247 | (34,625) |
| Profit/(loss) for the year | | 8,247 | (34,625) |
| Other comprehensive income: | | | |
| Item that may be reclassified to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | – | 174 |
| | | 8,247 | (34,451) |
| Total comprehensive income/(expense) for the year attributable to: | | | |
| – owners of the Company | | 8,247 | (34,451) |
| – non-controlling interests | | – | – |
| | | 8,247 | (34,451) |
| Earnings/(loss) per share | | | |
| Basic (HK cents) | 14 | 0.86 | (3.61) |
| Diluted (HK cents) | | 0.84 | (3.61) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|--|-------|------------------|--------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 15 | 3,183 | 3,095 |
| Right-of-use assets | 16 | 9,874 | 14,571 |
| Deferred tax assets | 30 | 95 | 95 |
| Goodwill | 17 | 20,722 | 20,722 |
| Intangible asset | 18 | 8,303 | 10,423 |
| Deposits | 20 | 2,606 | 4,160 |
| Total non-current assets | | 44,783 | 53,066 |
| Current assets | | | |
| Inventories | 19 | 3,908 | 3,804 |
| Trade and other receivables, deposits and prepayments | 20 | 9,544 | 10,232 |
| Financial assets at fair value through profit or loss | 21 | 2,948 | 2,195 |
| Tax recoverable | | – | 404 |
| Bank balances and cash | 22 | 8,530 | 15,526 |
| Total current assets | | 24,930 | 32,161 |
| Current liabilities | | | |
| Trade and other payables and accruals | 23 | 15,623 | 15,118 |
| Contract liabilities | 24 | – | – |
| Bank and other borrowings | 26 | 1,996 | 2,531 |
| Lease liabilities | 27 | 6,385 | 11,154 |
| Financial liabilities at fair value through profit or loss | 28 | – | 25,403 |
| Tax payable | | 136 | – |
| Total current liabilities | | 24,140 | 54,206 |
| Net current assets/(liabilities) | | 790 | (22,045) |
| Total assets less current liabilities | | 45,573 | 31,021 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

| | <i>Notes</i> | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|--------------|--------------------------------|--------------------------------|
| Non-current liabilities | | | |
| Deferred tax liabilities | 30 | 2,256 | 3,289 |
| Defined benefit plan obligations | 31 | 330 | 308 |
| Provision for reinstatement | 25 | 763 | 1,575 |
| Bank and other borrowings | 26 | 2,826 | 2,049 |
| Lease liabilities | 27 | 4,954 | 9,626 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 11,129 | 16,847 |
| | | <hr/> | <hr/> |
| Net assets | | 34,444 | 14,174 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Share capital | 29 | 11,508 | 9,600 |
| Reserves | | 22,969 | 4,607 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 34,477 | 14,207 |
| Non-controlling interests | | (33) | (33) |
| | | <hr/> | <hr/> |
| Total equity | | 34,444 | 14,174 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2024 and are signed on its behalf by:

Choi Pun Lap
Director

Leung Wai Tai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

| | Attributable to owner of the Company | | | | | | | | |
|--|--------------------------------------|---|---|--|---|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share Premium (note (a)) HK\$'000 | Other reserves (note(b)) HK\$'000 | Foreign currency translation reserve (note (c)) HK\$'000 | Share-based payment reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| As at 1 April 2022 (originally stated) | 9,600 | 88,381 | (8,669) | 24 | - | (46,512) | 42,824 | (33) | 42,791 |
| Adjustments (note 2(a)) | - | - | - | - | - | (3,316) | (3,316) | - | (3,316) |
| As at 1 April 2022 (Restated) | 9,600 | 88,381 | (8,669) | 24 | - | (49,828) | 39,508 | (33) | 39,475 |
| Loss for the year | - | - | - | - | - | (34,625) | (34,625) | - | (34,625) |
| Other comprehensive income | - | - | - | 174 | - | - | 174 | - | 174 |
| Total comprehensive expense for the year (Restated) | - | - | - | 174 | - | (34,625) | (34,451) | - | (34,451) |
| Equity-settled share-based payment | - | - | - | - | 9,150 | - | 9,150 | - | 9,150 |
| Lapse of share options | - | - | - | - | (4,550) | 4,550 | - | - | - |
| Release of reserve on disposal | - | - | - | (198) | - | 198 | - | - | - |
| As at 31 March 2023 and 1 April 2023 | 9,600 | 88,381 | (8,669) | - | 4,600 | (79,705) | 14,207 | (33) | 14,174 |
| Reclassification of consideration shares from financial liabilities (note 28) | 1,908 | 10,115 | - | - | - | - | 12,023 | - | 12,023 |
| Profit and total comprehensive income for the year | - | - | - | - | - | 8,247 | 8,247 | - | 8,247 |
| As at 31 March 2024 | 11,508 | 98,496 | (8,669) | - | 4,600 | (71,458) | 34,477 | (33) | 34,444 |

Notes:

- (a) As at 31 March 2023, share premium was the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares were listed on GEM of the Stock Exchange in previous years. During the year ended 31 March 2024, the consideration shares issued for the acquisition of a subsidiary for the year ended 31 March 2023 were reclassified from financial liabilities at fair value through profit or loss to share capital and share premium, the details of which are set out in note 29.
- (b) As at 31 March 2024 and 2023, other reserves represented the difference between the aggregated capital of subsidiaries arising from the group reorganisation and the shareholders' contribution arising from the acquisition of additional interest in subsidiaries in previous years.
- (c) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the material accounting policy information set out in Note 4 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|-------|------------------|--------------------------------|
| OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 7,873 | (37,040) |
| Adjustments for: | | | |
| Bank interest income | 7 | (13) | (66) |
| Finance costs | 8 | 1,065 | 791 |
| Amortisation of intangible assets | 9 | 2,120 | 177 |
| Depreciation: | | | |
| – owned property, plant and equipment | 9 | 1,586 | 3,768 |
| – leased right-of-use assets | 9 | 8,438 | 8,501 |
| Rent concession | 7 | – | (28) |
| Gain on disposal of subsidiaries | 7 | – | (1,379) |
| Loss/(gain) on disposal of property, plant and equipment | 7 | 160 | (1,050) |
| Gain on termination of lease | 7 | (251) | – |
| Provision for impairment of property, plant and equipment | 7 | – | 1,186 |
| Provision for impairment of right-of-use assets | 7 | 262 | 5,611 |
| Write off of property, plant and equipment | 9 | 292 | – |
| Fair value gain on financial assets at fair value through profit or loss | 7 | (498) | (902) |
| Fair value change on contingent consideration | 7 | – | 3,325 |
| Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity | 28 | (13,380) | – |
| Provision for impairment of trade and other receivables | | 395 | – |
| Share-based payment expense | | – | 9,150 |
| Reversal of provision for reinstatement | 25 | (812) | – |
| Operating cash flows before movements in working capital | | 7,237 | (7,956) |
| Increase in financial assets at fair value through profit or loss | | (255) | – |
| Increase in inventories | | (104) | (744) |
| Decrease in trade and other receivables, deposits and prepayments | | 1,847 | 8,190 |
| Increase in trade and other payables and accruals | | 506 | 6,945 |
| Decrease in contract liabilities | | – | (2,091) |
| Increase in defined benefit plan obligations | | 22 | 308 |
| Cash generated from operations | | 9,253 | 4,652 |
| Tax paid | | (121) | – |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 9,132 | 4,652 |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|--|-------|------------------|--------------------------------|
| INVESTING ACTIVITIES | | | |
| Net cash outflow on disposal of subsidiaries | 33 | – | (1) |
| Net cash outflow on acquisition of a subsidiary | 32 | – | (9,205) |
| Purchase of assets held for sale | | – | (1,176) |
| Purchase of property, plant and equipment | | (3,337) | (21) |
| Disposal of property, plant and equipment | | 1,211 | 2,030 |
| Interest received | 7 | 13 | 66 |
| | | (2,113) | (8,307) |
| FINANCING ACTIVITIES | | | |
| | 38 | | |
| Proceed from bank and other borrowings | | 2,135 | – |
| Repayment of bank and other borrowings | | (2,161) | (687) |
| Repayment of principal portion of lease liabilities | | (13,192) | (11,252) |
| Repayment of interest portion of lease liabilities | | (797) | (759) |
| | | (14,015) | (12,698) |
| | | (6,996) | (16,353) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 15,526 | 31,903 |
| Exchange of foreign exchange rate changes, net | | – | (24) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH | | 8,530 | 15,526 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 February 2018. The address of the Company’s registered office and the principal place of business is disclosed in the Corporate Information section to the annual report.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations, sales of food ingredients and beverage and aircraft’s engine stand repairing and maintenance services. Details are set out in note 41.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES

(a) New and amendments to HKFRS that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs that are first effective for the current accounting period of the Group:

- 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*

Except as described below, the application of the new and amendments to the HKFRSs listed above in the current year had no material effect on the Group’s financial performance and positions for the current and prior year and on the disclosures set out in the consolidated financial statements:

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to 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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(a) New and amendments to HKFRS that are mandatorily effective for the current year *(Continued)*

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group applied the initial recognition exemption to lease transactions and had not recognised the related deferred tax. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The details of the impacts on each financial statement line item arising from the application of the amendments are set out below.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

As disclosed in note 31, the Group is obliged to pay LSP to Hong Kong employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. 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.

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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(a) New and amendments to HKFRS that are mandatorily effective for the current year *(Continued)*

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund – Long Service Payment offsetting mechanism in Hong Kong (Continued)

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022 (see note 31), with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022.

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group’s consolidated statement of profit or loss and earnings per share for the year ended 31 March 2024:

| | Effect of adoption of the HKICPA guidance <i>HK\$’000</i> | Effect of Amendments to HKAS 12 <i>HK\$’000</i> | Total <i>HK\$’000</i> |
|---|--|--|----------------------------------|
| Impact on profit/(loss) for the year | | | |
| Increase in staff costs | 22 | – | 22 |
| Increase in income tax credit | – | (654) | (654) |
| Decrease/(increase) in profit for the year attributable to the owners of the Company | 22 | (654) | (632) |

The application of amendments to HKFRSs and the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism has increased the Group’s basic earnings per share and diluted earnings per share for the year ended 31 March 2024 by HK cents 0.07 and 0.06 respectively.

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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(a) New and amendments to HKFRS that are mandatorily effective for the current year *(Continued)*

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group’s consolidated statement of profit or loss and loss per share for the year ended 31 March 2023:

| | As previously reported <i>HK\$'000</i> | Effect of adoption of the HKICPA guidance <i>HK\$'000</i> | Effect of Amendments to HKAS 12 <i>HK\$'000</i> | As restated <i>HK\$'000</i> |
|---|--|---|--|--------------------------------|
| Consolidated statement of profit or loss for the year ended 31 March 2023: | | | | |
| Staff costs | (38,534) | (308) | – | (38,842) |
| Loss before tax | (36,732) | (308) | – | (37,040) |
| Income tax credit | 43 | – | 2,372 | 2,415 |
| Loss for the year | (36,689) | (308) | 2,372 | (34,625) |
| Total comprehensive expense for the year attributable to owners of the Company | | | | |
| | (36,515) | (308) | 2,372 | (34,451) |
| Loss per share | | | | |
| Basic <i>(HK cents)</i> | (3.82) | (0.03) | 0.24 | (3.61) |
| Diluted <i>(HK cents)</i> | (3.82) | (0.03) | 0.24 | (3.61) |

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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(a) New and amendments to HKFRS that are mandatorily effective for the current year *(Continued)*

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group’s consolidated statement of financial position at 31 March 2023:

| | As previously reported <i>HK\$'000</i> | Effect of adoption of the HKICPA guidance <i>HK\$'000</i> | Effect of Amendments to HKAS 12 <i>HK\$'000</i> | As restated <i>HK\$'000</i> |
|---|--|---|--|--------------------------------|
| Consolidated statement of financial position as at 31 March 2023: | | | | |
| Deferred tax liabilities | (2,345) | – | (944) | (3,289) |
| Defined benefit plan obligations | – | (308) | – | (308) |
| Total non-current liabilities | (15,595) | (308) | (944) | (16,847) |
| Net assets | 15,426 | (308) | (944) | 14,174 |
| Reserves | 5,859 | (308) | (944) | 4,607 |
| Total equity attributable to owners of the Company | 15,459 | (308) | (944) | 14,207 |
| Total equity | 15,426 | (308) | (944) | 14,174 |
| Reconciliation of loss before tax to cash generated from operations for year ended 31 March 2023 | | | | |
| Loss before tax | (36,732) | (308) | – | (37,040) |
| Increase in defined benefit plan obligations | – | 308 | – | 308 |

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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(a) New and amendments to HKFRS that are mandatorily effective for the current year *(Continued)*

The following table summarises the impacts of the changes in accounting policies as a result of application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group’s consolidated statement of financial position at 1 April 2022:

| | As previously reported <i>HK\$’000</i> | Effect of Amendments to HKAS 12 <i>HK\$’000</i> | As restated <i>HK\$’000</i> |
|---|--|---|---------------------------------------|
| Consolidated statement of financial position as at 1 April 2022: | | | |
| Deferred tax liabilities | (596) | (3,316) | (3,912) |
| Total non-current liabilities | (14,490) | (3,316) | (17,806) |
| Net assets | 42,791 | (3,316) | 39,475 |
| Reserves | 33,224 | (3,316) | 29,908 |
| Total equity attributable to owners of the company | 42,824 | (3,316) | 39,508 |
| Total equity | 42,791 | (3,316) | 39,475 |

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”) AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not applied the following amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these amendments to HKFRSs but is not yet in a position to state whether these amendments to HKFRSs would have a significant impact on its results of operations and financial position:

| | Effective for accounting periods beginning on or after |
|--|---|
| • Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be determined |
| • Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| • Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i> | 1 January 2024 |
| • Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| • Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i> | 1 January 2024 |
| • Amendments to HKAS 21, <i>Lack of Exchangeability</i> | 1 January 2025 |

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss (“FVTPL”) and financial liabilities at FVTPL that are measured at fair value at the end of each reporting period, as explained in the material accounting policy information set out below.

(c) Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Business combination and basis of consolidation

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Fair value

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for the Company on the basis of dividend received and receivable.

(d) Goodwill

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units that are expected to benefit from the synergies of the acquisition.

For goodwill arising on an acquisition in a financial year, the cash generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount at each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

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

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The useful lives are as follows:

| | |
|------------------------------|--|
| Leasehold land and buildings | Over the shorter of the terms of the lease or 50 years |
| Leasehold improvements | Over the lease terms |
| Furniture and fixtures | Over 3–5 years |
| Kitchen equipment | Over 3–5 years |
| Other equipment | Over 3–5 years |
| Motor vehicles | Over 3–5 years |

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Intangible assets

- (i) Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss. Amortisation is provided on a straight-line basis over their useful lives as follows.

| | |
|-----------------------|---------|
| Customer relationship | 5 years |
|-----------------------|---------|

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

(g) Leases

At inception of a contract, the Group assesses whether a contract is or contains 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.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

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.

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.

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

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

(h) Financial instruments

(i) **Financial assets**

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in below measurement category:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as financial assets at FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECL on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other instruments, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

(iii) Write-off policy

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iv) Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with a customer, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities arising from unrelated multiple contracts are not presented on a net basis.

(v) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and accruals and bank and other borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Financial instruments *(Continued)*

(vi) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vii) Equity instruments

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

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Revenue from restaurant operation is recognised at a point in time when the food or catering service has been served, at which point in time customer payments are made to the Group upon completion of food or catering service.

Revenue from provision of agency services in relation to sales of food ingredients where the Group is considered as acting as agent is recognised at the point that the control of the inventory has passed to the customers, which is primarily upon the acceptance of the goods by the customers. The customers have full discretion over the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Revenue recognition *(Continued)*

Revenue from aircraft's engine stand repairing and maintenance services contracts with its customers is recognised over time based on the completion status of the respective service contract. The service contract period is typically less than one year. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(k) Retirement benefits costs

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

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

Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Retirement benefits costs *(Continued)*

(iii) Termination benefits

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

(l) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

(m) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Income taxes *(Continued)*

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(n) Borrowing costs

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

(o) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

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

(p) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined the Group's service lines stated in note 6.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- goodwill;
- intangible asset; and
- investments in subsidiaries and an associate.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, 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 cash generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(s) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency (i.e. HK\$) of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the foreign currency translation reserve).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management of the Group will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

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

The Group determines whether property, plant and equipment, right-of-use assets and intangible assets are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying values of these assets exceed their recoverable amounts, which is the higher of their fair values less costs of disposal and their value-in-use. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and determine a suitable discount rate in order to calculate the present value of those cash flows.

In addition, management of the Group assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment, right-of-use assets and intangible assets may not be recoverable. When the recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 March 2024, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are approximately HK\$3,183,000 (2023: HK\$3,095,000), HK\$9,874,000 (2023: HK\$14,571,000) and HK\$8,303,000 (2023: HK\$10,423,000) respectively.

Impairment testing of goodwill

Determining whether goodwill impaired requires an estimation of the value-in-use of the cash generating units to which goodwill have been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit ("CGU") and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in note 17.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

Principal versus agent consideration (agent)

The Group is considered as an agent for its contracts with customers relating to the sales of food ingredients as the Group did not obtain the control over the food ingredients before passing on to customers. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts, which amounted to 17% of the gross amount of consideration as specified in the contracts. During the year ended 31 March 2024, the Group recognised commission revenue relating to sales of food ingredients amounted to HK\$805,000 (2023: HK\$4,873,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received or receivable from the operation of restaurants, food ingredients and beverage and aircraft's engine stand repairing and maintenance services in Hong Kong during the year.

Revenue

The amounts of each significant category of revenue recognised during the reporting period were disaggregated as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| By timing of revenue recognition: | | |
| On a point in time basis: | | |
| Revenue from restaurant operations | 48,728 | 60,415 |
| Revenue from food ingredients and beverage operations | | |
| – sales of noodles (acting as an agent) | 805 | 4,873 |
| – sales of wine | 157 | 600 |
| | <u>49,690</u> | <u>65,888</u> |
| On over time basis: | | |
| Income of aircraft engine stand repairing and maintenance services | 42,162 | 2,814 |
| | <u>91,852</u> | <u>68,702</u> |

Transaction price allocated to the remaining performance obligation for contracts with customers

All the contracts for food ingredients and beverage operations and aircraft engine stand repairing and maintenance services are for original expected duration of one year or less. As permitted 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

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

Information reported to the executive directors of the Group, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group’s restaurants to the customers and the type of services provided by the Group.

Specifically, the Group’s reportable segments under HKFRS 8 “Operating Segments” are as follows:

1. Chinese cuisine — Operations of Chinese cuisine restaurants under the brand of “Marsino”.
2. Thai cuisine — Operations of Thai cuisine restaurants under the brand of “Grand Avenue”.
3. Malaysian cuisine — Operations of Malaysian cuisine restaurants under the brand of “Baba Nyonya”.
4. Food ingredients and beverages operations — Provision of agency services in relation to sales of noodles, and sales of wine to external third parties.
5. Aircraft’s engine stand repairing and maintenance services — Provision of aircraft engine stand repairing and maintenance services.

The material accounting policy information of the operating segments are the same as the Group’s material accounting policy information described in note 4. No operating segments have been aggregated to arrive at the reportable segments of the Group. Segment revenues are all revenue generated from external customers and there was no inter-segment revenue. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, directors’ emoluments, share-based payment expenses, bank interest income and finance cost on general working capital borrowings.

Revenue from contracts with customers

Information about the Group’s performance obligations is summarized below:

Revenue from restaurant operations

The performance obligation is recognised at a point in time when control of the products is transferred to the customer, being at the point the customer buys the food at the restaurants. Payment of the transaction price is due immediately at the point the customer buys the food at the restaurants.

Provision of agency services in relation to sales of noodles

The performance obligation is completed at a point in time when the services on arranging sales of noodles are completed. Payment is generally paid after the agency services are provided. All the contracts in relation to sales are for original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Revenue from contracts with customers *(Continued)*

Sales of wine to third parties

The performance obligation is recognised at a point in time when control of the products is transferred to the customer, being at the point the customer purchases on delivery of the wine. Payment of the transaction price is due at the point the customer purchases the wine.

Provision of aircraft engine stand repairing and maintenance services

The Group provides aircraft engine stand repairing and maintenance services to customers. The performance obligation is satisfied over time and payments are normally required after rendering the services. The Group's enforceable right to the payment is subject to the completion of the whole services. The services periods are one year or less.

Year ended 31 March 2024

| | Chinese cuisine HK\$'000 | Thai cuisine HK\$'000 | Malaysian cuisine HK\$'000 | Food Ingredients and beverage operations HK\$'000 | Aircraft's engine stand repairing and maintenance services HK\$'000 | Total HK\$'000 |
|---|--------------------------------|-----------------------------|----------------------------------|---|--|---------------------|
| Segment revenue | <u>18,797</u> | <u>6,916</u> | <u>23,015</u> | <u>962</u> | <u>42,162</u> | <u>91,852</u> |
| Segment (loss)/profit | <u>(5,278)</u> | <u>(257)</u> | <u>842</u> | <u>(254)</u> | <u>4,896</u> | <u>(51)</u> |
| Unallocated other income and other gains | | | | | | 193 |
| Unallocated corporate costs | | | | | | (6,147) |
| Fair value gain on reclassification from financial liabilities to equity | | | | | | 13,380 |
| Fair value gain on financial assets at FVTPL | | | | | | <u>498</u> |
| Profit before tax | | | | | | <u><u>7,873</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Year ended 31 March 2023

| | Chinese cuisine <i>HK\$'000</i> | Thai cuisine <i>HK\$'000</i> | Malaysian cuisine <i>HK\$'000</i> (Restated) | Food Ingredients and beverage operations <i>HK\$'000</i> | Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i> (Restated) | Total <i>HK\$'000</i> (Restated) |
|--|---------------------------------------|------------------------------------|---|--|---|--|
| Segment revenue | 21,937 | 15,031 | 23,447 | 5,473 | 2,814 | 68,702 |
| Segment (loss)/profit | (5,192) | (2,909) | (3,224) | (2,654) | 1,224 | (12,755) |
| Unallocated other income and other gains | | | | | | 2,050 |
| Unallocated finance costs | | | | | | 11 |
| Unallocated corporate costs | | | | | | (25,302) |
| Fair value gain on financial assets at FVTPL | | | | | | 902 |
| Fair value change on contingent consideration | | | | | | (3,325) |
| Gain on disposal of subsidiaries | | | | | | 1,379 |
| Loss before tax | | | | | | (37,040) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As 31 March 2024

| | Chinese cuisine HK\$'000 | Thai cuisine HK\$'000 | Malaysian cuisine HK\$'000 | Food Ingredients and beverage operations HK\$'000 | Aircraft's engine stand repairing and maintenance services HK\$'000 | Total HK\$'000 |
|--|--------------------------------|-----------------------------|----------------------------------|---|--|-------------------|
| Segment assets | <u>3,042</u> | <u>159</u> | <u>2,220</u> | <u>3,763</u> | <u>48,746</u> | 57,930 |
| Deferred tax assets | | | | | | 95 |
| Unallocated deposits, prepayments and other receivables | | | | | | 210 |
| Financial assets at FVTPL | | | | | | 2,948 |
| Bank balances and cash | | | | | | <u>8,530</u> |
| Consolidated assets | | | | | | <u>69,713</u> |
| Segment liabilities | <u>7,091</u> | <u>1,303</u> | <u>6,846</u> | <u>2,627</u> | <u>13,862</u> | 31,729 |
| Unallocated trade and other payables and accruals | | | | | | 1,148 |
| Tax payable | | | | | | 136 |
| Deferred tax liabilities | | | | | | <u>2,256</u> |
| Consolidated liabilities | | | | | | <u>35,269</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

As 31 March 2023

| | Chinese cuisine <i>HK\$'000</i> | Thai cuisine <i>HK\$'000</i> | Malaysian cuisine <i>HK\$'000</i> (Restated) | Food Ingredients and beverage operations <i>HK\$'000</i> | Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i> (Restated) | Total <i>HK\$'000</i> (Restated) |
|--|---------------------------------------|------------------------------------|---|--|---|--|
| Segment assets | <u>6,167</u> | <u>2,069</u> | <u>6,051</u> | <u>4,951</u> | <u>48,290</u> | 67,528 |
| Deferred tax assets | | | | | | 95 |
| Unallocated deposits, prepayments and other receivables | | | | | | 1,674 |
| Tax recoverable | | | | | | 404 |
| Bank balances and cash | | | | | | <u>15,526</u> |
| Consolidated assets | | | | | | <u>85,227</u> |
| Segment liabilities | <u>6,567</u> | <u>4,339</u> | <u>11,615</u> | <u>2,125</u> | <u>15,164</u> | 39,810 |
| Unallocated trade and other payables and accruals | | | | | | 2,551 |
| Financial liabilities at FVTPL | | | | | | 25,403 |
| Deferred tax liabilities | | | | | | <u>3,289</u> |
| Consolidated liabilities | | | | | | <u>71,053</u> |

For the purposes of monitoring segment performances and allocating resources between segments

- all assets are allocated to operating and reportable segments, other than deferred tax assets, certain deposits, prepayment and financial assets at FVTPL, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than certain trade and other payables and accruals, tax payable, contingent consideration and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

Year ended 31 March 2024

| | Chinese cuisine HK\$'000 | Thai cuisine HK\$'000 | Malaysian cuisine HK\$'000 | Food Ingredients and beverage operations HK\$'000 | Aircraft's engine stand repairing and maintenance services HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|--------------------------------|-----------------------------|----------------------------------|---|--|-------------------------|-------------------|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | |
| Additions to non-current assets | - | - | - | - | 15,164 | - | 15,164 |
| Provision for impairment of right-of-use assets | 262 | - | - | - | - | - | 262 |
| Depreciation: | | | | | | | |
| - owned property, plant and equipment | 52 | 69 | 262 | 37 | 1,110 | 56 | 1,586 |
| - leased right-of-use assets | 2,704 | 193 | 1,217 | 247 | 4,077 | - | 8,438 |
| Write off of property, plant and equipment | 135 | - | - | 157 | - | - | 292 |
| Impairment losses on trade receivables | - | - | - | 395 | - | - | 395 |
| Amortisation of intangible assets | - | - | - | - | 2,120 | - | 2,120 |

Year ended 31 March 2023

| | Chinese cuisine HK\$'000 | Thai cuisine HK\$'000 | Malaysian cuisine HK\$'000 | Food Ingredients and beverage operations HK\$'000 | Aircraft's engine stand repairing and maintenance services HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|--------------------------------|-----------------------------|----------------------------------|---|--|-------------------------|-------------------|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | |
| Additions to non-current assets | - | 17 | - | - | - | 4 | 21 |
| Additions of non-current assets arising on acquisition of a subsidiary | - | - | - | - | 42,811 | - | 42,811 |
| Provision for impairment of property, plant and equipment | 636 | 395 | 155 | - | - | - | 1,186 |
| Provision for impairment of right-of-use assets | 2,740 | 1,114 | 1,757 | - | - | - | 5,611 |
| Depreciation: | | | | | | | |
| - owned property, plant and equipment | 1,113 | 830 | 1,201 | 74 | 516 | 34 | 3,768 |
| - leased right-of-use assets | 1,711 | 2,720 | 3,901 | - | 169 | - | 8,501 |
| Amortisation of intangible assets | - | - | - | - | 177 | - | 177 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

All of the Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets are located in Hong Kong.

Information about major customers

Revenue from the major customer, which amounted to 10% or more of the Group's total revenue, is set out below:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|------------|------------------|------------------|
| Customer A | <u>39,372</u> | <u>N/A</u> |

N/A: Revenue from the customer during the year did not contribute 10% or more of the Group's revenue.

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

7. OTHER INCOME/OTHER GAINS AND LOSSES, NET

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Other income | | |
| Employment support scheme <i>(note (a))</i> | – | 402 |
| Promotion income | 13 | 13 |
| Bank interest income | 13 | 66 |
| Subsidies income <i>(note (b))</i> | 17 | 3,522 |
| Reversal of provision for reinstatement | 812 | – |
| Others | 359 | 655 |
| | <u>1,214</u> | <u>4,658</u> |
| Other gains and losses, net | | |
| Rent concession <i>(note (c))</i> | – | 28 |
| (Loss)/gain on disposal of property, plant and equipment | (160) | 1,050 |
| Fair value change on contingent consideration | – | (3,325) |
| Gain on disposal of subsidiaries | – | 1,379 |
| Gain on termination of lease | 251 | – |
| Provision for impairment of property, plant and equipment | – | (1,186) |
| Provision for impairment of right-of-use assets | (262) | (5,611) |
| Fair value change on financial assets at fair value through profit or loss | 498 | 902 |
| | <u>327</u> | <u>(6,763)</u> |

Notes:

- (a) Employment support scheme was granted from HKSAR Government in relation to the employment during COVID-19 without unfulfilled conditions or other contingencies attaching to the subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

7. OTHER INCOME/OTHER GAINS AND LOSSES, NET *(Continued)*

Notes: *(Continued)*

- (b) Subsidies income was granted from HKSAR Government in relation to the food license without unfulfilled conditions or other contingencies attaching to the subsidies.
- (c) The rent concession had satisfied the practical expedient criteria of HKFRS 16 and the amount recognised in profit or loss to reflect changes in lease payments that arose from COVID-19.

8. FINANCE COSTS

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Interests on bank and other borrowings | 268 | 32 |
| Interests on lease liabilities | 797 | 759 |
| | 1,065 | 791 |

9. PROFIT/(LOSS) BEFORE TAX

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|------------------|--------------------------------|
| Profit/(loss) before tax has been arrived at after charging: | | |
| Staff costs (including directors' emoluments): | | |
| Salaries and other benefits | 31,239 | 29,798 |
| Contribution to defined contribution retirement benefit scheme | 1,035 | 1,281 |
| Expenses recognised in respect of defined benefit plans: | | |
| — long service payments | 22 | 308 |
| Share-based payment expenses | — | 7,455 |
| | 32,296 | 38,842 |
| Auditor's remuneration | | |
| — audit service | 680 | 650 |
| — non-audit service | — | 50 |
| Depreciation: | | |
| — owned property, plant and equipment | 1,586 | 3,768 |
| — leased right-of-use assets | 8,438 | 8,501 |
| Amortisation of intangible assets | 2,120 | 177 |
| Provision for impairment of property, plant and equipment | — | 1,186 |
| Provision for impairment of right-of-use assets | 262 | 5,611 |
| Write off of property, plant and equipment included in other expenses | 292 | — |
| Fair value change on contingent consideration | — | 3,325 |
| Share-based payment expenses included in other expenses | — | 1,695 |
| Marketing expenses | 5,602 | 78 |
| Short-term lease expenses | 1,370 | 2,369 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

10. INCOME TAX CREDIT

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|-----------------------|--------------------------------|--------------------------------|
| Current tax: | | |
| Hong Kong Profits Tax | (659) | 43 |
| Deferred tax | 1,033 | 2,372 |
| | 374 | 2,415 |

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of a qualifying corporation are taxed at 8.25%, and assessable profits above HK\$2 million continue to be taxed at 16.5%. For the years ended 31 March 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. 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%.

The income tax credit for the year can be reconciled to the profit/(loss) before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|--------------------------------|--------------------------------|
| Profit/(loss) before tax | 7,873 | (37,040) |
| Tax calculated at the domestic income tax rate of 16.5% (2023: 16.5%) | 1,299 | (6,112) |
| Tax effect of expense not deductible for tax purpose | 2,069 | 1,297 |
| Tax effect of income not subject to tax | (2,278) | (1,194) |
| Unrecognised deductible temporary difference | – | 1,971 |
| Utilisation of unrecognised deductible temporary difference | (1,439) | – |
| Tax effect of tax losses not recognised | – | 2,282 |
| Utilisation of tax losses previously not recognised | (25) | (659) |
| Income tax credit | (374) | (2,415) |

Details of deferred tax are set out in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, were as follows:

Year ended 31 March 2024

| | Mr. PL Choi HK\$'000 (note (e)) | Mr. WT Leung HK\$'000 (note (f)) | Mr. Yanagihara Kazuya HK\$'000 (note (l)) | Total HK\$'000 |
|---|---------------------------------------|--|--|-------------------|
| Executive directors: | | | | |
| Fees | 360 | 240 | – | 600 |
| Other emoluments | – | – | – | – |
| Salaries and other benefits | – | – | – | – |
| Discretionary bonus | – | – | – | – |
| Retirement benefit scheme contributions | – | – | – | – |
| Share-based payment expense | – | – | – | – |
| Sub-total | <u>360</u> | <u>240</u> | <u>–</u> | <u>600</u> |

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

| | Mr. Lo Cheuk Fei Jeffrey HK\$'000 (note (i)) | Mr. Yeung Man Sun HK\$'000 (note (j)) | Mr. Cheung Hiu Fung HK\$'000 (note (h)) | Mr. Wang Rongqian HK\$'000 (note (j)) | Mr. Leung Chun Yu HK\$'000 (note (k)) | Total HK\$'000 |
|---|---|--|--|--|--|-------------------|
| Non-executive director: | | | | | | |
| Fees | – | – | – | – | – | – |
| Other emoluments | – | – | – | – | – | – |
| Salaries and other benefits | – | – | – | – | – | – |
| Retirement benefit scheme contributions | – | – | – | – | – | – |
| Sub-total | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Independent non-executive directors: | | | | | | |
| Fees | 120 | 68 | 120 | 53 | – | 361 |
| Other emoluments | – | – | – | – | – | – |
| Salaries and other benefits | – | – | – | – | – | – |
| Retirement benefit scheme contributions | – | – | – | – | – | – |
| Sub-total | <u>120</u> | <u>68</u> | <u>120</u> | <u>53</u> | <u>–</u> | <u>361</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

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

| | |
|-------|-----------------|
| | 2024 |
| | HK\$'000 |
| Total | 961 |

Notes:

- (a) Mr. CC Wong has resigned as an executive director on 30 June 2022.
- (b) Mr. Chan Wai Pun has appointed as an independent non-executive director on 19 January 2022 and resigned on 31 August 2022.
- (c) Ms. Wong Suet Hing has resigned as an executive director on 14 October 2022.
- (d) Ms. Wong Sau Ting Peony has resigned as an executive director on 30 December 2022.
- (e) Mr. Choi Pun Lap was appointed as an executive director on 26 April 2022.
- (f) Mr. Leung Wai Tai was appointed as an executive director on 23 December 2022.
- (g) Mr. Wong Hoyen Pegasus was appointed as an independent non-executive director on 17 May 2022 and has resigned on 31 March 2023.
- (h) Mr. Cheung Hiu Fung was appointed as an independent non-executive director on 31 March 2023.
- (i) Mr. Yeung Man Sun has resigned as an independent non-executive director on 24 October 2023.
- (j) Mr. Wang Rongqian was appointed as an independent non-executive director on 24 October 2023.
- (k) Mr. Leung Chun Yu was appointed as a non-executive director on 16 August 2023 and has resigned on 10 October 2023. Mr. Leung has waived the director's fees of HK\$18,000 for his service as a director of the Company during the year ended 31 March 2024.
- (l) Mr. Yanagihara Kazuya was appointed as an executive director on 16 August 2023 and has resigned on 10 October 2023. Mr. Yanagihara has waived the director's fees of HK\$37,000 for his service as a director of the Company during the year ended 31 March 2024.

Year ended 31 March 2023

| | Ms.SH Wong HK\$'000 <i>(note (c))</i> | Ms. ST Wong HK\$'000 <i>(note (d))</i> | Mr. CC Wong HK\$'000 <i>(note (a))</i> | Mr. PL Choi HK\$'000 <i>(note (e))</i> | Mr. WT Leung HK\$'000 <i>(note (f))</i> | Total HK\$'000 |
|---|---|--|--|--|---|-------------------|
| Executive directors: | | | | | | |
| Fees | - | - | - | - | - | - |
| Other emoluments | | | | | | |
| Salaries and other benefits | 229 | 321 | 107 | 313 | 66 | 1,036 |
| Discretionary bonus | - | - | - | - | - | - |
| Retirement benefit scheme contributions | - | 13 | 4 | - | - | 17 |
| Share based payment expense | - | - | 1,460 | 672 | - | 2,132 |
| Sub-total | <u>229</u> | <u>334</u> | <u>1,571</u> | <u>985</u> | <u>66</u> | <u>3,185</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

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

| | Mr. Lo Cheuk Fei Jeffrey <i>HK\$'000</i> | Mr. Yeung Man Sun <i>HK\$'000</i> | Mr. Chan Wai Pun <i>HK\$'000</i> <i>(note (b))</i> | Mr. Wong Hoyen Pegasus <i>HK\$'000</i> <i>(note (g))</i> | Mr. Cheung Hiu Fung <i>HK\$'000</i> <i>(note (h))</i> | Total <i>HK\$'000</i> |
|---|--|---|---|---|--|--------------------------|
| Independent non-executive directors: | | | | | | |
| Fees | 120 | 120 | 50 | 105 | - | 395 |
| Other emoluments | | | | | | |
| Salaries and other benefits | - | - | - | - | - | - |
| Retirement benefit scheme contributions | - | - | - | - | - | - |
| Sub-total | <u>120</u> | <u>120</u> | <u>50</u> | <u>105</u> | <u>-</u> | <u>395</u> |

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

| | |
|-------|-------------------------|
| | 2023 <i>HK\$'000</i> |
| Total | <u>3,580</u> |

No remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. 2 (2023: Nil) of the directors of the Company have waived the remuneration with total of HK\$55,000 during the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included nil directors (2023: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year ended 31 March 2024 of the remaining five (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|--------------------------------|------------------|
| Salaries and other benefits | 2,394 | 1,144 |
| Discretionary bonus | – | – |
| Retirement benefit scheme contributions | 54 | 50 |
| | 2,448 | 1,194 |

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|----------------------|--------------------------------|------------------|
| Nil to HK\$1,000,000 | 5 | 3 |

13. DIVIDENDS

No dividend was paid, declared or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

There are no income tax consequences related to the payment of dividends by the Company to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

14. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|--------------------------------|--------------------------------|
| Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share | 8,247 | (34,625) |
| | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share | 960,000 | 960,000 |
| Effect of dilutive potential shares — share options | 26,740 | — |
| Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share | 986,740 | 960,000 |

For the purpose of basic earnings/(loss) per share, ordinary shares are equity instruments that are subordinate to all other classes of equity instruments of the Company. The Consideration Shares of 190,839,695 shares of the Company that were issued as consideration for the acquisition of High Smart Engineering Limited during the year ended 31 March 2023 were not equity instruments and were classified as financial liabilities at fair value through profit or loss, for reasons explained in note 29, and hence were not included in the weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share for the year ended 31 March 2023. The Consideration Shares of 190,839,695 shares were reclassified as equity instruments during the year ended 31 March 2024 and hence were included in the weighted average number of ordinary shares with effect from the date of Consideration Shares were reclassified as equity instruments of the Company for the purpose of basic earnings per share for the year ended 31 March 2024.

The computation of diluted loss per share for the year ended 31 March 2023 did not assume the exercise of the Company's outstanding share option and did not adjust for the effects of the Consideration Share since these potential ordinary shares are anti-dilutive and would result in a decrease in loss per share.

Therefore, the diluted loss per share is the same as the basic loss per share for the year ended 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and building | Leasehold improvement | Furniture and fixtures | Kitchen equipment | Other equipment | Motor vehicle | Total |
|------------------------------------|--|----------------------------------|-----------------------------------|------------------------------|----------------------------|--------------------------|-------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| COST | | | | | | | |
| At 1 April 2022 | 1,307 | 16,450 | 1,647 | 3,132 | 936 | - | 23,472 |
| Additions | - | - | 17 | - | 4 | - | 21 |
| Disposal | (1,307) | - | - | - | - | - | (1,307) |
| Acquisition of a subsidiary | - | - | 58 | - | - | 2,474 | 2,532 |
| Disposal of a subsidiary | - | - | (6) | - | - | - | (6) |
| Exchange realignment | - | - | - | - | 62 | - | 62 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2023 and 1 April 2023 | - | 16,450 | 1,716 | 3,132 | 1,002 | 2,474 | 24,774 |
| Additions | - | - | - | - | - | 3,337 | 3,337 |
| Disposal | - | - | - | - | - | (2,515) | (2,515) |
| Written off | - | (7,957) | (777) | (1,874) | (485) | - | (11,093) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2024 | <u> </u> | <u>8,493</u> | <u>939</u> | <u>1,258</u> | <u>517</u> | <u>3,296</u> | <u>14,503</u> |
| DEPRECIATION AND IMPAIRMENT | | | | | | | |
| At 1 April 2022 | 243 | 13,138 | 1,002 | 2,110 | 497 | - | 16,990 |
| Provided for the year | 22 | 2,412 | 276 | 484 | 116 | 458 | 3,768 |
| Disposals | (265) | - | - | - | - | - | (265) |
| Impairment | - | 900 | 84 | 117 | 85 | - | 1,186 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2023 and 1 April 2023 | - | 16,450 | 1,362 | 2,711 | 698 | 458 | 21,679 |
| Provided for the year | - | - | 128 | 234 | 114 | 1,110 | 1,586 |
| Disposal | - | - | - | - | - | (1,144) | (1,144) |
| Written off | - | (7,957) | (693) | (1,822) | (329) | - | (10,801) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2024 | <u> </u> | <u>8,493</u> | <u>797</u> | <u>1,123</u> | <u>483</u> | <u>424</u> | <u>11,320</u> |
| NET CARRYING AMOUNTS | | | | | | | |
| At 31 March 2024 | <u> </u> | <u> </u> | <u>142</u> | <u>135</u> | <u>34</u> | <u>2,872</u> | <u>3,183</u> |
| At 31 March 2023 | <u> </u> | <u> </u> | <u>354</u> | <u>421</u> | <u>304</u> | <u>2,016</u> | <u>3,095</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

For the year ended 31 March 2024, the management identified impairment indicator of certain leasehold improvement, furniture and fixtures, kitchen equipment and other equipment due to decline in performance in some restaurants of the Group which these assets were allocated. The decline in these restaurants' performance was due to the economic recession of the restaurant business. The Group assessed the recoverable amounts of these restaurants, each of which represented a cash generating unit ("CGU").

The recoverable amount of the CGU related to each restaurant has been determined based on value-in-use calculations, which use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering five-year period.

The key assumptions for the cash flow projections are those regarding the discount rate and the annual projected revenue, revenue growth rates, capital expenditures and operating expenses over the five-year projection period. The Group estimated the discount rate using a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the restaurant operations. The annual projected revenue, revenue growth rates, capital expenditures, and operating expenses over the five-year period are based on past performance and expectations of market development.

Based on the results of the calculation of the recoverable amounts, the recoverable amounts of 3 (2023: 6) CGUs were below their carrying amounts. The key assumptions used for the cash flow projections of the 3 (2023: 6) CGUs related to each of the 3 (2023: 6) restaurants in 2024 included (i) pre-tax discount rate of 12.00% which was reference to companies with similar industries (2023: 13.50%) and (ii) growth rate to extrapolate cash flows beyond the projection period of 2% with reference to the industry growth (2023: 2%). The recoverable amounts of the 3 (2023: 6) CGUs are calculated to be HK\$642,000, HK\$297,000 and HK\$712,000, amounting to HK\$1,651,000 in aggregate (2023: HK\$6,528,000 in aggregate). Since there is a shortfall between the carrying amounts of these CGUs and their recoverable amounts, impairment loss of approximately HK\$Nil (2023: HK\$1,186,000) and HK\$262,000 (2023: HK\$5,611,000) was recognised in the consolidated statement of profit or loss and other comprehensive income to write down the carrying amounts of property, plant and equipment and right-of-use assets, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

16. RIGHT-OF-USE ASSETS

| | Warehouse <i>HK\$'000</i> | Restaurant premises <i>HK\$'000</i> | Office premises <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|------------------------------|---|---------------------------------------|--------------------------|
| Cost | | | | |
| At 1 April 2023 | 8,957 | 59,397 | – | 68,354 |
| Additions | 11,108 | – | 719 | 11,827 |
| Derecognition | – | (49,363) | – | (49,363) |
| Termination | (8,957) | – | – | (8,957) |
| | <u>11,108</u> | <u>10,034</u> | <u>719</u> | <u>21,861</u> |
| At 31 March 2024 | <u>11,108</u> | <u>10,034</u> | <u>719</u> | <u>21,861</u> |
| Accumulated depreciation and impairment | | | | |
| At 1 April 2023 | 169 | 53,614 | – | 53,783 |
| Charge for the year | 4,077 | 4,114 | 247 | 8,438 |
| Eliminated on derecognition | (1,145) | (49,351) | – | (50,496) |
| Impairment | – | 262 | – | 262 |
| | <u>3,101</u> | <u>8,639</u> | <u>247</u> | <u>11,987</u> |
| At 31 March 2024 | <u>3,101</u> | <u>8,639</u> | <u>247</u> | <u>11,987</u> |
| Carrying values | | | | |
| At 31 March 2024 | <u><u>8,007</u></u> | <u><u>1,395</u></u> | <u><u>472</u></u> | <u><u>9,874</u></u> |
| Cost | | | | |
| At 1 April 2022 | – | 59,943 | – | 59,943 |
| Acquisition of a subsidiary | 8,957 | – | – | 8,957 |
| Disposal of subsidiaries | – | (546) | – | (546) |
| | <u>8,957</u> | <u>59,397</u> | <u>–</u> | <u>68,354</u> |
| At 31 March 2023 | <u>8,957</u> | <u>59,397</u> | <u>–</u> | <u>68,354</u> |
| Accumulated depreciation and impairment | | | | |
| At 1 April 2022 | – | 39,845 | – | 39,845 |
| Charge for the year | 169 | 8,332 | – | 8,501 |
| Disposal of subsidiaries | – | (174) | – | (174) |
| Impairment | – | 5,611 | – | 5,611 |
| | <u>169</u> | <u>53,614</u> | <u>–</u> | <u>53,783</u> |
| At 31 March 2023 | <u>169</u> | <u>53,614</u> | <u>–</u> | <u>53,783</u> |
| Carrying values | | | | |
| At 31 March 2023 | <u><u>8,788</u></u> | <u><u>5,783</u></u> | <u><u>–</u></u> | <u><u>14,571</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

16. RIGHT-OF-USE ASSETS *(Continued)*

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|--------------------------------|------------------|
| Expenses relating to short-term leases | 1,370 | 2,369 |
| Repayment of principal portion of lease liabilities | 13,192 | 11,252 |
| Interest paid on lease liabilities | 797 | 759 |
| | <hr/> | <hr/> |
| Total cash outflows for leases for the year | 15,359 | 14,380 |

The right-of-use assets are premises rented from private entities. The lease terms of the restaurants and warehouse used by the Group in its restaurant operations and aircraft's engine stand repairing and maintenance services segments respectively range from 2 to 5 years (2023: 3 to 6 years). Leases contain terms requiring payments by the Group of minimum monthly lease payments that are fixed over the lease term and variable lease payments that are based on certain percentages of the monthly gross sales turnover if the variable lease payment exceeds the monthly basic rent. No variable lease payment was paid or payable to the lessors for the year ended 31 March 2024 (2023: HK\$Nil). Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight-line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term.

The short-term leases relate to car parks rented from private entities with the lease terms of 12 months or less.

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

Lease liabilities of approximately HK\$11,339,000 (2023: HK\$20,780,000) are recognised with related right-of-use assets of approximately HK\$9,874,000 (2023: HK\$14,571,000) as at 31 March 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

For the year ended 31 March 2024, the Group assessed the recoverable amounts of the right-of-use assets allocated to the respective CGUs for certain restaurants, as disclosed in note 15. As a result, an impairment loss of approximately HK\$262,000 (2023: HK\$5,611,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. The recoverable amounts of the CGUs related to these restaurants have been determined based on value-in-use calculations, which use cash flow projections based on the most recent financial forecasts approved by the directors of the Company covering five-year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

17. GOODWILL

| | <i>HK\$'000</i> |
|--|----------------------|
| Cost: | |
| At 1 April 2022 | 92 |
| Arising from acquisition of subsidiaries | <u>20,722</u> |
| At 31 March 2023, 1 April 2023 and 31 March 2024 | <u>20,814</u> |
| Accumulated impairment: | |
| At 1 April 2022 | 92 |
| Impairment loss recognised | <u>-</u> |
| At 31 March 2023, 1 April 2023 and 31 March 2024 | <u>92</u> |
| Carrying amounts: | |
| At 31 March 2024 | <u><u>20,722</u></u> |
| At 31 March 2023 | <u><u>20,722</u></u> |

For the year ended 31 March 2024

Goodwill acquired through business combination has been allocated to a CGU comprising the aircraft's engine stand repairing and maintenance services reportable segment of the Group.

For the purpose of impairment testing, goodwill is identified as belonging to the following CGU:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | HK\$'000 | HK\$'000 |
| Aircraft's engine stand repairing and maintenance services | <u><u>20,722</u></u> | <u><u>20,722</u></u> |

The aircraft's engine stand repairing and maintenance services reportable segment comprises one CGU. The goodwill is allocated to the aircraft's engine stand repairing and maintenance services CGU. The Group performed its annual impairment assessment for goodwill by comparing its recoverable amount to its carrying amount as at the end of the reporting periods. The Group forecasted the cash flow projections based on latest available information and business plan. The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on the five-year financial budgets approved by management. Cash flows beyond the five-year period have been extrapolated with an estimated general annual growth rate of 2.0% (2023: 2.7%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

17. GOODWILL *(Continued)*

Details of the variables and assumptions were as follows:

| | 2024 | 2023 |
|---|------|------|
| Aircraft's engine stand repairing and maintenance services | | |
| Pre-tax discount rate | 14% | 15% |
| Operating margin | 14% | 17% |
| Growth rate of sales revenue within the five-year period | 2% | 4% |

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience, budgeted market share and number of service contracts as explained below:

The key assumptions used in the value-in-use calculations for the CGU are as follows:

| | |
|-----------------------------|--|
| Budgeted market share | The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with the directors' estimation of the revenue from existing customers. The directors believe that the budgeted market share which is based on the planned revenue growth per year for the next five years is reasonably achievable. |
| Number of service contracts | In order to maintain successive business operations of the CGU, the directors believe that there is no particular difficulty in sustaining the number of service contracts by renewal of the service contracts of the existing customers in the CGU. |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18. INTANGIBLE ASSET

| | Customer relationship <i>HK\$'000</i> |
|--|---|
| Cost: | |
| At 1 April 2022 | – |
| Arising from acquisition of subsidiary | <u>10,600</u> |
| At 31 March 2023, 1 April 2023 and 31 March 2024 | <u><u>10,600</u></u> |
| Accumulated amortisation and impairment: | |
| At 1 April 2022 | – |
| Amortisation for the year | <u>177</u> |
| At 31 March 2023 and 1 April 2023 | 177 |
| Amortisation for the year | <u>2,120</u> |
| At 31 March 2024 | <u><u>2,297</u></u> |
| Carrying amounts: | |
| At 31 March 2024 | <u><u>8,303</u></u> |
| At 31 March 2023 | <u><u>10,423</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18. INTANGIBLE ASSET *(Continued)*

For impairment assessment purposes, the intangible asset acquired in a business combination is allocated, at acquisition, to the aircraft's engine stand repairing and maintenance services CGU.

The customer relationship is amortised over its estimated useful life of 5 years.

The impairment assessment of the intangible asset for the year ended 31 March 2024 was performed as part of impairment assessment of the CGU, details of which are disclosed in note 17. As at 31 March 2024, the recoverable amount of the aircraft's engine stand repairing and maintenance services CGU was estimated to be above its carrying amount, hence no impairment was recognised for the year ended 31 March 2024. Details of the variables and assumptions are disclosed in note 17.

19. INVENTORIES

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|--------------------------------|------------------|
| Food and beverages | 2,433 | 2,932 |
| Materials for aircraft engine stand repairing | 1,475 | 872 |
| | 3,908 | 3,804 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Trade receivables from sales of food ingredients and beverages | 395 | 550 |
| Trade receivables from restaurant operations | 850 | 840 |
| Trade receivables from aircraft engine stand repairing | 1,576 | 3,223 |
| | 2,821 | 4,613 |
| Allowance for expected credit losses | (395) | — |
| | 2,426 | 4,613 |
| Rental deposits | 2,606 | 4,160 |
| Other deposits | 867 | 1,374 |
| Prepayments and other receivables (<i>note</i>) | 6,251 | 4,245 |
| Total | 12,150 | 14,392 |
| Analysed for reporting purposes as: | | |
| Non-current assets | 2,606 | 4,160 |
| Current assets | 9,544 | 10,232 |
| | 12,150 | 14,392 |

Note: As at 31 March 2024 and 31 March 2023, the amount mainly represented the receivables from non-trade debtors such as credit card refund from banks and insurance companies.

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash, octopus card and credit card settlement. The settlement terms of octopus card and credit card companies are usually within 7 days after the service rendered date. All trade receivables from restaurant operations are aged within 7 days after the service rendered date. All trade receivables from sales of food ingredients are aged within 30–90 days based on the invoice date at the end of the reporting period.

The Group has a policy of allowing credit periods ranging from 0 to 90 days to its customers in the sales of food ingredients and beverage operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of sales of food ingredients and beverage operations, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of food ingredients and beverage operations, as appropriate:

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| 0–90 days | — | 550 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers in the aircraft engine stand repairing operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of aircraft engine stand repairing, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of engine's standing repairing, as appropriate:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---------------|--------------------------------|------------------|
| 0-90 days | 1,576 | 2,905 |
| 91-180 days | – | 293 |
| Over 180 days | – | 25 |
| | 1,576 | 3,223 |

The expected credit loss for the trade receivables of engine's repairing is HK\$Nil.

Details of the impairment assessment of other receivables are set out in note 37.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|--------------------------------|------------------|
| Listed securities classified as held for trading investments: – Equity securities listed in Hong Kong | 2,948 | 2,195 |

At the end of the reporting period, financial assets at FVTPL are stated at fair value. Fair values of listed securities classified as held for trading investments are determined with reference to quoted market closing price.

22. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% (2023: 0.01%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

23. TRADE AND OTHER PAYABLES AND ACCRUALS

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|--------------------------------|------------------|
| Trade payables | 696 | 1,299 |
| Salaries payables | 1,572 | 2,607 |
| Accruals and other payables (<i>note</i>) | 13,355 | 11,212 |
| | 15,623 | 15,118 |

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. All trade payables are aged within 60 days based on the invoice date at the end of the reporting period.

Note: Other payables are due mainly to third party vendors in relation to operating expenses of the Group.

24. CONTRACT LIABILITIES

Movements in contract liabilities

| | 2024 HK\$'000 | 2023 HK\$'000 |
|----------------------------------|--------------------------------|------------------|
| At 1 April (<i>note a</i>) | – | 20,952 |
| Decrease in contract liabilities | – | (2,091) |
| Disposal of subsidiaries | – | (18,861) |
| At 31 March | – | – |

Note:

- (a) The amount represents advances from customers which included the non-refundable payment received from customers, for which the Group has obligation to transfer goods or services to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

25. PROVISION FOR REINSTATEMENT

| | <i>HK\$'000</i> |
|---|-----------------|
| At 1 April 2022, 31 March 2023 and 1 April 2023 | 1,575 |
| Reversal of provision for reinstatement | <u>(812)</u> |
| At 31 March 2024 | <u>763</u> |

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|------------------------------------|--------------------------------|-------------------------|
| Analysed for reporting purpose as: | | |
| Non-current liabilities | 763 | 1,575 |
| Current liabilities | <u>–</u> | <u>–</u> |
| | 763 | <u>1,575</u> |

The provision for reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

26. BANK AND OTHER BORROWINGS

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Current | | |
| Interest bearing | | |
| Secured | | |
| – Current portion of long-term bank loans (<i>note (i)</i>) | 1,190 | 1,893 |
| Unsecured | | |
| – Current portion of long-term other loans (<i>note (ii)</i>) | 806 | 638 |
| | 1,996 | 2,531 |
| Non-current | | |
| Interest bearing | | |
| Secured | | |
| – Long-term bank loans (<i>note (i)</i>) | 523 | 1,712 |
| Unsecured | | |
| – Long-term other loans (<i>note (ii)</i>) | 2,303 | 337 |
| | 2,826 | 2,049 |
| | 4,822 | <u>4,580</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

26. BANK AND OTHER BORROWINGS *(Continued)*

At the end of the reporting periods, total current and non-current bank and other borrowings were scheduled to repay as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|--------------------------------|------------------|
| Within one year | 1,996 | 2,531 |
| More than one year, but not exceeding two years | 2,826 | 2,049 |
| | 4,822 | 4,580 |

- (i) The bank borrowings were guaranteed by a director of the subsidiary.
- (ii) Long-term unsecured other loans as at 31 March 2024 represented borrowings granted from three (2023: two) independent third parties with total balance of HK\$3,109,000 (2023: HK\$975,000), carried fixed interest rate of 7.35%, 3.25% and 3.00% (2023: 2.25%) per annum and repayable by monthly instalment, with the last instalments repayable on May 2027, February 2028 and April 2028 (2023: February 2024 and February 2028) respectively.
- (iii) As at 31 March 2024, the bank borrowings of the Group bear interest at fixed interest rates of 3.5% (2023: 3.4% to 3.5%) per annum.

As at 31 March 2024, banking facilities of approximately HK\$8 million (2023: HK\$9 million) granted to the Group were not utilised by the Group during the year ended 31 March 2024 (2023: HK\$Nil).

27. LEASE LIABILITIES

| | HK\$'000 |
|-----------------------------------|---------------|
| 1 April 2022 | 23,491 |
| Acquisition of a subsidiary | 8,957 |
| Interest expenses | 759 |
| Lease payments | (12,011) |
| Disposal of subsidiaries | (388) |
| Rent concession | (28) |
| | <hr/> |
| At 31 March 2023 and 1 April 2023 | 20,780 |
| Additions | 11,827 |
| Interest expenses | 797 |
| Lease payments | (13,989) |
| Early termination of lease | (8,076) |
| | <hr/> |
| At 31 March 2024 | <u>11,339</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

27. LEASE LIABILITIES *(Continued)*

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|-------------------------|--------------------------------|-------------------------|
| Current liabilities | 6,385 | 11,154 |
| Non-current liabilities | 4,954 | 9,626 |
| | 11,339 | 20,780 |

Present value of minimum lease payments

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Within one year | 6,385 | 11,154 |
| More than one year, but not later than two years | 4,347 | 4,798 |
| More than two years, but not later than five years | 607 | 4,828 |
| | 11,339 | 20,780 |

The weighted average incremental borrowing rate applied to lease liabilities was 4.01% (2023: 4.02%) per annum.

Total minimum lease payments

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Within one year | 6,659 | 11,950 |
| More than one year, but not later than two years | 4,439 | 5,229 |
| More than two years, but not later than five years | 644 | 5,150 |
| | 11,742 | 22,329 |
| Less: total future interest expenses | (403) | (1,549) |
| | 11,339 | 20,780 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | High Smart HK\$'000 |
|--|-------------------------------|
| 1 April 2022 | – |
| Issuance of consideration shares (<i>note</i>) | 25,453 |
| Fair value change | (50) |
| | <hr/> |
| At 31 March 2023 and 1 April 2023 | 25,403 |
| Fair value change up to date of reclassification to equity | (13,380) |
| Reclassified to equity | (12,023) |
| | <hr/> |
| At 31 March 2024 | – |
| | <hr/> <hr/> |

Note:

During the year ended 31 March 2023, the Group entered into the agreement with an independent party (the "Vendor") for the acquisition of 100% equity interest of High Smart Engineering Limited, a company incorporated in Hong Kong (the "High Smart") (the "Agreement"). The total considerations were HK\$9 million in cash and HK\$25 million in consideration shares (the "Consideration Shares") issued by the Company to the Vendor upon completion, subject to the lock up and Share Repurchase Arrangement as defined below. Details are set out in the Company's announcement date 21 December 2022, 13 January 2023, 19 January 2023, 8 February 2023, 1 March 2023 and 6 March 2023.

Pursuant to the lock up and Share Repurchase Agreement, if the actual audited net profit before tax of High Smart for the years ended 31 March 2023 or 31 March 2024 (the "Actual Profits") shall be less than the relevant Guaranteed Profits, the Vendor shall pay compensation (the "Compensation") to the Purchaser based on 3.8 times the shortfall in the Actual Profits.

The Compensation (if any) shall be paid by the Vendor to the Purchaser within 7 business days after determination of the Actual Profits in the following manner:

- (a) firstly, the Vendor shall sell and the Company shall purchase a relevant number of Consideration Shares at the Issue Price and the purchase price thereof shall be set off against the Compensation payable by the Vendor to the Purchaser ("Share Repurchase Arrangement"); and
- (b) the balance of any Compensation (if any) shall be paid in cash.

The Consideration Shares upon issuance were deposited into an escrow account approved by the Company.

Pursuant to the Agreement, the profit guarantee for the High Smart profit before tax for the period from 1 April 2022 to 31 March 2023 (the "first relevant period") and the period from 1 April 2023 to 31 March 2024 (the "second relevant period") shall not be less than HK\$4.1 million and HK\$5.2 million respectively (the "Profit Guarantee").

The contingent consideration arrangement described above gives the Company the right to the return of previously transferred consideration if the specified conditions are met. Hence the Consideration Shares issued on acquisition date are classified as financial liabilities at FVTPL as the number of such shares that the Vendor will eventually be entitled to is variable, depending on the eventual outcome under the profit guarantee arrangement.

High Smart has reported Actual Profits for the first relevant period and the second relevant period that fulfilled the profit before tax above the Profit Guarantee thresholds according to the Agreement. As a result, the Consideration Shares were reclassified from financial liabilities at FVTPL to equity instruments as at 31 March 2024 and their fair values as at 31 March 2024, determined based on the number of Consideration Shares valued at the quoted price as at that date, were reclassified to share capital and share premium. The fair value gain on reclassification of the Consideration Shares from financial liabilities at FVTPL to equity instruments amounted to HK\$13,380,000 and arose from the significant decline in the market price of the Company's shares, which at the date of completion of the transaction with the Vendor was HK\$0.136 per share and at the date of reclassification of financial liabilities at FVTPL to share capital and share premium was HK\$0.063 per share as at 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

29. SHARE CAPITAL

| | Number of shares | Share Capital HK\$'000 |
|--|---------------------|------------------------------|
| Authorised: | | |
| At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024 | 2,000,000,000 | 20,000 |
| Issued and fully paid: | | |
| At 1 April 2022 | 960,000,000 | 9,600 |
| Issuance of consideration shares (<i>note(i)</i>) | 190,839,695 | – |
| At 31 March 2023 and 1 April 2023 | 1,150,839,695 | 9,600 |
| Reclassification of consideration shares (<i>note(ii)</i>) | – | 1,908 |
| At 31 March 2024 | 1,150,839,695 | 11,508 |

Notes:

- (i) During the year ended 31 March 2023, the Group entered into the agreement with an independent party (the "Vendor") for the acquisition of 100% equity interest of High Smart (the "Agreement"). The total considerations were HK\$9 million in cash and HK\$25 million by procuring the allotment and issue of the consideration shares by the Company to the Vendor upon completion, subject to the lock up and Share Repurchase Arrangement issued by the Company. Details are set out in the Company's announcement dated 21 December 2022, 13 January 2023, 19 January 2023, 8 February 2023, 1 March 2023 and 6 March 2023.

The issue of consideration shares of 190,839,695 shares were classified as financial liabilities at FVTPL, and valued by independent professional valuer as at the date of issuance of shares and as at 31 March 2023, taking into accounts of contingent consideration arrangement of the acquisition of High Smart receivable by the Company with repurchase arrangement of consideration shares (note 28).

- (ii) As at 31 March 2024, the consideration shares were reclassified from financial liabilities at FVTPL to share capital and share premium. For details, please refer to note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

30. DEFERRED TAX (ASSETS)/LIABILITIES

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years.

| | Acceleration accounting depreciation <i>HK\$'000</i> | Acceleration tax depreciation <i>HK\$'000</i> | Intangible asset identified in business combination <i>HK\$'000</i> | Right-of-use assets <i>HK\$'000</i> (Restated) | Lease liabilities <i>HK\$'000</i> (Restated) | Total <i>HK\$'000</i> (Restated) |
|--|---|--|--|---|---|--|
| At 1 April 2022 | (95) | 596 | – | 3,316 | – | 3,817 |
| Acquisition of a subsidiary (Credited) to profit or loss | – | – | 1,749 | 1,458 | (1,458) | 1,749 |
| | – | – | – | (2,372) | – | (2,372) |
| At 31 March 2023 and 1 April 2023 | (95) | 596 | 1,749 | 2,402 | (1,458) | 3,194 |
| Recognised upon initial recognition of assets and liabilities | – | – | – | 1,951 | (1,951) | – |
| (Credited)/charged to profit or loss | – | – | (379) | (2,724) | 2,070 | (1,033) |
| At 31 March 2024 | (95) | 596 | 1,370 | 1,629 | (1,339) | 2,161 |

The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> (Restated) |
|--------------------------|-------------------------|---------------------------------------|
| Deferred tax assets | (95) | (95) |
| Deferred tax liabilities | 2,256 | 3,289 |
| | 2,161 | 3,194 |

At the end of the reporting period, the Group has unused tax losses of approximately HK\$65,299,000 (2023: HK\$65,451,000) available for offset against future profits. The Group has not recognised deferred tax assets in relation to these unutilised tax losses and deductible temporary differences in respect of lease liabilities amounting to HK\$3,222,000 (2023: HK\$11,944,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

31. DEFINED BENEFIT PLAN OBLIGATIONS

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments (“LSP”) in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee’s final salary (capped at \$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group’s contributions to the MPF scheme, with an overall cap of \$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition. Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; 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. The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.

The movements in the present value of unfunded obligations are as follows:

| | 2024 HK\$’000 | 2023 HK\$’000 (Restated) |
|--|--------------------------------|--------------------------------|
| At 1 April | 308 | – |
| Expenses recognised in profit or loss: | | |
| Current service cost | 22 | 91 |
| Interest cost | – | – |
| Past service cost | – | 217 |
| | <hr/> | <hr/> |
| At 31 March | 330 | 308 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

31. DEFINED BENEFIT PLAN OBLIGATIONS *(Continued)*

The weighted average duration of the defined benefit obligation at 31 March, 2024 is 5.4 years (2023: 5.1 years).

The above expenses are recognised in the following line items in the consolidated statement of profit or loss:

Analysed for reporting purposes as:

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|-------------|--------------------------------|--------------------------------|
| Staff costs | 22 | 308 |

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

| | 2024 | 2023 |
|--|-------------|------|
| Discount rate | 5% | 5% |
| Future salary increases | 4% | 4% |
| Expected investment return on offsettable MPF accrued benefits | 5% | 5% |

The below analysis shows how the defined benefit obligation would have increased/decreased as a result of 3% change in the significant actuarial assumptions:

| | Increase in 3% | | Decrease in 3% | |
|-------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | 2024 HK\$'000 | 2023 HK\$'000 |
| Discount rate | (91) | (93) | 137 | 144 |
| Future salary increases | 13 | 15 | (26) | (29) |

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

32. ACQUISITION OF SUBSIDIARY

For the year ended 31 March 2023

On 13 January 2023, the Group entered into an agreement with an independent party for acquisition of entire 100% equity in High Smart, a company incorporated in Hong Kong, which is principally engaged in provision of aircraft engine stand repairing and related services in Hong Kong, for business expansion reason. The acquisition of High Smart was completed on 6 March 2023. The total considerations were HK\$9 million in cash and HK\$25 million in consideration shares issued by the Company to the Vendor upon completion, subject to the lock up and Share Repurchase Arrangement issued by the Company. Details are set out in the Company's announcement dated 21 December 2022, 13 January 2023, 19 January 2023, 8 February 2023, 1 March 2023 and 6 March 2023.

The fair value of High Smart's identifiable assets and liabilities as at the date of acquisition are as follows:

| | <i>HK\$'000</i> |
|---|-----------------|
| Property, plant and equipment | 2,532 |
| Right-of-use assets | 8,957 |
| Intangible asset | 10,600 |
| Inventories | 1,249 |
| Trade and other receivables, deposits and prepayments | 7,181 |
| Financial assets at FVTPL | 117 |
| Bank overdraft | (205) |
| Trade and other payables and accruals | (792) |
| Tax recoverable | 33 |
| Lease liabilities | (8,957) |
| Bank and other borrowings | (5,235) |
| Deferred tax liabilities | (1,749) |
| | <hr/> |
| Total identifiable net assets | 13,731 |
| Goodwill | 20,722 |
| | <hr/> |
| | 34,453 |
| Consideration was satisfied by the fair value of: | |
| Cash paid | (9,000) |
| Financial liabilities at FVTPL | (25,453) |
| | <hr/> |
| | (34,453) |
| | <hr/> <hr/> |
| Net cash outflow from acquisition of business: | |
| Cash paid | (9,000) |
| Bank overdraft | (205) |
| | <hr/> |
| | (9,205) |
| | <hr/> <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

32. ACQUISITION OF SUBSIDIARY *(Continued)*

For the year ended 31 March 2023 *(Continued)*

Notes:

- (a) The trade and other receivables acquired in this acquisition was the same as the related gross contractual amount and the best estimate at acquisition date of the contractual cash flows expected to be collected.
- (b) The consideration shares issued as contingent consideration for the business combination were classified as financial liabilities at FVTPL and were initially, and subsequently, measured at fair value, with changes in fair values in subsequent accounting periods being recognised in profit or loss.

According to the sale and purchase agreement of the acquisition of High Smart, there was a profit guarantee pursuant to which the vendor guarantees to the Group that the profit before tax of High Smart for the first relevant period and the second relevant period are not less than HK\$4.1 million and HK\$5.2 million respectively (the "Guaranteed Profits"). If the actual audited net profit before tax of High Smart for the year ended 31 March 2023 or 31 March 2024 (the "Actual Profits") shall be less than the relevant Guaranteed Profits, the Vendor shall pay compensation (the "Compensation") to the Purchaser based on 3.8 times the shortfall in the Actual Profits. For the avoidance of doubt, if the Actual Profits shall be negative, it shall be deemed to be zero. The maximum amount of the Compensation shall be HK\$34.0 million. With the clause of profit guarantee in accordance with the sale and purchase agreement of the acquisition of High Smart, as mentioned in note 29 to the consolidated financial statements, HK\$25,453,000 was recognised by the Company as financial liabilities at FVTPL. Further details of financial liabilities at FVTPL are set out in note 28 to the consolidated financial statements.

Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of acquired businesses. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The post acquisition revenue and profit of High Smart for the year ended 31 March 2023 included in the consolidated revenue and gain of the Group are HK\$2,814,000 and HK\$940,000 respectively. Had the acquisition been completed on 1 April 2022 and the business acquired been consolidated on 1 April 2022, the Group's pro-forma revenue and loss for the year ended 31 March 2023 would have been approximately HK\$101,901,000 and HK\$34,738,000 respectively. The directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the "pro-forma" revenue and profit for the year, the directors have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

33. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2023

- (i) On 18 November 2022, the Group disposed of its entire equity interest in Lucky State Investment Holdings Limited, by way of set off against the outstanding promissory note of principal amount of HK\$3,375,000 at completion date of the disposal. The disposal of Lucky State Investment Holdings Limited was completed on 18 November 2022 and upon the completion of disposal, Lucky State Investment Holdings Limited ceased to be a wholly-owned subsidiary of the Group. The net assets of the disposed subsidiary were as follows:

Analysis of assets and liabilities over which control was lost:

| | <i>HK\$'000</i> |
|--|-----------------|
| Property, plant and equipment | 6 |
| Right-of-use assets | 372 |
| Prepayments | 16,391 |
| Other receivables | 4,277 |
| Exchange reserves | 198 |
| Bank balances and cash | 1 |
| Contract liabilities | (18,754) |
| Other payables | (107) |
| Lease liabilities | (388) |
| | <hr/> |
| | 1,996 |
| | <hr/> |
| Analysis of gain or loss on disposal: | |
| Cash consideration received | – |
| Net assets of subsidiaries being disposed | (1,996) |
| Fair value of promissory note | 3,375 |
| | <hr/> |
| Gain on disposal of subsidiary | 1,379 |
| | <hr/> <hr/> |
| Analysis of cash and cash equivalents in respect of the disposal: | |
| Cash consideration received | – |
| Bank balances and cash being disposed | (1) |
| | <hr/> |
| Net cash outflow on disposal of subsidiary | (1) |
| | <hr/> <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

34. SHARE-BASED PAYMENT TRANSACTIONS

The Company's former share option scheme (the "Former Scheme") was approved and adopted in compliance with Chapter 23 of the GEM Listing Rules by the written resolutions of the shareholders passed on 29 January 2018 which was terminated on 18 January 2024.

In view of the amendments to Chapter 23 of the GEM Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company adopted a new share scheme (the "New Share Scheme") pursuant to a resolution passed by the Company's shareholders on 18 January 2024. The primary purpose of the New Share Scheme is to enable the Company to grant Options or Awards to the Participants as incentives or rewards for their contributions to the Company. The New Share Scheme will give the Participants an opportunity to have a personal stake in the Company and will help motivate the Participants to optimise their performance and efficiency and attract and retain or otherwise maintain a long-term relationship with the Participants whose contributions are or will be in line with the business objectives of the Company. Eligible participants of the New Share Scheme include any employees, any executives, Non-executive Directors (including Independent Non-executive Directors) of the Company or any of its subsidiaries.

The New Share Scheme will remain valid and effective for a period of 10 years commencing on the date on which the New Share Scheme is adopted, after which period no further share options and awards will be granted but the provisions of the New Share Scheme shall in all other respects remain in full force and effect and share options and awards which are granted during the life of the New Share Scheme may continue to be exercisable in accordance with their terms of issue.

The principal terms of which were summarised in the paragraph headed "Principal Terms of the New Share Scheme" in Appendix to the Company's circular dated 22 December 2023.

For Former Scheme:

The board of directors of the Company (the "Board") may, at its discretion, invite:

- any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group;
- any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;
- any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;
- any provider of goods and/or services to the Group; or
- any other person who the Board considers, in its sole discretion, has contributed to the Group to take up options (together, the "Participants").

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted and the nominal value of a share on the date of the offer.

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

The Board announced that on 20 April 2022, the Company had granted a total of 33,600,000 share options to 4 eligible participants of the Company pursuant to the Former Scheme to subscribe for an aggregate of 33,600,000 new ordinary shares of HK\$0.01 each Share(s) of the Company. Details are set out in the Company's announcement dated 20 April 2022. All share options granted on 20 April 2022 were lapsed during the year ended 31 March 2023.

The Board of Company announced that on 27 September 2022, the Company had granted a total of 62,400,000 share options to 7 eligible participants of the Company pursuant to the Former Scheme of the Company adopted by the Company on 29 January 2018 to subscribe for an aggregate of 62,400,000 new ordinary shares of HK\$0.01 each Share(s) of the Company. Details are set out in the Company's announcement dated 27 September 2022.

The Board of Company announced that on 13 March 2023, the Company had granted a total of 17,600,000 share options to two eligible participants of the Company pursuant to the Former Scheme of the Company adopted by the Company on 29 January 2018 to subscribe for an aggregate of 17,600,000 new ordinary shares of HK\$0.01 each Share(s) of the Company. Details are set out in the Company's announcement dated 13 March 2023.

The share options granted during the year ended 31 March 2023 vested immediately upon grant. The fair value of the services received by the Group as consideration for the share options granted were measured by reference to the fair values of the share options granted, which were determined to be HK\$4,550,000, HK\$3,779,000 and HK\$821,000 for the share options granted on 20 April 2022, 27 September 2022 and 13 March 2023 respectively. The fair values were determined by trinomial model.

The inputs were as follows:

| Grant date | 20 April 2022 | 27 September 2022 | 13 March 2023 |
|---|--|--|--------------------------------|
| Fair value of options on the grant date | Director: HK\$0.15 Employees HK\$0.13 | Director: HK\$0.07 Employees and Consultants: HK\$0.06 | Employees: HK\$0.05 |
| Share prices at grant date | HK\$0.29 | HK\$0.11 | HK\$0.14 |
| Exercise price | HK\$0.29 | HK\$0.11 | HK\$0.14 |
| Expected volatility (<i>note</i>) | 109% | 109% | 106% |
| Expected life | 10 years | 10 years | 10 years |
| Risk-free rate | 2.79% | 3.97% | 3.48% |
| Expected dividend yield | 0% | 0% | 0% |

Note:

The expected volatility was determined with reference to the historical volatility of share prices of the Company over the previous three months of each grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Movements of the share options granted to the selected employees and consultants pursuant to the Former Scheme for the year ended 31 March 2024 and 31 March 2023 are as follows:

| Grantees | Exercisable period of the share options | Exercise price | Outstanding at 1 April 2022 | Number of shares options | | | Outstanding and exercisable at 31 March 2023 and 31 March 2024 | |
|--|---|--|-----------------------------|--------------------------|------------------------|------------------------|--|------------|
| | | | | Granted during the year | Vested during the year | Lapsed during the year | | |
| Granted on 20 April 2022 <i>(note 10)</i> | | | | | | | | |
| | Wong Chi Chiu Henry <i>(note 1)</i> | 20 April 2022 to 19 April 2032 | HK\$0.29 | — | 9,600,000 | 9,600,000 | (9,600,000) | — |
| (ii) | Employees | | | | | | | |
| | Employee A <i>(note 2)</i> | 20 April 2022 to 19 April 2032 | HK\$0.29 | — | 4,800,000 | 4,800,000 | (4,800,000) | — |
| | Employee B <i>(note 2)</i> | 20 April 2022 to 19 April 2032 | HK\$0.29 | — | 9,600,000 | 9,600,000 | (9,600,000) | — |
| | Employee C <i>(note 2)</i> | 20 April 2022 to 19 April 2032 | HK\$0.29 | — | 9,600,000 | 9,600,000 | (9,600,000) | — |
| Granted on 27 September 2022 <i>(note 11)</i> | | | | | | | | |
| (i) | Executive Director | | | | | | | |
| | Choi Pun Lap | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| (ii) | Employees | | | | | | | |
| | Employee D | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| | Employee E | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| | Employee F | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 4,800,000 | 4,800,000 | — | 4,800,000 |
| (iii) | Consultants | | | | | | | |
| | Consultant G <i>(note 3)</i> | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| | Consultant H <i>(note 4)</i> | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| | Consultant I <i>(note 5)</i> | 27 September 2022 to 26 September 2032 | HK\$0.11 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| Granted on 13 March 2023 <i>(note 12)</i> | | | | | | | | |
| (i) | Employees | | | | | | | |
| | Employee J | 13 March 2023 to 12 March 2033 | HK\$0.14 | — | 9,600,000 | 9,600,000 | — | 9,600,000 |
| | Employee K | 13 March 2023 to 12 March 2033 | HK\$0.14 | — | 8,000,000 | 8,000,000 | — | 8,000,000 |
| | Total | | | — | 113,600,000 | 113,600,000 | (33,600,000) | 80,000,000 |
| | Weighted average exercise price (HK\$) | | | — | HK\$0.17 | HK\$0.17 | HK\$0.29 | HK\$0.12 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Notes:

1. Wong Chi Chiu Henry resigned as executive director on 30 June 2022.
2. The employees resigned during the period from grant date to year ended 31 March 2023.
3. Consultant G is a business developer and provided business development services to the Company for the year ended 31 March 2023. In order to have a better service and be part of the Group, the Company retained and motivated consultant G to strive for future development and expansion of the Group by way of granting options to Consultant G.
4. Consultant H has experience and knowledge in catering business and provided catering development services for the potential market in Oversea and China to the Company for the year ended 31 March 2023. In order to have a better service and be part of the Group, the Company retained and motivated consultant H to strive for future development and expansion of the Group by way of granting options to Consultant H.
5. Consultant I is good at human resources and provided human resources services to the Company for the year ended 31 March 2023. In order to have a better service and be part of the Group. Therefore, the Company retained and motivated Consultant I to strive for future development and expansion of the Group by way of granting options to Consultant I.
6. Upon acceptance of the share options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.
7. The weighted average remaining contractual life for share options outstanding at the end of the reporting period is 8.60 years.
8. The weighted average closing price of the shares immediately before the date on which the options were exercised was HK\$0.12.
9. The total number of Shares available for issue under the Former Scheme as at 31 March 2024 and 2023 in respect of outstanding share options granted but not yet exercised was 80,000,000 shares which represented 6.95% and 8.3% of the issued share capital of the Company as at 31 March 2024 and 2023 respectively. The Former Scheme was terminated on 18 January 2024 and the termination of the Former Scheme shall not affect the validity of the outstanding options which shall continue to be enforceable according to the terms of the Former Scheme.
10. Details are set out in the Company's announcement date 20 April 2022.
11. Details are set out in the Company's announcement date 27 September 2022.
12. Details are set out in the Company's announcement date 13 March 2023.
13. There was no share option granted for the year ended 31 March 2024.

For New Share Scheme:

For the year ended 31 March 2024, there was no share option or award granted since the date of adoption of the New Share Scheme.

The number of shares available for grant in the future under the New Share Scheme upon the grant of the share options or awards to participants as incentives or rewards for their contributions to the Company is 115,083,969.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

35. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Schemes (the “MPF Scheme”) registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. 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, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are both required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount was HK\$1,500 per employee per month.

The employees of the Company’s subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute defined percentages, ranging from 12% to 25%, of payroll costs to the retirement benefit scheme to fund the benefits in compliance with the applicable regulations of the PRC.

The retirement benefits contributions arising from the relevant schemes charged to the consolidated statements of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in note 9.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank and other borrowings and contingent consideration as disclosed in respective note, and equity attributable to owners of the Company, comprising issued share capital, other reserves and accumulated profits.

The directors of the Company reviews the capital structure regularly. As part of this review, the directors of the Company considers the cost of capital and the risk associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares and the raising of borrowings or the repayment of the existing borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

36. CAPITAL RISK MANAGEMENT *(Continued)*

The net debt-to-adjusted equity ratio at 31 March 2024 and 2023 was as follows:

| | 2024 HK\$'000 | 2023 HK\$'000 (Restated) |
|---|--------------------------------|--------------------------------|
| Total debts – Bank and other borrowings | 4,822 | 4,580 |
| Financial liabilities at FVTPL | – | 25,403 |
| Less: Cash and bank balances | (8,530) | (15,526) |
| | <hr/> | <hr/> |
| Net debt | N/A | 14,457 |
| | <hr/> | <hr/> |
| Total equity | N/A | 14,174 |
| | <hr/> | <hr/> |
| Net debt-to-adjusted equity ratio | N/A | 1.02 |
| | <hr/> <hr/> | <hr/> <hr/> |

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|--------------------------------|------------------|
| Financial assets | | |
| Financial assets measured at amortised cost | | |
| – Trade and other receivables and deposits | 9,193 | 14,147 |
| – Bank balances and cash | 8,530 | 15,526 |
| | <hr/> | <hr/> |
| | 17,723 | 29,673 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Financial assets at FVTPL | 2,948 | 2,195 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| – Trade and other payables | 5,285 | 5,473 |
| – Lease liabilities | 11,339 | 20,780 |
| – Bank and other borrowings | 4,822 | 4,580 |
| | <hr/> | <hr/> |
| | 21,446 | 30,833 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Financial liabilities at FVTPL | – | 25,403 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables and deposits, bank balances and cash, trade and other payables and accruals, bank and other borrowings and contingent consideration. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (note 26). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

Credit risk and impairment assessment

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

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputations.

The credit risk on other financial assets including trade receivables and deposits are limited because the counterparties are of good creditworthiness and have a strong capacity to meet its contractual cash flow obligations in the near term.

For trade receivables, the management makes periodic individual assessment on the recoverability of trade receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on trade receivables grouped by past due status. For the years ended 31 March 2024 and 2023, the Group assessed the ECL for trade receivables and allowance of credit loss amounting to approximately HK\$395,000 (2023: HK\$Nil) of trade receivables was provided during the year ended 31 March 2024.

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and hence impairment would be provided based on 12-month ECL ("12m ECL"). For the years ended 31 March 2024 and 2023, the Group assessed the ECL for other receivables and determined no allowance of credit loss of other receivables was provided during the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

| Internal credit rating | Description | Trade receivables | Other financial assets |
|------------------------|---|------------------------------------|------------------------------------|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL – not credit-impaired | 12m ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | Lifetime ECL – not credit-impaired | 12m ECL |
| Doubtful | There have been significant increases in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired | Lifetime ECL – not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | Amount is written off |

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

| | External credit rating | Internal credit rating | 12-month or Lifetime ECL | Gross carrying amount | |
|-------------------------------------|------------------------|------------------------|--------------------------|-----------------------|------------------|
| | | | | 2024 HK\$'000 | 2023 HK\$'000 |
| Financial assets at amortised cost: | | | | | |
| Trade receivables | N/A | Low risk | Lifetime ECL | 2,426 | 4,613 |
| Trade receivables | N/A | Doubtful | Lifetime ECL | 395 | – |
| Other receivables | N/A | Low risk | 12-month ECL | 5,260 | 5,966 |
| Deposits | N/A | Low risk | 12-month ECL | 3,473 | 5,534 |
| Cash at banks | AA1-AA3 | Low risk | 12-month ECL | 8,530 | 15,526 |
| | | | | 20,084 | 31,639 |

Note:

For the purposes of internal credit risk management, the Group uses past due information and forward-looking information to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

2024

| | Past due HK\$'000 | Not past due/ No fixed Repayment terms HK\$'000 | Total HK\$'000 |
|-------------------|----------------------|---|-------------------|
| Trade receivables | – | 2,426 | 2,426 |
| Other receivables | – | 3,294 | 3,294 |
| | <u>–</u> | <u>3,294</u> | <u>3,294</u> |

2023

| | Past due HK\$'000 | Not past due/ No fixed Repayment terms HK\$'000 | Total HK\$'000 |
|-------------------|----------------------|---|-------------------|
| Trade receivables | – | 4,613 | 4,613 |
| Other receivables | – | 4,000 | 4,000 |
| | <u>–</u> | <u>4,000</u> | <u>4,000</u> |

The following tables show reconciliation of loss allowances that has been recognised for trade and other receivables.

| | Trade receivables Lifetime ECL HK\$'000 | Other receivables 12m ECL HK\$'000 |
|------------------------------|--|---|
| As at 1 April 2022 | – | 1,966 |
| Impairment losses recognised | – | – |
| As at 31 March 2023 | – | 1,966 |
| Impairment losses recognised | 395 | – |
| As at 31 March 2024 | <u>395</u> | <u>1,966</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative 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.

Specially, bank borrowings 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 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 each reporting period.

Liquidity tables

| | Weighted average effective interest rate % | Within 1 year HK\$'000 | 1 to 5 years HK\$'000 | Over 5 years HK\$'000 | Total undiscounted cash flows HK\$'000 | Total carrying amount HK\$'000 |
|--------------------------------------|--|---------------------------|--------------------------|--------------------------|---|---|
| As at 31 March 2024 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | – | 5,285 | – | – | 5,285 | 5,285 |
| Lease liabilities | 4.01 | 6,659 | 4,347 | 607 | 11,613 | 11,339 |
| Bank and other borrowings | 4.12 | 2,204 | 2,836 | – | 5,040 | 4,822 |
| | | <u>14,148</u> | <u>7,183</u> | <u>607</u> | <u>21,938</u> | <u>21,446</u> |

| | Weighted average effective interest rate % | Within 1 year HK\$'000 | 1 to 5 years HK\$'000 | Over 5 years HK\$'000 | Total undiscounted cash flows HK\$'000 | Total carrying amount HK\$'000 |
|--------------------------------------|--|---------------------------|--------------------------|--------------------------|---|---|
| As at 31 March 2023 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | – | 5,473 | – | – | 5,473 | 5,473 |
| Lease liabilities | 4.02 | 11,950 | 10,379 | – | 22,329 | 20,780 |
| Bank and other borrowings | 3.18 | 2,643 | 2,164 | – | 4,807 | 4,580 |
| | | <u>20,066</u> | <u>12,543</u> | <u>–</u> | <u>32,609</u> | <u>30,833</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value and fair value hierarchy

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position of the Group approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy as at 31 March 2024

| Recurring fair value measurement | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
|----------------------------------|---------------------|---------------------|---------------------|-------------------|
| As at 31 March 2024 | | | | |
| — Financial assets at FVTPL | 2,948 | — | — | 2,948 |
| — Financial liabilities at FVTPL | — | — | — | — |
| As at 31 March 2023 | | | | |
| — Financial assets at FVTPL | 2,195 | — | — | 2,195 |
| — Financial liabilities at FVTPL | — | — | 25,403 | 25,403 |

Information about Level 3 fair value measurement

| Financial liabilities | Fair value as at 31 March 2024 | Fair value as at 31 March 2023 | Valuation technique | Significant unobservable input | Relation of significant unobservable inputs to fair value |
|-----------------------------------|-----------------------------------|-----------------------------------|--|---|--|
| Financial liabilities at FVTPL | — | HK\$25,403,000 | Probability approach on the profit adjusted for difference of share price at issue date and share price at reporting date | Discount rate of 14.89% Probability-adjusted profit with a range from HK\$4,172,000 to HK\$5,345,000 | Note |

Note:

An increase in the probability-adjusted profits used in isolation would result in an increase in the fair value measurement of the financial liabilities at FVTPL/contingent consideration payable and vice versa. A 5% increase/decrease in the probability-adjusted profits holding all other variables constant would increase/decrease the carrying amount of the financial liabilities at FVTPL as at 31 March 2023 by HK\$238,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value and fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements

| | Financial liabilities at FVTPL |
|--|--------------------------------|
| At 1 April 2022 | – |
| Acquisition of a subsidiary | 25,453 |
| Total income in profit and loss | (50) |
| As at 31 March 2023 and 1 April 2023 | 25,403 |
| Fair value change up to date of reclassification to equity | (13,380) |
| Reclassified to equity | (12,023) |
| At 31 March 2024 | – |

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.

| | Bank and other borrowings <i>HK\$'000</i> | Lease Liabilities <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------|--|--------------------------------------|--------------------------|
| At 1 April 2022 | – | 23,491 | 23,491 |
| Acquisition of a subsidiary | 5,235 | 8,957 | 14,192 |
| Finance costs | 32 | 759 | 791 |
| Rent Concession | – | (28) | (28) |
| Disposal of a subsidiary | – | (388) | (388) |
| Repayment of bank borrowings | (687) | – | (687) |
| Repayment of lease liabilities | – | (12,011) | (12,011) |
| At 31 March 2023 | <u>4,580</u> | <u>20,780</u> | <u>25,360</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

| | Bank and other borrowings <i>HK\$'000</i> | Lease Liabilities <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|---|---|---------------------------------|
| At 1 April 2023 | 4,580 | 20,780 | 25,360 |
| Changes from financing cash flows: | | | |
| Proceed from other borrowings | 2,135 | – | 2,135 |
| Repayment of principal portion of bank and other borrowings | (1,893) | – | (1,893) |
| Repayment of interest portion of bank and other borrowings | (268) | – | (268) |
| Repayment of principal portion of lease liabilities | – | (13,192) | (13,192) |
| Repayment of interest portion of lease liabilities | – | (797) | (797) |
| Non-cash changes: | | | |
| Interest expenses of bank and other borrowings | 268 | – | 268 |
| Additions of lease liabilities | – | 11,827 | 11,827 |
| Early termination of lease liabilities | – | (8,076) | (8,076) |
| Interest portion of lease liabilities | – | 797 | 797 |
| At 31 March 2024 | <u>4,822</u> | <u>11,339</u> | <u>16,161</u> |

Note: The financing cash flows represented the net amount of new bank borrowings raised, interest payment of bank borrowings, and repayment of lease liabilities including both principal and interest portions.

39. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors, who comprise the members of key management of the Group, during the years ended 31 March 2024 and 2023 were as follows:

| | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|--------------------------|--------------------------------|-------------------------|
| Short-term benefits | 1,016 | 3,580 |
| Post-employment benefits | – | – |
| | <u>1,016</u> | <u>3,580</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

| | <i>Note</i> | 2024 HK\$'000 | 2023 <i>HK\$'000</i> |
|-------------------------------|-------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Investment in a subsidiary | | 3,944 | 3,944 |
| Current assets | | | |
| Amounts due from subsidiaries | | 12,358 | 12,358 |
| Bank balances | | 273 | 253 |
| | | 12,631 | 12,611 |
| Current liabilities | | | |
| Accruals | | 435 | 195 |
| Amount due to a subsidiary | | 4,841 | 2,883 |
| | | 5,276 | 3,078 |
| Net current assets | | 7,355 | 9,533 |
| Net assets | | 11,299 | 13,477 |
| Capital and reserves | | | |
| Share capital | <i>29</i> | 11,508 | 9,600 |
| Reserves | | (209) | 3,877 |
| | | 11,299 | 13,477 |

Movement in the Company's reserves

| | Share premium <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|---|--|---------------------------------|
| 1 April 2022 | 88,381 | (77,747) | 10,634 |
| Loss and total comprehensive expense for the year | – | (6,757) | (6,757) |
| At 31 March 2023 and 1 April 2023 | 88,381 | (84,504) | 3,877 |
| Transfer of consideration shares (<i>note 29</i>) | 10,115 | – | 10,115 |
| Loss and total comprehensive expense for the year | – | (14,201) | (14,201) |
| At 31 March 2024 | 98,496 | (98,705) | (209) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

41. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of this report are as follows:

| Name of subsidiary | Place of incorporation | Place of operation | Issued and fully paid share capital | Proportion ownership interest and voting right held by the Company | | Principal activities |
|---------------------------------------|------------------------|--------------------|-------------------------------------|--|------|---|
| | | | | 2024 | 2023 | |
| Access Smart Corporation Limited | Hong Kong | Hong Kong | HK\$10,000 | 100% | 100% | Restaurant operations |
| All Happiness Limited | Hong Kong | Hong Kong | HK\$10,000 | 90% | 90% | Restaurant operations |
| Foodies Branding Limited | Hong Kong | Hong Kong | HK\$1 | 100% | 100% | Investment holding |
| Foodies Group Limited | BVI | Hong Kong | USD1,000 | 100% | 100% | Investment holding |
| Foodies Management Limited | Hong Kong | Hong Kong | HK\$1 | 100% | 100% | Provision of management services to group companies |
| Gold Pavilion Limited | Hong Kong | Hong Kong | HK\$1 | 100% | 100% | Restaurant operations |
| Grace Wealth Holdings Limited | Hong Kong | Hong Kong | HK\$100 | 100% | 100% | Dormant |
| Jumbo Spirit Group Limited | BVI | Hong Kong | USD1,000 | 100% | 100% | Investment holding |
| Pacific Best Enterprises Limited | Hong Kong | Hong Kong | HK\$1 | 100% | 100% | Restaurant operations |
| Pacific Rise Hong Kong Limited | Hong Kong | Hong Kong | HK\$10,000 | 100% | 100% | Restaurant operations |
| Rainbow Power Holdings Limited | Hong Kong | Hong Kong | HK\$1 | 100% | 100% | Restaurant operations |
| Top Wealth International (HK) Limited | Hong Kong | Hong Kong | HK\$10 | 100% | 100% | Restaurant operations |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

41. PARTICULARS OF SUBSIDIARIES *(Continued)*

| Name of subsidiary | Place of incorporation | Place of operation | Issued and fully paid share capital | Proportion ownership interest and voting right held by the Company | | Principal activities |
|--|------------------------|--------------------|-------------------------------------|--|------|--|
| | | | | 2024 | 2023 | |
| Union Choice Limited | Hong Kong | Hong Kong | HK\$101 | 100% | 100% | Provision of food processing services to group companies |
| Vast Dragon Asia Limited | Hong Kong | Hong Kong | HK\$10,000 | 100% | 100% | Investment holding |
| Wealth Step Enterprise Limited | Hong Kong | Hong Kong | HK\$10 | 100% | 100% | Restaurant operations |
| Wealth Treasure Capital Investment Limited | Hong Kong | Hong Kong | HK\$100 | 100% | 100% | Restaurant operations |
| High Smart Engineering Limited | Hong Kong | Hong Kong | HK\$1,000 | 100% | 100% | Aircraft's engine stand repairing and maintenance |

42. EVENT AFTER THE REPORTING DATE

There was no significant event after the reporting period for the year ended 31 March 2024.

43. COMPARATIVE FIGURES

As a result of the application of the new HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism, and the adoption of amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2023. Further details of the changes in accounting policies are disclosed in note 2(a).

FINANCIAL SUMMARY

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 audited consolidated financial statements or the Prospectus, is set out as follows:

| | Year ended 31 March | | | | 2024 HK\$'000 |
|-------------------------------|---------------------|------------------|------------------|--------------------------------|------------------|
| | 2020 HK\$'000 | 2021 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 (Restated) | |
| Revenue | 116,425 | 97,421 | 85,585 | 68,702 | 91,852 |
| (Loss)/profit before taxation | (44,710) | 8,735 | 3,929 | (37,040) | 7,873 |
| Income tax credit | 95 | 16 | 91 | 2,415 | 374 |
| (Loss)/profit for the year | (44,615) | 8,751 | 4,020 | (34,625) | 8,247 |
| Attributable to: | | | | | |
| Owners of the Company | (44,459) | 8,585 | 4,007 | (34,625) | 8,247 |
| Non-controlling interests | (156) | 166 | 13 | – | – |
| | (44,615) | 8,751 | 4,020 | (34,625) | 8,247 |
| | As at 31 March | | | | 2024 HK\$'000 |
| | 2020 HK\$'000 | 2021 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 (Restated) | |
| Assets and liabilities | | | | | |
| Total assets | 122,177 | 100,157 | 96,787 | 85,227 | 69,713 |
| Total liabilities | (100,279) | (61,410) | (53,996) | (71,053) | (35,269) |
| | 21,898 | 38,747 | 42,791 | 14,174 | 34,444 |
| Equity attributable to: | | | | | |
| Owners of the Company | 21,889 | 38,793 | 42,824 | 14,207 | 34,477 |
| Non-controlling interests | 9 | (46) | (33) | (33) | (33) |
| | 21,898 | 38,747 | 42,791 | 14,174 | 34,444 |